A bill for an act

relating to commerce; establishing a biennial budget for Department of Commerce, Public Utilities Commission, and energy activities; modifying various provisions governing insurance; modifying provisions governing collections agencies and debt buyers; modifying and adding consumer protections; establishing and modifying provisions governing energy, renewable energy, and utility regulation; providing for certain salary increases; making technical changes; establishing penalties; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 13.712, by adding a subdivision; 16B.86; 16B.87; 60A.092, subdivision 10a, by adding a subdivision; 60A.0921, subdivision 2; 60A.71, subdivision 7; 61A.245, subdivision 4; 62J.03, subdivision 4; 62J.23, subdivision 2; 62J.26, subdivisions 1, 2, 3, 4, 5; 65B.15, subdivision 1; 65B.43, subdivision 12; 65B.472, subdivision 1; 79.55, subdivision 10; 79.61, subdivision 1; 80G.06, subdivision 1; 82.57, subdivisions 1, 5; 82.62, subdivision 3; 82.81, subdivision 12; 82B.021, subdivision 18; 82B.11, subdivision 3; 115C.094; 116.155, by adding a subdivision; 116C.7792; 174.29, subdivision 1; 174.30, subdivisions 1, 10; 216B.096, subdivisions 2, 3; 216B.097, subdivisions 1, 2, 3, by adding a subdivision; 216B.0976; 216B.1691, subdivision 2f; 216B.241, by adding a subdivision; 216B.2412, subdivision 3; 216B.2422, by adding a subdivision; 216B.62, subdivision 3b; 216F.012; 221.031, subdivision 3b; 256B.0625, subdivisions 10, 17; 308A.201, subdivision 12; 325E.21, subdivisions 1, 1b, by adding a subdivision; 325F.171, by adding a subdivision; 325F.172, by adding a subdivision; 332.31, subdivisions 3, 6, by adding subdivisions; 332.311; 332.32; 332.33, subdivisions 1, 2, 5, 5a, 7, 8, by adding a subdivision; 332.34; 332.345; 332.355; 332.37; 332.385; 332.40, subdivision 3; 332.42, subdivisions 1, 2; 514.972, subdivisions 4, 5; 514.973, subdivisions 3, 4; 514.974; 514.977; proposing coding for new law in Minnesota Statutes, chapters 60A; 62Q; 80G; 115B; 116J; 216B; 216C; 216F; 325F; proposing coding for new law as Minnesota Statutes, chapter 58B; repealing Minnesota Statutes 2020, sections 45.017; 60A.98; 60A.981; 60A.982; 115C.13.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

## ARTICLE 1

## COMMERCE, CLIMATE, AND ENERGY FINANCE

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023. If an appropriation in this act is enacted more than once in the 2021 legislative session, the appropriation must be given effect only once.

| | | |
|---|---|---|
| | **APPROPRIATIONS** | |
| | **Available for the Year** | |
| | **Ending June 30** | |
| | **2022** | **2023** |
| Sec. 2. **DEPARTMENT OF COMMERCE** | | |
| Subdivision 1. **Total Appropriation** | **$ 44,172,000** | **$ 33,893,000** |

Appropriations by Fund

| | 2022 | 2023 |
|---|---|---|
| General | 40,095,000 | 29,983,000 |
| Special Revenue | 2,260,000 | 2,093,000 |
| Workers' Compensation Fund | 761,000 | 761,000 |
| Petroleum Tank | 1,056,000 | 1,056,000 |

The amounts that may be spent for each purpose are specified in the following subdivisions.

| | | |
|---|---|---|
| Subd. 2. **Financial Institutions** | 1,923,000 | 1,941,000 |

Appropriations by Fund

| | | |
|---|---|---|
| General | 1,923,000 | 1,941,000 |

(a) $400,000 each year is for a grant to Prepare and Prosper to develop, market, evaluate, and distribute a financial services inclusion program that (1) assists low-income and financially underserved populations to build savings and strengthen credit, and (2) provides services to assist low-income and financially underserved populations to become more financially stable and secure. Money remaining after the first year is available for the second year.

(b) $254,000 each year is to administer the requirements of Minnesota Statutes, chapter 58B.

| | | |
|---|---|---|
| Subd. 3. **Administrative Services** | 9,346,000 | 8,821,000 |

(a) $392,000 in the first year and $401,000 in the second year are for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

(b) $5,000 each year is for Real Estate Appraisal Advisory Board compensation pursuant to Minnesota Statutes, section 82B.073, subdivision 2a.

(c) $353,000 each year is for system modernization and cybersecurity upgrades for the unclaimed property program.

(d) $564,000 each year is for additional operations of the unclaimed property program.

(e) $832,000 in the first year and $208,000 in the second year are for IT system modernization. The base in fiscal year 2024 and beyond is $0.

| | | |
|---|---|---|
| Subd. 4. **Telecommunications** | 3,443,000 | 3,183,000 |

Appropriations by Fund

| | | |
|---|---|---|
| General | 1,383,000 | 1,090,000 |
| Special Revenue | 2,060,000 | 2,093,000 |

(a) $2,060,000 in the first year and $2,093,000 in the second year are from the telecommunications access Minnesota fund account in the special revenue fund for the following transfers:

(1) $1,620,000 each year is to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans. This transfer is subject to Minnesota Statutes, section 16A.281;

(2) $290,000 each year is to the chief information officer to coordinate technology accessibility and usability;

(3) $100,000 in the first year and $133,000 in the second year are to the Legislative Coordinating Commission for captioning legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281; and

(4) $50,000 each year is to the Office of MN.IT Services for a consolidated access fund to provide grants or services to other state agencies related to accessibility of web-based services.

(b) $310,000 in the first year is for transfer to the Legislative Coordinating Commission for additional captioning of legislative coverage necessitated by the COVID-19 public health emergency.

| | | | | |
|---|---|---|---|---|
| Subd. 5. **Enforcement** | | | 5,807,000 | 5,498,000 |

Appropriations by Fund

| | | |
|---|---|---|
| General | 5,406,000 | 5,297,000 |
| Workers' Compensation | 201,000 | 201,000 |
| Special Revenue Fund | 200,000 | -0- |

(a) $283,000 in the first year and $286,000 in the second year are for health care enforcement.

(b) $201,000 each year is from the workers' compensation fund.

(c) Notwithstanding Minnesota Statutes, section 297I.11, subdivision 2, $200,000 in the first year is from the auto theft prevention account in the special revenue fund for the catalytic converter theft prevention pilot project. This balance does not cancel but is available in the second year.

(d) $200,000 in the first year is from the general fund for the catalytic converter theft prevention pilot project. This balance does not cancel but is available in the second year.

(e) $300,000 in fiscal year 2022 is transferred from the consumer education account in the special revenue fund to the general fund.

| | | |
|---|---|---|
| Subd. 6. **Insurance** | 7,072,000 | 7,138,000 |

Appropriations by Fund

| | | |
|---|---|---|
| General | 6,512,000 | 6,578,000 |
| Workers' Compensation | 560,000 | 560,000 |

(a) $656,000 in the first year and $671,000 in the second year are for health insurance rate review staffing.

(b) $421,000 in the first year and $431,000 in the second year are for actuarial work to prepare for implementation of principle-based reserves.

(c) $30,000 in the first year is to pay for two years of membership dues for Minnesota to the National Conference of Insurance Legislators.

(d) $428,000 in the first year and $432,000 in the second year are for licensing activities under Minnesota Statutes, chapter 62W. Of this amount, $246,000 each year must be used only for staff costs associated with two enforcement investigators to enforce Minnesota Statutes, chapter 62W.

(e) $560,000 each year is from the workers' compensation fund.

(f) $105,000 each year is to evaluate legislation for new mandated health benefits under Minnesota Statutes, section 62J.26.

| | | |
|---|---|---|
| Subd. 7. **Weights and Measures Division** | 1,500,000 | 1,500,000 |

$1,500,000 each year is for replacement of existing equipment and continuity of operations.

| | | |
|---|---|---|
| Subd. 8. **Energy Resources** | 13,925,000 | 4,756,000 |

(a) $150,000 each year is to remediate vermiculite insulation from households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.

(b) $851,000 in the first year and $870,000 in the second year are for energy regulation and planning unit staff.

(c) $8,000,000 in the first year is to provide financial assistance to schools to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.375. This appropriation must be expended on schools located outside the electric service territory of the public utility that is subject to Minnesota

Statutes, section 116C.779. Any money remaining on June 30, 2027, cancels to the general fund.

(d) $1,242,000 in the first year is to provide financial assistance to schools that are state colleges and universities to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.375. This appropriation must be expended on schools located outside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. The base amount for fiscal year 2024 is $1,138,000. Any money remaining on June 30, 2027, cancels to the general fund.

(e) $189,000 each year is for activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

| | | |
|---|---|---|
| Subd. 9. **Petroleum Tank Release Compensation Board** | 1,056,000 | 1,056,000 |

This appropriation is from the petroleum tank fund to account for base adjustments provided in Minnesota Statutes, section 115C.13.

Subd. 10. **Landfill Bond Prepayment; Solar Pilot Project**

(a) $100,000 in the first year is from the general fund for transfer to the commissioner of management and budget to prepay and defease any outstanding general obligation bonds used to acquire property, finance improvements and betterments, or pay any other associated financing costs at the Anoka-Ramsey closed landfill. This amount may be deposited, invested, and applied to accomplish the purposes of this section as provided in Minnesota Statutes, section 475.67, subdivisions 5 to 10 and 13. Upon the prepayment and defeasance of all associated debt on the real property and improvements, all conditions set forth in Minnesota Statutes, section 16A.695, subdivision 3, are deemed to have been satisfied and the real property and improvements no longer constitute state bond financed property under Minnesota Statutes, section 16A.695.

(b) Once the purposes in paragraph (a) have been met, the commissioner of the Pollution Control Agency may take actions and execute agreements to facilitate the beneficial reuse of the Anoka-Ramsey closed landfill, and may specifically authorize the installation of a solar energy generating system, as defined in Minnesota Statutes, section 216E.01, subdivision 9a, as a pilot project at the closed landfill to be owned and operated by a cooperative electric association that has more than 130,000 customers in Minnesota. The appropriation in paragraph (a) must not be used to finance the pilot project, procure land rights, or to manage the solar energy generating system.

| | | |
|---|---|---|
| Sec. 3. **MINNESOTA MANAGEMENT AND BUDGET** | **$ 49,000** | **$ 49,000** |

$49,000 each year is for consultation with the commissioner of commerce to evaluate legislation for new mandated health benefits under Minnesota Statutes, section 62J.26.

| | | |
|---|---|---|
| Sec. 4. **DEPARTMENT OF HEALTH** | **$ 37,000** | **$ 37,000** |

$37,000 each year is for consultation with the commissioner of commerce to evaluate legislation for new mandated health benefits under Minnesota Statutes, section 62J.26.

| | | | | |
|---|---|---|---|---|
| Sec. 5. **PUBLIC UTILITIES COMMISSION** | **$** | **$8,185,000** | **$** | **$8,314,000** |

$112,000 each year is for activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

| | | | | |
|---|---|---|---|---|
| Sec. 6. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT** | **$** | **170,000** | **$** | **$350,000** |

$170,000 in the first year and $350,000 in the second year are to operate the Energy Transition Office under Minnesota Statutes, section 116J.5491.

| | | | | |
|---|---|---|---|---|
| Sec. 7. **DEPARTMENT OF EDUCATION** | **$** | **150,000** | **$** | **150,000** |

$150,000 in fiscal year 2022 and $150,000 in fiscal year 2023 are for grants to the Minnesota Council on Economic Education under article 7, section 3. These are onetime appropriations.

Sec. 8. **CANCELLATION; FISCAL YEAR 2021.**

$1,220,000 of the fiscal year 2021 general fund appropriation under Laws 2019, First Special Session chapter 7, article 1, section 6, subdivision 3, is canceled.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

## ARTICLE 2
## RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS

Section 1. **RENEWABLE DEVELOPMENT FINANCE.**

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), the appropriations are from the renewable development account in the special revenue fund established in Minnesota Statutes, section

116C.779, subdivision 1, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023.

(b) If an appropriation in this article is enacted more than once in the 2021 regular or special legislative session, the appropriation must be given effect only once.

| | | APPROPRIATIONS Available for the Year Ending June 30 | | |
|---|---|---|---|---|
| | | **2022** | | **2023** |
| Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT** | **$** | **8,000,000** | **$** | **-0-** |

Subdivision 1. **Clean Energy Career Training Pilot Project**

$2,500,000 the first year is for a grant to Northgate Development, LLC, for a pilot project under article 8, section 30, to provide training pathways into careers in the clean energy sector for students and young adults in underserved communities. Any unexpended funds remaining at the end of the biennium cancel to the renewable development account. This is a onetime appropriation.

Subd. 2. **Mountain Iron Solar**

$5,500,000 the first year is for a grant to the Mountain Iron Economic Development Authority to expand a city-owned solar module manufacturing plant building in the city's Renewable Energy Industrial Park. This is a onetime appropriation and any amount unexpended by June 30, 2022, must be returned to the renewable development account.

Sec. 3. **DEPARTMENT OF COMMERCE**

| | | | | |
|---|---|---|---|---|
| Subdivision 1. **Total Appropriation** | **$** | **4,825,000** | **$** | **1,800,000** |

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **"Made in Minnesota" Administration**

$100,000 each year is to administer the "Made in Minnesota" solar energy production incentive program under Minnesota Statutes, section 216C.417.

Subd. 3. **Third-Party Evaluator**

$500,000 each year is for costs associated with any third-party expert evaluation of a proposal submitted in response to a request for proposal to the Renewable Development Advisory Group under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (l). No portion of this appropriation may be expended or retained by the commissioner of commerce. Any money appropriated under this paragraph that is unexpended at the end of a fiscal year cancels to the renewable development account.

Subd. 4. **Agricultural Weather Study**

$583,000 the first year is for a grant to the Board of Regents of the University of Minnesota to conduct a study that generates weather model projections for the entire state of Minnesota at a level of detail as small as three square miles in area. This is a onetime appropriation.

Subd. 5. **Microgrid Research and Application**

(a) $2,400,000 the first year and $1,200,000 the second year are for a grant to the

University of St. Thomas Center for Microgrid Research for the purposes of paragraph (b). The base in fiscal year 2024 is $1,000,000. The base in fiscal year 2025 is $400,000. The base in fiscal year 2026 is $400,000.

(b) The appropriations in this subdivision must be used by the University of St. Thomas Center for Microgrid Research to:

(1) increase the center's capacity to provide industry partners opportunities to test near-commercial microgrid products on a real-world scale and to multiply opportunities for innovative research;

(2) procure advanced equipment and controls to enable the extension of the university's microgrid to additional buildings; and

(3) expand (i) hands-on educational opportunities for undergraduate and graduate electrical engineering students to increase understanding of microgrid operations, and (ii) partnerships with community colleges.

Subd. 6. **Solar on State College and University Campuses**

$1,242,000 the first year is to provide financial assistance to schools that are state colleges and universities to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.376. This appropriation must be expended on schools located inside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. The base in fiscal year 2024 is $1,138,000.

Sec. 4. **UNIVERSITY OF MINNESOTA** **$** **10,000,000** **$** **-0-**

$10,000,000 the first year is to the Board of Regents of the University of Minnesota, West Central Research and Outreach Center, for the purpose of leading research, development, and advancement of energy storage systems that utilize hydrogen and ammonia production from renewables and other sources of clean energy. Funds received under this section may only be used for those portions of the project that are related to renewable power generation using ammonia directly as a fuel or as a carrier for hydrogen fuel. Research and development of ultrasafe ammonia storage is an eligible use of funds under this section. This is a onetime appropriation and any amount unexpended by June 30, 2025, must be returned to the renewable development account.

| | | | | |
|---|---|---|---|---|
| Sec. 5. **DEPARTMENT OF ADMINISTRATION** | **$** | **5,344,000** | **$** | **88,000** |

Subdivision 1. **State Building Energy Conservation Improvement Revolving Loan Account**

$5,000,000 the first year is for deposit in the state building energy conservation improvement revolving loan account established in Minnesota Statutes, section 16B.86, for the purpose of providing loans to state agencies for energy conservation projects under Minnesota Statutes, section 16B.87.

Subd. 2. **State Building Energy Conservation Improvement Revolving Loan Program**

$219,000 the first year and $88,000 the second year are for software and administrative costs associated with the state building energy conservation improvement revolving loan program under Minnesota Statutes, section

16B.87. The base in fiscal year 2024 is $90,000 and the base in fiscal year 2025 is $92,000.

Subd. 3. **Construction Materials; Environmental Impact Study**

$125,000 the first year is to complete the study required under article 8, section 31.

## ARTICLE 3
## INSURANCE

Section 1. Minnesota Statutes 2020, section 60A.092, subdivision 10a, is amended to read:

Subd. 10a. **Other jurisdictions.** The reinsurance is ceded and credit allowed to an assuming insurer not meeting the requirements of subdivision 2, 3, 4, 5, ~~or~~ 10, or 10b, but only with respect to the insurance of risks located in jurisdictions where the reinsurance is required by applicable law or regulation of that jurisdiction.

**EFFECTIVE DATE.** This section is effective January 1, 2022, and applies to reinsurance contracts entered into or renewed on or after that date.

Sec. 2. Minnesota Statutes 2020, section 60A.092, is amended by adding a subdivision to read:

Subd. 10b. **Credit allowed; reciprocal jurisdiction.** (a) Credit shall be allowed when the reinsurance is ceded to an assuming insurer meeting each of the following conditions:

(1) the assuming insurer must have its head office in or be domiciled in, as applicable, and be licensed in a reciprocal jurisdiction. A "reciprocal jurisdiction" means a jurisdiction that is:

(i) a non-United States jurisdiction that is subject to an in-force covered agreement with the United States, each within its legal authority, or, in the case of a covered agreement between the United States and the European Union, is a member state of the European Union. For purposes of this subdivision, a "covered agreement" means an agreement entered into pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, United States Code, title 31, sections 313 and 314, that is currently in effect or in a period of provisional application and addresses the elimination, under specified conditions, of collateral requirements as a condition for entering into any reinsurance agreement with a ceding insurer domiciled in Minnesota or for allowing the ceding insurer to recognize credit for reinsurance;

(ii) a United States jurisdiction that meets the requirements for accreditation under the National Association of Insurance Commissioners (NAIC) financial standards and accreditation program; or

(iii) a qualified jurisdiction, as determined by the commissioner, which is not otherwise described in item (i) or (ii) and which meets the following additional requirements, consistent with the terms and conditions of in-force covered agreements:

(A) provides that an insurer which has its head office or is domiciled in such qualified jurisdiction shall receive credit for reinsurance ceded to a United States-domiciled assuming insurer in the same manner as credit for reinsurance is received for reinsurance assumed by insurers domiciled in such qualified jurisdiction;

(B) does not require a United States-domiciled assuming insurer to establish or maintain a local presence as a condition for entering into a reinsurance agreement with any ceding insurer subject to regulation by the non-United States jurisdiction or as a condition to allow the ceding insurer to recognize credit for such reinsurance;

(C) recognizes the United States state regulatory approach to group supervision and group capital, by providing written confirmation by a competent regulatory authority, in such qualified jurisdiction, that insurers and insurance groups that are domiciled or maintain their headquarters in this state or another jurisdiction accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, by the commissioner or the commissioner of the domiciliary state and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the qualified jurisdiction; and

(D) provides written confirmation by a competent regulatory authority in such qualified jurisdiction that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the commissioner in accordance with a memorandum of understanding or similar document between the commissioner and such qualified jurisdiction, including but not limited to the International Association of Insurance Supervisors Multilateral Memorandum of Understanding or other multilateral memoranda of understanding coordinated by the NAIC;

(2) the assuming insurer must have and maintain, on an ongoing basis, minimum capital and surplus, or its equivalent, calculated according to the methodology of its domiciliary jurisdiction, on at least an annual basis as of the preceding December 31 or on the date otherwise statutorily reported to the reciprocal jurisdiction, in the following amounts:

(i) no less than $250,000,000; or

(ii) if the assuming insurer is an association, including incorporated and individual unincorporated underwriters:

(A) minimum capital and surplus equivalents, net of liabilities, or own funds of the equivalent of at least $250,000,000; and

(B) a central fund containing a balance of the equivalent of at least $250,000,000;

(3) the assuming insurer must have and maintain, on an ongoing basis, a minimum solvency or capital ratio, as applicable, as follows:

(i) if the assuming insurer has its head office or is domiciled in a reciprocal jurisdiction defined in clause (1), item (i), the ratio specified in the applicable covered agreement;

(ii) if the assuming insurer is domiciled in a reciprocal jurisdiction defined in clause (1), item (ii), a risk-based capital ratio of 300 percent of the authorized control level, calculated in accordance with the formula developed by the NAIC; or

(iii) if the assuming insurer is domiciled in a Reciprocal Jurisdiction defined in clause (1), item (iii), after consultation with the reciprocal jurisdiction and considering any recommendations published through the NAIC Committee Process, such solvency or capital ratio as the commissioner determines to be an effective measure of solvency;

(4) the assuming insurer must agree and provide adequate assurance in the form of a properly executed Form RJ-1 of its agreement to the following:

(i) the assuming insurer must provide prompt written notice and explanation to the commissioner if it falls below the minimum requirements set forth in clause (2) or (3), or if any regulatory action is taken against the assuming insurer for serious noncompliance with applicable law;

(ii) the assuming insurer must consent in writing to the jurisdiction of the courts of Minnesota and to the appointment of the commissioner as agent for service of process. The commissioner may require that consent for service of process be provided to the commissioner and included in each reinsurance agreement. Nothing in this subdivision shall limit or in any way alter the capacity of parties to a reinsurance agreement to agree to alternative dispute resolution mechanisms, except to the extent such agreements are unenforceable under applicable insolvency or delinquency laws;

(iii) the assuming insurer must consent in writing to pay all final judgments, wherever enforcement is sought, obtained by a ceding insurer or its legal successor, that have been declared enforceable in the jurisdiction where the judgment was obtained;

(iv) each reinsurance agreement must include a provision requiring the assuming insurer to provide security in an amount equal to 100 percent of the assuming insurer's liabilities attributable to reinsurance ceded pursuant to that agreement if the assuming insurer resists enforcement of a final judgment that is enforceable under the law of the jurisdiction in which it was obtained or a properly enforceable arbitration award, whether obtained by the ceding insurer or by its legal successor on behalf of its resolution estate;

(v) the assuming insurer must confirm that it is not presently participating in any solvent scheme of arrangement which involves this state's ceding insurers, and agree to notify the ceding insurer and the commissioner and to provide security in an amount equal to 100 percent of the assuming insurer's liabilities to the ceding insurer, should the assuming insurer enter into such a solvent scheme of arrangement. The security shall be in a form consistent with sections 60A.092, subdivision 10, 60A.093, 60A.096, and 60A.097. For purposes of this section, the term "solvent scheme of arrangement" means a foreign or alien statutory or regulatory compromise procedure subject to requisite majority creditor approval and judicial sanction in the assuming insurer's home jurisdiction either to finally commute liabilities of duly noticed classed members or creditors of a solvent debtor, or to reorganize or restructure the debts and obligations of a solvent debtor on a final basis, and which may be subject to judicial recognition and enforcement of the arrangement by a governing authority outside the ceding insurer's home jurisdiction; and

(vi) the assuming insurer must agree in writing to meet the applicable information filing requirements set forth in clause (5);

(5) the assuming insurer or its legal successor must provide, if requested by the commissioner, on behalf of itself and any legal predecessors, the following documentation to the commissioner:

(i) for the two years preceding entry into the reinsurance agreement and on an annual basis thereafter, the assuming insurer's annual audited financial statements, in accordance with the applicable law of the jurisdiction of its head office or domiciliary jurisdiction, as applicable, including the external audit report;

(ii) for the two years preceding entry into the reinsurance agreement, the solvency and financial condition report or actuarial opinion, if filed with the assuming insurer's supervisor;

(iii) prior to entry into the reinsurance agreement and not more than semiannually thereafter, an updated list of all disputed and overdue reinsurance claims outstanding for 90 days or more, regarding reinsurance assumed from ceding insurers domiciled in the United States; and

(iv) prior to entry into the reinsurance agreement and not more than semiannually thereafter, information regarding the assuming insurer's assumed reinsurance by ceding insurer, ceded reinsurance by the assuming insurer, and reinsurance recoverable on paid and unpaid losses by the assuming insurer to allow for the evaluation of the criteria set forth in clause (6);

(6) the assuming insurer must maintain a practice of prompt payment of claims under reinsurance agreements. The lack of prompt payment will be evidenced if any of the following criteria is met:

(i) more than 15 percent of the reinsurance recoverables from the assuming insurer are overdue and in dispute as reported to the commissioner;

(ii) more than 15 percent of the assuming insurer's ceding insurers or reinsurers have overdue reinsurance recoverable on paid losses of 90 days or more which are not in dispute and which exceed for each ceding insurer $100,000, or as otherwise specified in a covered agreement; or

(iii) the aggregate amount of reinsurance recoverable on paid losses which are not in dispute, but are overdue by 90 days or more, exceeds $50,000,000, or as otherwise specified in a covered agreement;

(7) the assuming insurer's supervisory authority must confirm to the commissioner by December 31, 2021, and annually thereafter, or at the annual date otherwise statutorily reported to the reciprocal jurisdiction, that the assuming insurer complies with the requirements set forth in clauses (2) and (3); and

(8) nothing in this subdivision precludes an assuming insurer from providing the commissioner with information on a voluntary basis.

(b) The commissioner shall timely create and publish a list of reciprocal jurisdictions. The commissioner's list shall include any reciprocal jurisdiction as defined under paragraph (a), clause (1), items (i) and (ii), and shall consider any other reciprocal jurisdiction included on the NAIC list. The commissioner may approve a jurisdiction that does not appear on the NAIC list of reciprocal jurisdictions in accordance with criteria developed under rules issued by the commissioner. The commissioner may remove a jurisdiction from the list of reciprocal jurisdictions upon a determination that the jurisdiction no longer meets the requirements of a reciprocal jurisdiction, in accordance with a process set forth in rules issued by the commissioner, except that the commissioner shall not remove from the list a reciprocal jurisdiction as defined under paragraph (a), clause (1), items (i) and (ii). Upon removal of a reciprocal jurisdiction from the list, credit for reinsurance ceded to an assuming insurer which has its home office or is domiciled in that jurisdiction shall be allowed, if otherwise allowed pursuant to law.

(c) The commissioner shall timely create and publish a list of assuming insurers that have satisfied the conditions set forth in this subdivision and to which cessions shall be granted credit in accordance with this subdivision. The commissioner may add an assuming insurer to the list if an NAIC accredited jurisdiction has added the assuming insurer to a list of assuming insurers or if, upon initial eligibility, the assuming insurer submits the information to the commissioner as required under paragraph (a), clause (4), and complies with any additional requirements that the commissioner may impose by rule, except to the extent that they conflict with an applicable covered agreement.

(i) If an NAIC-accredited jurisdiction has determined that the conditions set forth in paragraph (a), clause (2), have been met, the commissioner has the discretion to defer to that jurisdiction's determination, and add such assuming insurer to the list of assuming insurers to which cessions shall be granted credit in accordance with this paragraph. The commissioner may accept financial documentation filed with another NAIC-accredited jurisdiction or with the NAIC in satisfaction of the requirements of paragraph (a), clause (2);

(ii) When requesting that the commissioner defer to another NAIC-accredited jurisdiction's determination, an assuming insurer must submit a properly executed Form RJ-1 and additional information as the commissioner may require. A state that has received such a request will notify other states through the NAIC Committee Process and provide relevant information with respect to the determination of eligibility.

(d) If the commissioner determines that an assuming insurer no longer meets one or more of the requirements under this subdivision, the commissioner may revoke or suspend the eligibility of the assuming insurer for recognition under this subdivision in accordance with procedures set forth in rule. While an assuming insurer's eligibility is suspended, no reinsurance agreement issued, amended, or renewed after the effective date of the suspension qualifies for credit, except to the extent that the assuming insurer's obligations under the contract are secured in accordance with this section. If an assuming insurer's eligibility is revoked, no credit for reinsurance may be granted after the effective date of the revocation with respect to any reinsurance agreements entered into by the assuming insurer, including reinsurance agreements entered into prior to the date of revocation, except to the extent that the assuming insurer's obligations under the contract are secured in a form acceptable to the commissioner and consistent with the provisions of this section.

(e) Before denying statement credit or imposing a requirement to post security with respect to paragraph (d) or adopting any similar requirement that will have substantially the same regulatory impact as security, the commissioner shall:

(1) communicate with the ceding insurer, the assuming insurer, and the assuming insurer's supervisory authority that the assuming insurer no longer satisfies one of the conditions listed in paragraph (a), clause (2);

(2) provide the assuming insurer with 30 days from the initial communication to submit a plan to remedy the defect, and 90 days from the initial communication to remedy the defect, except in exceptional circumstances in which a shorter period is necessary for policyholder and other consumer protection;

(3) after the expiration of 90 days or less, as set out in clause (2), if the commissioner determines that no or insufficient action was taken by the assuming insurer, the commissioner may impose any of the requirements as set out in this paragraph; and

(4) provide a written explanation to the assuming insurer of any of the requirements set out in this paragraph.

(f) If subject to a legal process of rehabilitation, liquidation, or conservation, as applicable, the ceding insurer, or its representative, may seek and, if determined appropriate by the court in which the proceedings are pending, may obtain an order requiring that the assuming insurer post security for all outstanding ceded liabilities.

(g) Nothing in this subdivision limits or in any way alters the capacity of parties to a reinsurance agreement to agree on requirements for security or other terms in the reinsurance agreement, except as expressly prohibited by applicable law or rule.

(h) Credit may be taken under this subdivision only for reinsurance agreements entered into, amended, or renewed on or after the effective date of this subdivision, and only with respect to losses incurred and reserves reported on or after the later of: (1) the date on which the assuming insurer has met all eligibility requirements pursuant to this subdivision; and (2) the effective date of the new reinsurance agreement, amendment, or renewal. This paragraph does not alter or impair a ceding insurer's right to take credit for reinsurance, to the extent that credit is not available under this subdivision, as long as the reinsurance qualifies for credit under any other applicable provision of law. Nothing in this subdivision shall authorize an assuming insurer to withdraw or reduce the security provided under any reinsurance agreement, except as permitted by the terms of the agreement. Nothing in this subdivision shall limit, or in any way alter, the capacity of parties to any reinsurance agreement to renegotiate the agreement.

**EFFECTIVE DATE.** This section is effective January 1, 2022, and applies to reinsurance contracts entered into or renewed on or after that date.

Sec. 3. Minnesota Statutes 2020, section 60A.0921, subdivision 2, is amended to read:

Subd. 2. **Certification procedure.** (a) The commissioner shall post notice on the department's website promptly upon receipt of any application for certification, including instructions on how members of the public may respond to the application. The commissioner may not take final action on the application until at least 30 days after posting the notice.

(b) The commissioner shall issue written notice to an assuming insurer that has applied and been approved as a certified reinsurer. The notice must include the rating assigned the certified reinsurer in accordance with subdivision 1. The commissioner shall publish a list of all certified reinsurers and their ratings.

(c) In order to be eligible for certification, the assuming insurer must:

(1) be domiciled and licensed to transact insurance or reinsurance in a qualified jurisdiction, as determined by the commissioner under subdivision 3;

(2) maintain capital and surplus, or its equivalent, of no less than $250,000,000 calculated in accordance with paragraph (d), clause (8). This requirement may also be satisfied by an association including incorporated and individual unincorporated underwriters having minimum capital and surplus equivalents net of liabilities of at least $250,000,000 and a central fund containing a balance of at least $250,000,000;

(3) maintain financial strength ratings from two or more rating agencies acceptable to the commissioner. These ratings shall be based on interactive communication between the rating agency and the assuming insurer and shall not be based solely on publicly available information. These financial strength ratings shall be one factor used by the commissioner in determining the rating that is assigned to the assuming insurer. Acceptable rating agencies include the following:

(i) Standard & Poor's;

(ii) Moody's Investors Service;

(iii) Fitch Ratings;

(iv) A.M. Best Company; or

(v) any other nationally recognized statistical rating organization; and

(4) ensure that the certified reinsurer complies with any other requirements reasonably imposed by the commissioner.

(d) Each certified reinsurer shall be rated on a legal entity basis, with due consideration being given to the group rating where appropriate, except that an association including incorporated and individual unincorporated underwriters that has been approved to do business as a single certified reinsurer may be evaluated on the basis of its group rating. Factors that may be considered as part of the evaluation process include, but are not limited to:

(1) certified reinsurer's financial strength rating from an acceptable rating agency. The maximum rating that a certified reinsurer may be assigned will correspond to its financial strength rating as outlined in the table below. The commissioner shall use the lowest financial strength rating received from an approved rating agency in establishing the maximum rating of a certified reinsurer. A failure to obtain or maintain at least two financial strength ratings from acceptable rating agencies will result in loss of eligibility for certification;

| Ratings | Best | S&P | Moody's | Fitch |
|---|---|---|---|---|
| Secure - 1 | A++ | AAA | Aaa | AAA |
| Secure - 2 | A+ | AA+, AA, AA- | Aa1, Aa2, Aa3 | AA+, AA, AA- |
| Secure - 3 | A | A+, A | A1, A2 | A+, A |
| Secure - 4 | A- | A- | A3 | A- |
| Secure - 5 | B++, B- | BBB+, BBB, BBB- | Baa1, Baa2, Baa3 | BBB+, BBB, BBB- |
| Vulnerable - 6 | B, B-C++, C+, C, C-, D, E, F | BB+, BB, BB-, B+, B, B-, CCC, CC, C, D, R | Ba1, Ba2, Ba3, B1, B2, B3, Caa, Ca, C | BB+, BB, BB-, B+, B, B-, CCC+, CC, CCC-, DD |

(2) the business practices of the certified reinsurer in dealing with its ceding insurers, including its record of compliance with reinsurance contractual terms and obligations;

(3) for certified reinsurers domiciled in the United States, a review of the most recent applicable NAIC annual statement;

(4) for certified reinsurers not domiciled in the United States, a review annually of such forms as may be required by the commissioner;

(5) the reputation of the certified reinsurer for prompt payment of claims under reinsurance agreements, based on an analysis of ceding insurers' reporting of overdue reinsurance recoverables, including the proportion of obligations that are more than 90 days past due or are in dispute, with specific attention given to obligations payable to companies that are in administrative supervision or receivership;

(6) regulatory actions against the certified reinsurer;

(7) the report of the independent auditor on the financial statements of the insurance enterprise, on the basis described in clause (8);

(8) for certified reinsurers not domiciled in the United States, audited financial statements (audited United States GAAP basis if available, audited IFRS basis statements are allowed, but must include an audited footnote reconciling equity and net income to a United States GAAP basis, or, with permission of the commissioner, audited IFRS statements with reconciliation to United States GAAP certified by an officer of the company). Upon the initial application for certification, the commissioner will consider audited financial statements for the last ~~three~~ two years filed with its non-United States jurisdiction supervisor;

(9) the liquidation priority of obligations to a ceding insurer in the certified reinsurer's domiciliary jurisdiction in the context of an insolvency proceeding;

(10) a certified reinsurer's participation in any solvent scheme of arrangement, or similar procedure, which involves United States ceding insurers. The commissioner must receive prior notice from a certified reinsurer that proposes participation by the certified reinsurer in a solvent scheme of arrangement; and

(11) other information as determined by the commissioner.

(e) Based on the analysis conducted under paragraph (d), clause (5), of a certified reinsurer's reputation for prompt payment of claims, the commissioner may make appropriate adjustments in the security the certified reinsurer is required to post to protect its liabilities to United States ceding insurers, provided that the commissioner shall, at a minimum, increase the security the certified reinsurer is required to post by one rating level under paragraph (d), clause (1), if the commissioner finds that:

(1) more than 15 percent of the certified reinsurer's ceding insurance clients have overdue reinsurance recoverables on paid losses of 90 days or more which are not in dispute and which exceed $100,000 for each cedent; or

(2) the aggregate amount of reinsurance recoverables on paid losses which are not in dispute that are overdue by 90 days or more exceeds $50,000,000.

(f) The assuming insurer must submit such forms as required by the commissioner as evidence of its submission to the jurisdiction of this state, appoint the commissioner as an agent for service of process in this state, and agree to provide security for 100 percent of the assuming insurer's liabilities attributable to reinsurance ceded by United States ceding insurers if it resists enforcement of a final United States judgment. The commissioner shall not certify an assuming insurer that is domiciled in a jurisdiction that the commissioner has determined does not adequately and promptly enforce final United States judgments or arbitration awards.

(g) The certified reinsurer must agree to meet filing requirements as determined by the commissioner, both with respect to an initial application for certification and on an ongoing basis. All data submitted by certified reinsurers to the commissioner is nonpublic under section 13.02, subdivision 9. The certified reinsurer must file with the commissioner:

(1) a notification within ten days of any regulatory actions taken against the certified reinsurer, any change in the provisions of its domiciliary license, or any change in rating by an approved rating agency, including a statement describing such changes and the reasons therefore;

(2) an annual report regarding reinsurance assumed, in a form determined by the commissioner;

(3) an annual report of the independent auditor on the financial statements of the insurance enterprise, on the basis described in clause (4);

(4) an annual audited financial statement, regulatory filings, and actuarial opinion filed with the certified reinsurer's supervisor. Upon the initial certification, audited financial statements for the last ~~three~~ two years filed with the certified reinsurer's supervisor;

(5) at least annually, an updated list of all disputed and overdue reinsurance claims regarding reinsurance assumed from United States domestic ceding insurers;

(6) a certification from the certified reinsurer's domestic regulator that the certified reinsurer is in good standing and maintains capital in excess of the jurisdiction's highest regulatory action level; and

(7) any other relevant information as determined by the commissioner.

**EFFECTIVE DATE.** This section is effective January 1, 2022, and applies to reinsurance contracts entered into or renewed on or after that date.

Sec. 4. Minnesota Statutes 2020, section 60A.71, subdivision 7, is amended to read:

Subd. 7. **Duration; fees.** (a) Each applicant for a reinsurance intermediary license shall pay to the commissioner a fee of $200 for an initial two-year license and a fee of $150 for each renewal. Applications shall be submitted on forms prescribed by the commissioner.

(b) Initial licenses issued under this chapter are valid for a period not to exceed 24 months and expire on October 31 of the renewal year assigned by the commissioner. Each renewal reinsurance intermediary license is valid for a period of 24 months. ~~Licensees who submit renewal applications postmarked or delivered on or before October 15 of the renewal year may continue to transact business whether or not the renewal license has been received by November 1. Licensees who submit applications postmarked or delivered after October 15 of the renewal year must not transact business after the expiration date of the license until the renewal license has been received.~~

(c) All fees are nonreturnable, except that an overpayment of any fee may be refunded upon proper application.

Sec. 5. **[60A.985] DEFINITIONS.**

Subdivision 1. **Terms.** As used in sections 60A.985 to 60A.9857, the following terms have the meanings given.

Subd. 2. **Authorized individual.** "Authorized individual" means an individual known to and screened by the licensee and determined to be necessary and appropriate to have access to the nonpublic information held by the licensee and its information systems.

Subd. 3. **Consumer.** "Consumer" means an individual, including but not limited to an applicant, policyholder, insured, beneficiary, claimant, and certificate holder who is a resident of this state and whose nonpublic information is in a licensee's possession, custody, or control.

Subd. 4. **Cybersecurity event.** "Cybersecurity event" means an event resulting in unauthorized access to, or disruption or misuse of, an information system or nonpublic information stored on an information system.

Cybersecurity event does not include the unauthorized acquisition of encrypted nonpublic information if the encryption, process, or key is not also acquired, released, or used without authorization.

Cybersecurity event does not include an event with regard to which the licensee has determined that the nonpublic information accessed by an unauthorized person has not been used or released and has been returned or destroyed.

Subd. 5. **Encrypted.** "Encrypted" means the transformation of data into a form which results in a low probability of assigning meaning without the use of a protective process or key.

Subd. 6. **Information security program.** "Information security program" means the administrative, technical, and physical safeguards that a licensee uses to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle nonpublic information.

Subd. 7. **Information system.** "Information system" means a discrete set of electronic information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of nonpublic electronic information, as well as any specialized system such as industrial or process controls systems, telephone switching and private branch exchange systems, and environmental control systems.

Subd. 8. **Licensee.** "Licensee" means any person licensed, authorized to operate, or registered, or required to be licensed, authorized, or registered by the Department of Commerce or the Department of Health under chapters 59A to 62M, 62Q to 62V, and 64B to 79A.

Subd. 9. **Multifactor authentication.** "Multifactor authentication" means authentication through verification of at least two of the following types of authentication factors:

(1) knowledge factors, such as a password;

(2) possession factors, such as a token or text message on a mobile phone; or

(3) inherence factors, such as a biometric characteristic.

Subd. 10. **Nonpublic information.** "Nonpublic information" means electronic information that is not publicly available information and is:

(1) any information concerning a consumer which because of name, number, personal mark, or other identifier can be used to identify the consumer, in combination with any one or more of the following data elements:

(i) Social Security number;

(ii) driver's license number or nondriver identification card number;

(iii) financial account number, credit card number, or debit card number;

(iv) any security code, access code, or password that would permit access to a consumer's financial account; or

(v) biometric records; or

(2) any information or data, except age or gender, in any form or medium created by or derived from a health care provider or a consumer that can be used to identify a particular consumer and that relates to:

(i) the past, present, or future physical, mental, or behavioral health or condition of any consumer or a member of the consumer's family;

(ii) the provision of health care to any consumer; or

(iii) payment for the provision of health care to any consumer.

Subd. 11. **Person.** "Person" means any individual or any nongovernmental entity, including but not limited to any nongovernmental partnership, corporation, branch, agency, or association.

Subd. 12. **Publicly available information.** "Publicly available information" means any information that a licensee has a reasonable basis to believe is lawfully made available to the general public from: federal, state, or local government records; widely distributed media; or disclosures to the general public that are required to be made by federal, state, or local law.

For the purposes of this definition, a licensee has a reasonable basis to believe that information is lawfully made available to the general public if the licensee has taken steps to determine:

(1) that the information is of the type that is available to the general public; and

(2) whether a consumer can direct that the information not be made available to the general public and, if so, that such consumer has not done so.

Subd. 13. **Risk assessment.** "Risk assessment" means the risk assessment that each licensee is required to conduct under section 60A.9853, subdivision 3.

Subd. 14. **State.** "State" means the state of Minnesota.

Subd. 15. **Third-party service provider.** "Third-party service provider" means a person, not otherwise defined as a licensee, that contracts with a licensee to maintain, process, or store nonpublic information, or is otherwise permitted access to nonpublic information through its provision of services to the licensee.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 6. **[60A.9851] INFORMATION SECURITY PROGRAM.**

Subdivision 1. **Implementation of an information security program.** Commensurate with the size and complexity of the licensee, the nature and scope of the licensee's activities, including its use of third-party service providers, and the sensitivity of the nonpublic information used by the licensee or in the licensee's possession, custody, or control, each licensee shall develop, implement, and maintain a comprehensive written information security program based on the licensee's risk assessment and that contains administrative, technical, and physical safeguards for the protection of nonpublic information and the licensee's information system.

Subd. 2. **Objectives of an information security program.** A licensee's information security program shall be designed to:

(1) protect the security and confidentiality of nonpublic information and the security of the information system;

(2) protect against any threats or hazards to the security or integrity of nonpublic information and the information system;

(3) protect against unauthorized access to, or use of, nonpublic information, and minimize the likelihood of harm to any consumer; and

(4) define and periodically reevaluate a schedule for retention of nonpublic information and a mechanism for its destruction when no longer needed.

Subd. 3. **Risk assessment.** The licensee shall:

(1) designate one or more employees, an affiliate, or an outside vendor authorized to act on behalf of the licensee who is responsible for the information security program;

(2) identify reasonably foreseeable internal or external threats that could result in unauthorized access, transmission, disclosure, misuse, alteration, or destruction of nonpublic information, including threats to the security of information systems and nonpublic information that are accessible to, or held by, third-party service providers;

(3) assess the likelihood and potential damage of the threats identified pursuant to clause (2), taking into consideration the sensitivity of the nonpublic information;

(4) assess the sufficiency of policies, procedures, information systems, and other safeguards in place to manage these threats, including consideration of threats in each relevant area of the licensee's operations, including:

(i) employee training and management;

(ii) information systems, including network and software design, as well as information classification, governance, processing, storage, transmission, and disposal; and

(iii) detecting, preventing, and responding to attacks, intrusions, or other systems failures; and

(5) implement information safeguards to manage the threats identified in its ongoing assessment, and no less than annually, assess the effectiveness of the safeguards' key controls, systems, and procedures.

Subd. 4. **Risk management.** Based on its risk assessment, the licensee shall:

(1) design its information security program to mitigate the identified risks, commensurate with the size and complexity of the licensee, the nature and scope of the licensee's activities, including its use of third-party service providers, and the sensitivity of the nonpublic information used by the licensee or in the licensee's possession, custody, or control;

(2) determine which of the following security measures are appropriate and implement any appropriate security measures:

(i) place access controls on information systems, including controls to authenticate and permit access only to authorized individuals, to protect against the unauthorized acquisition of nonpublic information;

(ii) identify and manage the data, personnel, devices, systems, and facilities that enable the organization to achieve business purposes in accordance with their relative importance to business objectives and the organization's risk strategy;

(iii) restrict physical access to nonpublic information to authorized individuals only;

(iv) protect, by encryption or other appropriate means, all nonpublic information while being transmitted over an external network and all nonpublic information stored on a laptop computer or other portable computing or storage device or media;

(v) adopt secure development practices for in-house developed applications utilized by the licensee;

(vi) modify the information system in accordance with the licensee's information security program;

(vii) utilize effective controls, which may include multifactor authentication procedures for any authorized individual accessing nonpublic information;

(viii) regularly test and monitor systems and procedures to detect actual and attempted attacks on, or intrusions into, information systems;

(ix) include audit trails within the information security program designed to detect and respond to cybersecurity events and designed to reconstruct material financial transactions sufficient to support normal operations and obligations of the licensee;

(x) implement measures to protect against destruction, loss, or damage of nonpublic information due to environmental hazards, such as fire and water damage, other catastrophes, or technological failures; and

(xi) develop, implement, and maintain procedures for the secure disposal of nonpublic information in any format;

(3) include cybersecurity risks in the licensee's enterprise risk management process;

(4) stay informed regarding emerging threats or vulnerabilities and utilize reasonable security measures when sharing information relative to the character of the sharing and the type of information shared; and

(5) provide its personnel with cybersecurity awareness training that is updated as necessary to reflect risks identified by the licensee in the risk assessment.

Subd. 5. **Oversight by board of directors.** If the licensee has a board of directors, the board or an appropriate committee of the board shall, at a minimum:

(1) require the licensee's executive management or its delegates to develop, implement, and maintain the licensee's information security program;

(2) require the licensee's executive management or its delegates to report in writing, at least annually, the following information:

(i) the overall status of the information security program and the licensee's compliance with this act; and

(ii) material matters related to the information security program, addressing issues such as risk assessment, risk management and control decisions, third-party service provider arrangements, results of testing, cybersecurity events or violations and management's responses thereto, and recommendations for changes in the information security program; and

(3) if executive management delegates any of its responsibilities under this section, it shall oversee the development, implementation, and maintenance of the licensee's information

security program prepared by the delegate and shall receive a report from the delegate complying with the requirements of the report to the board of directors.

Subd. 6. **Oversight of third-party service provider arrangements.** (a) A licensee shall exercise due diligence in selecting its third-party service provider.

(b) A licensee shall require a third-party service provider to implement appropriate administrative, technical, and physical measures to protect and secure the information systems and nonpublic information that are accessible to, or held by, the third-party service provider.

Subd. 7. **Program adjustments.** The licensee shall monitor, evaluate, and adjust, as appropriate, the information security program consistent with any relevant changes in technology, the sensitivity of its nonpublic information, internal or external threats to information, and the licensee's own changing business arrangements, such as mergers and acquisitions, alliances and joint ventures, outsourcing arrangements, and changes to information systems.

Subd. 8. **Incident response plan.** (a) As part of its information security program, each licensee shall establish a written incident response plan designed to promptly respond to, and recover from, any cybersecurity event that compromises the confidentiality, integrity, or availability of nonpublic information in its possession, the licensee's information systems, or the continuing functionality of any aspect of the licensee's business or operations.

(b) The incident response plan shall address the following areas:

(1) the internal process for responding to a cybersecurity event;

(2) the goals of the incident response plan;

(3) the definition of clear roles, responsibilities, and levels of decision-making authority;

(4) external and internal communications and information sharing;

(5) identification of requirements for the remediation of any identified weaknesses in information systems and associated controls;

(6) documentation and reporting regarding cybersecurity events and related incident response activities; and

(7) the evaluation and revision, as necessary, of the incident response plan following a cybersecurity event.

Subd. 9. **Annual certification to commissioner.** (a) Subject to paragraph (b), by April 15 of each year, an insurer domiciled in this state shall certify in writing to the commissioner that the insurer is in compliance with the requirements set forth in this section. Each insurer shall maintain all records, schedules, and data supporting this certificate for a period of five years and shall permit examination by the commissioner. To the extent an insurer has identified areas, systems, or processes that require material improvement, updating, or redesign, the insurer shall document the identification and the remedial efforts planned and underway to address such areas, systems, or processes. Such documentation must be available for inspection by the commissioner.

(b) The commissioner must post on the department's website, no later than 60 days prior to the certification required by paragraph (a), the form and manner of submission required and any instructions necessary to prepare the certification.

**EFFECTIVE DATE.** This section is effective August 1, 2021. Licensees have one year from the effective date to implement subdivisions 1 to 5 and 7 to 9, and two years from the effective date to implement subdivision 6.

Sec. 7. **[60A.9852] INVESTIGATION OF A CYBERSECURITY EVENT.**

Subdivision 1. **Prompt investigation.** If the licensee learns that a cybersecurity event has or may have occurred, the licensee, or an outside vendor or service provider designated to act on behalf of the licensee, shall conduct a prompt investigation.

Subd. 2. **Investigation contents.** During the investigation, the licensee, or an outside vendor or service provider designated to act on behalf of the licensee, shall, at a minimum and to the extent possible:

(1) determine whether a cybersecurity event has occurred;

(2) assess the nature and scope of the cybersecurity event, if any;

(3) identify whether any nonpublic information was involved in the cybersecurity event and, if so, what nonpublic information was involved; and

(4) perform or oversee reasonable measures to restore the security of the information systems compromised in the cybersecurity event in order to prevent further unauthorized acquisition, release, or use of nonpublic information in the licensee's possession, custody, or control.

Subd. 3. **Third-party systems.** If the licensee learns that a cybersecurity event has or may have occurred in a system maintained by a third-party service provider, the licensee will complete the steps listed in subdivision 2 or confirm and document that the third-party service provider has completed those steps.

Subd. 4. **Records.** The licensee shall maintain records concerning all cybersecurity events for a period of at least five years from the date of the cybersecurity event and shall produce those records upon demand of the commissioner.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 8. **[60A.9853] NOTIFICATION OF A CYBERSECURITY EVENT.**

Subdivision 1. **Notification to the commissioner.** Each licensee shall notify the commissioner of commerce or commissioner of health, whichever commissioner otherwise regulates the licensee, without unreasonable delay but in no event later than five business days from a determination that a cybersecurity event has occurred when either of the following criteria has been met:

(1) this state is the licensee's state of domicile, in the case of an insurer, or this state is the licensee's home state, in the case of a producer, as those terms are defined in chapter 60K and the cybersecurity event has a reasonable likelihood of materially harming:

(i) any consumer residing in this state; or

(ii) any part of the normal operations of the licensee; or

(2) the licensee reasonably believes that the nonpublic information involved is of 250 or more consumers residing in this state and that is either of the following:

(i) a cybersecurity event impacting the licensee of which notice is required to be provided to any government body, self-regulatory agency, or any other supervisory body pursuant to any state or federal law; or

(ii) a cybersecurity event that has a reasonable likelihood of materially harming:

(A) any consumer residing in this state; or

(B) any part of the normal operations of the licensee.

Subd. 2. **Information; notification.** A licensee making the notification required under subdivision 1 shall provide the information in electronic form as directed by the commissioner. The licensee shall have a continuing obligation to update and supplement initial and subsequent notifications to the commissioner concerning material changes to previously provided information relating to the cybersecurity event. The licensee shall provide as much of the following information as possible:

(1) date of the cybersecurity event;

(2) description of how the information was exposed, lost, stolen, or breached, including the specific roles and responsibilities of third-party service providers, if any;

(3) how the cybersecurity event was discovered;

(4) whether any lost, stolen, or breached information has been recovered and, if so, how this was done;

(5) the identity of the source of the cybersecurity event;

(6) whether the licensee has filed a police report or has notified any regulatory, government, or law enforcement agencies and, if so, when such notification was provided;

(7) description of the specific types of information acquired without authorization. Specific types of information means particular data elements including, for example, types of medical information, types of financial information, or types of information allowing identification of the consumer;

(8) the period during which the information system was compromised by the cybersecurity event;

(9) the number of total consumers in this state affected by the cybersecurity event. The licensee shall provide the best estimate in the initial report to the commissioner and update this estimate with each subsequent report to the commissioner pursuant to this section;

(10) the results of any internal review identifying a lapse in either automated controls or internal procedures, or confirming that all automated controls or internal procedures were followed;

(11) description of efforts being undertaken to remediate the situation which permitted the cybersecurity event to occur;

(12) a copy of the licensee's privacy policy and a statement outlining the steps the licensee will take to investigate and notify consumers affected by the cybersecurity event; and

(13) name of a contact person who is familiar with the cybersecurity event and authorized to act for the licensee.

Subd. 3. **Notification to consumers.** (a) If a licensee is required to submit a report to the commissioner under subdivision 1, the licensee shall notify any consumer residing in Minnesota if, as a result of the cybersecurity event reported to the commissioner, the consumer's nonpublic information was or is reasonably believed to have been acquired by an unauthorized person, and there is a reasonable likelihood of material harm to the consumer as a result of the cybersecurity event. Consumer notification is not required for a cybersecurity event resulting from the good faith acquisition of nonpublic information by an employee or agent of the licensee for the purposes of the licensee's business, provided the nonpublic information is not used for a purpose other than the licensee's business or subject to further unauthorized disclosure. The notification must be made in the most expedient time possible and without unreasonable delay, consistent with the legitimate needs of law enforcement or with any measures necessary to determine the scope of the breach, identify the individuals affected, and restore the reasonable integrity of the data system. The notification may be delayed to a date certain if the commissioner determines that providing the notice impedes a criminal investigation. The licensee shall provide a copy of the notice to the commissioner.

(b) For purposes of this subdivision, notice required under paragraph (a) must be provided by one of the following methods:

(1) written notice to the consumer's most recent address in the licensee's records;

(2) electronic notice, if the licensee's primary method of communication with the consumer is by electronic means or if the notice provided is consistent with the provisions regarding electronic records and signatures in United States Code, title 15, section 7001; or

(3) if the cost of providing notice exceeds $250,000, the affected class of consumers to be notified exceeds 500,000, or the licensee does not have sufficient contact information for the subject consumers, notice as follows:

(i) e-mail notice when the licensee has an e-mail address for the subject consumers;

(ii) conspicuous posting of the notice on the website page of the licensee; and

(iii) notification to major statewide media.

(c) Notwithstanding paragraph (b), a licensee that maintains its own notification procedure as part of its information security program that is consistent with the timing requirements of this subdivision is deemed to comply with the notification requirements if the licensee notifies subject consumers in accordance with its program.

(d) A waiver of the requirements under this subdivision is contrary to public policy, and is void and unenforceable.

Subd. 4. **Notice regarding cybersecurity events of third-party service providers.** (a) In the case of a cybersecurity event in a system maintained by a third-party service provider, of which the licensee has become aware, the licensee shall treat such event as it would under subdivision 1 unless the third-party service provider provides the notice required under subdivision 1.

(b) The computation of a licensee's deadlines shall begin on the day after the third-party service provider notifies the licensee of the cybersecurity event or the licensee otherwise has actual knowledge of the cybersecurity event, whichever is sooner.

(c) Nothing in this act shall prevent or abrogate an agreement between a licensee and another licensee, a third-party service provider, or any other party to fulfill any of the investigation requirements imposed under section 60A.9854 or notice requirements imposed under this section.

Subd. 5. **Notice regarding cybersecurity events of reinsurers to insurers.** (a) In the case of a cybersecurity event involving nonpublic information that is used by the licensee that is acting as an assuming insurer or in the possession, custody, or control of a licensee that is acting as an assuming insurer and that does not have a direct contractual relationship with the affected consumers, the assuming insurer shall notify its affected ceding insurers and the commissioner of its state of domicile within three business days of making the determination that a cybersecurity event has occurred.

(b) The ceding insurers that have a direct contractual relationship with affected consumers shall fulfill the consumer notification requirements imposed under subdivision 3 and any other notification requirements relating to a cybersecurity event imposed under this section.

(c) In the case of a cybersecurity event involving nonpublic information that is in the possession, custody, or control of a third-party service provider of a licensee that is an assuming insurer, the assuming insurer shall notify its affected ceding insurers and the commissioner of its state of domicile within three business days of receiving notice from its third-party service provider that a cybersecurity event has occurred.

(d) The ceding insurers that have a direct contractual relationship with affected consumers shall fulfill the consumer notification requirements imposed under subdivision 3 and any other notification requirements relating to a cybersecurity event imposed under this section.

(e) Any licensee acting as an assuming insurer shall have no other notice obligations relating to a cybersecurity event or other data breach under this section.

Subd. 6. **Notice regarding cybersecurity events of insurers to producers of record.** (a) In the case of a cybersecurity event involving nonpublic information that is in the possession, custody, or control of a licensee that is an insurer or its third-party service provider and for which a consumer accessed the insurer's services through an independent insurance producer, the insurer shall notify the producers of record of all affected consumers no later than the time at which notice is provided to the affected consumers.

(b) The insurer is excused from this obligation for those instances in which it does not have the current producer of record information for any individual consumer or in those instances in which the producer of record is no longer appointed to sell, solicit, or negotiate on behalf of the insurer.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 9. **[60A.9854] POWER OF COMMISSIONER.**

(a) The commissioner of commerce or commissioner of health, whichever commissioner otherwise regulates the licensee, shall have power to examine and investigate into the affairs of any licensee to determine whether the licensee has been or is engaged in any conduct in violation of sections 60A.985 to 60A.9857. This power is in addition to the powers which the commissioner has under section 60A.031. Any such investigation or examination shall be conducted pursuant to section 60A.031.

(b) Whenever the commissioner of commerce or commissioner of health has reason to believe that a licensee has been or is engaged in conduct in this state which violates sections 60A.985 to 60A.9857, the commissioner of commerce or commissioner of health may take action that is necessary or appropriate to enforce those sections.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 10. **[60A.9855] CONFIDENTIALITY.**

Subdivision 1. **Licensee information.** Any documents, materials, or other information in the control or possession of the department that are furnished by a licensee or an employee or agent thereof acting on behalf of a licensee pursuant to section 60A.9851, subdivision 9; section 60A.9853, subdivision 2, clauses (2), (3), (4), (5), (8), (10), and (11); or that are obtained by the commissioner in an investigation or examination pursuant to section 60A.9854 shall be classified as confidential, protected nonpublic, or both; shall not be subject to subpoena; and shall not be subject to discovery or admissible in evidence in any private civil action. However, the commissioner is authorized to use the documents, materials, or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's duties.

Subd. 2. **Certain testimony prohibited.** Neither the commissioner nor any person who received documents, materials, or other information while acting under the authority of the commissioner shall be permitted or required to testify in any private civil action concerning any confidential documents, materials, or information subject to subdivision 1.

Subd. 3. **Information sharing.** In order to assist in the performance of the commissioner's duties under this act, the commissioner:

(1) may share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to subdivision 1, with other state, federal, and international regulatory agencies, with the National Association of Insurance Commissioners, its affiliates or subsidiaries, and with state, federal, and international law enforcement authorities, provided that the recipient agrees in writing to maintain the confidentiality and privileged status of the document, material, or other information;

(2) may receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from the National Association of Insurance Commissioners, its affiliates or subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information;

(3) may share documents, materials, or other information subject to subdivision 1, with a third-party consultant or vendor provided the consultant agrees in writing to maintain the confidentiality and privileged status of the document, material, or other information; and

(4) may enter into agreements governing sharing and use of information consistent with this subdivision.

Subd. 4. **No waiver of privilege or confidentiality.** No waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subdivision 3. Any document, material, or information disclosed to the commissioner under this section about a cybersecurity event must be retained and preserved by the licensee for five years.

Subd. 5. **Certain actions public.** Nothing in sections 60A.985 to 60A.9857 shall prohibit the commissioner from releasing final, adjudicated actions that are open to public inspection pursuant to chapter 13 to a database or other clearinghouse service maintained by the National Association of Insurance Commissioners, its affiliates, or subsidiaries.

Subd. 6. **Classification, protection, and use of information by others.** Documents, materials, or other information in the possession or control of the National Association of Insurance Commissioners or a third-party consultant pursuant to sections 60A.985 to 60A.9857 are classified as confidential, protected nonpublic, and privileged; are not subject to subpoena; and are not subject to discovery or admissible in evidence in a private civil action.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 11. **[60A.9856] EXCEPTIONS.**

Subdivision 1. **Generally.** The following exceptions shall apply to sections 60A.985 to 60A.9857:

(1) a licensee with fewer than 25 employees is exempt from sections 60A.9851 and 60A.9852;

(2) a licensee subject to and in compliance with the Health Insurance Portability and Accountability Act, Public Law 104-191, 110 Stat. 1936 (HIPAA), is considered to comply with sections 60A.9851, 60A.9852, and 60A.9853, subdivisions 3 to 5, provided the licensee submits a written statement certifying its compliance with HIPAA;

(3) a licensee affiliated with a depository institution that maintains an information security program in compliance with the interagency guidelines establishing standards for safeguarding customer information as set forth pursuant to United States Code, title 15, sections 6801 and 6805, shall be considered to meet the requirements of section 60A.9851 provided that the licensee produce, upon request, documentation satisfactory to the commission that independently validates the affiliated depository institution's adoption of an information security program that satisfies the interagency guidelines;

(4) an employee, agent, representative, or designee of a licensee, who is also a licensee, is exempt from sections 60A.9851 and 60A.9852 and need not develop its own information security program to the extent that the employee, agent, representative, or designee is covered by the information security program of the other licensee; and

(5) an employee, agent, representative, or designee of a producer licensee, as defined under section 60K.31, subdivision 6, who is also a licensee, is exempt from sections 60A.985 to 60A.9857.

Subd. 2. **Exemption lapse; compliance.** In the event that a licensee ceases to qualify for an exception, such licensee shall have 180 days to comply with this act.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 12. **[60A.9857] PENALTIES.**

In the case of a violation of sections 60A.985 to 60A.9856, a licensee may be penalized in accordance with section 60A.052.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 13. **[60A.9858] EXCLUSIVITY.**

Notwithstanding any other provision of law, sections 60A.985 to 60A.9857 establish the exclusive state standards applicable to licensees for data security, the investigation of a cybersecurity event, and notification of a cybersecurity event.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 14. Minnesota Statutes 2020, section 61A.245, subdivision 4, is amended to read:

Subd. 4. **Minimum values.** The minimum values as specified in subdivisions 5, 6, 7, 8 and 10 of any paid-up annuity, cash surrender or death benefits available under an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this subdivision.

(a) The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to that time at rates of interest as indicated in paragraph (b) of the net considerations, as defined in this subdivision, paid prior to that time, decreased by the sum of clauses (1) through (4):

(1) any prior withdrawals from or partial surrenders of the contract accumulated at rates of interest as indicated in paragraph (b);

(2) an annual contract charge of $50, accumulated at rates of interest as indicated in paragraph (b);

(3) any premium tax paid by the company for the contract and not subsequently credited back to the company, such as upon early termination of the contract, in which case this decrease must not be taken, accumulated at rates of interest as indicated in paragraph (b); and

(4) the amount of any indebtedness to the company on the contract, including interest due and accrued.

The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount equal to 87.5 percent of the gross considerations credited to the contract during that contract year.

(b) The interest rate used in determining minimum nonforfeiture amounts must be an annual rate of interest determined as the lesser of three percent per annum and the following, which must be specified in the contract if the interest rate will be reset:

(1) the five-year constant maturity treasury rate reported by the Federal Reserve as of a date, or average over a period, rounded to the nearest 1/20 of one percent, specified in the contract no longer than 15 months prior to the contract issue date or redetermination date under clause (4);

(2) reduced by 125 basis points;

(3) where the resulting interest rate is not less than ~~one~~ 0.15 percent; and

(4) the interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis, and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year constant maturity treasury rate to be used at each redetermination date.

(c) During the period or term that a contract provides substantive participation in an equity indexed benefit, it may increase the reduction described in clause (2) by up to an additional 100 basis points to reflect the value of the equity index benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction must not exceed the market value of the benefit. The commissioner may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. Lacking such a demonstration that is acceptable to the commissioner, the commissioner may disallow or limit the additional reduction.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 15. Minnesota Statutes 2020, section 62J.23, subdivision 2, is amended to read:

Subd. 2. **Restrictions.** (a) From July 1, 1992, until rules are adopted by the commissioner under this section, the restrictions in the federal Medicare antikickback statutes in section 1128B(b) of the Social Security Act, United States Code, title 42, section 1320a-7b(b), and rules adopted under the federal statutes, apply to all persons in the state, regardless of whether the person participates in any state health care program.

(b) Nothing in paragraph (a) shall be construed to prohibit an individual from receiving a discount or other reduction in price or a limited-time free supply or samples of a prescription drug, medical supply, or medical equipment offered by a pharmaceutical manufacturer, medical supply or device manufacturer, health plan company, or pharmacy benefit manager, so long as:

(1) the discount or reduction in price is provided to the individual in connection with the purchase of a prescription drug, medical supply, or medical equipment prescribed for that individual;

(2) it otherwise complies with the requirements of state and federal law applicable to enrollees of state and federal public health care programs;

(3) the discount or reduction in price does not exceed the amount paid directly by the individual for the prescription drug, medical supply, or medical equipment; and

(4) the limited-time free supply or samples are provided by a physician, advanced practice registered nurse, or pharmacist, as provided by the federal Prescription Drug Marketing Act.

For purposes of this paragraph, "prescription drug" includes prescription drugs that are administered through infusion, injection, or other parenteral methods, and related services and supplies.

(c) No benefit, reward, remuneration, or incentive for continued product use may be provided to an individual or an individual's family by a pharmaceutical manufacturer, medical supply or device manufacturer, or pharmacy benefit manager, except that this prohibition does not apply to:

(1) activities permitted under paragraph (b);

(2) a pharmaceutical manufacturer, medical supply or device manufacturer, health plan company, or pharmacy benefit manager providing to a patient, at a discount or reduced price or free of charge, ancillary products necessary for treatment of the medical condition for which the prescription drug, medical supply, or medical equipment was prescribed or provided; and

(3) a pharmaceutical manufacturer, medical supply or device manufacturer, health plan company, or pharmacy benefit manager providing to a patient a trinket or memento of insignificant value.

(d) Nothing in this subdivision shall be construed to prohibit a health plan company from offering a tiered formulary with different co-payment or cost-sharing amounts for different drugs.

Sec. 16. **[62Q.472] SCREENING AND TESTING FOR OPIOIDS.**

(a) A health plan company shall not place a lifetime or annual limit on screenings and urinalysis testing for opioids for an enrollee in an inpatient or outpatient substance use disorder treatment program when the screening or testing is ordered by a health care provider and performed by an accredited clinical laboratory. A health plan company is not prohibited from conducting a medical necessity review when screenings or urinalysis testing for an enrollee exceeds 24 tests in any 12-month period.

(b) This section does not apply to managed care plans or county-based purchasing plans when the plan provides coverage to public health care program enrollees under chapter 256B or 256L.

**EFFECTIVE DATE.** This section is effective January 1, 2022, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 17. Minnesota Statutes 2020, section 79.55, subdivision 10, is amended to read:

Subd. 10. **Duties of commissioner; report.** ~~The commissioner shall issue a report by March 1 of each year, comparing the average rates charged by workers' compensation insurers in the state to the pure premium base rates filed by the association, as reviewed by the Rate Oversight Commission. The Rate Oversight Commission shall review the commissioner's report and if the experience indicates that rates have not reasonably reflected changes in pure premiums, the rate oversight commission shall recommend to the legislature appropriate legislative changes to this chapter.~~

(a) By March 1 of each year, the commissioner must issue a report that evaluates the competitiveness of the workers' compensation market in Minnesota in order to evaluate whether the competitive rating law is working.

(b) The report under this subdivision must: (1) compare the average rates charged by workers' compensation insurers in Minnesota with the pure premium base rates filed by the association; and (2) provide market information, including but not limited to the number of carriers, market shares, the loss-cost multipliers used by companies, and the residual market and self-insurance.

(c) The commissioner must provide the report to the Rate Oversight Commission for review. If after reviewing the report the Rate Oversight Commission concludes that concerns exist regarding the competitiveness of the workers' compensation market in Minnesota, the Rate Oversight Commission must recommend to the legislature appropriate modifications to this chapter.

Sec. 18. Minnesota Statutes 2020, section 79.61, subdivision 1, is amended to read:

Subdivision 1. **Required activity.** (a) Any data service organization shall perform the following activities:

(1) file statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(2) establish requirements for data reporting and monitoring methods to maintain a high quality database;

(3) prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including~~,~~ but not limited to the following elements:

(i) ~~development factors and alternative derivations~~ losses developed to their ultimate level;

(ii) ~~trend factors and alternative derivations and applications~~ trended losses;

(iii) loss adjustment expenses;

(iv) pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

~~(iv)~~ (v) an evaluation of the effects of changes in law on loss data~~.~~;

~~The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;~~

(4) collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;

(5) prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(6) provide loss data specific to an insured to the insured at a reasonable cost;

(7) distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; and

(8) assess its members for operating expenses on a fair and equitable basis.

(b) The report under paragraph (a), clause (3), shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization. For purposes of this subdivision, "expenses" means expenses other than loss adjustment expenses.

Sec. 19. Minnesota Statutes 2020, section 80G.06, subdivision 1, is amended to read:

Subdivision 1. **Surety bond requirement.** (a) Every dealer shall maintain a current, valid surety bond issued by a surety company admitted to do business in Minnesota in an amount based on the transactions conducted with Minnesota consumers (purchases from and sales to consumers at retail) during the 12-month period prior to registration, or renewal, whichever is applicable.

(b) The amount of the surety bond shall be as specified in the table below:

| Transaction Amount in Preceding 12-month Period | Surety Bond Required |
|---|---|
| ~~$25,000~~ $0 to $200,000 | $25,000 |
| $200,000.01 to $500,000 | $50,000 |
| $500,000.01 to $1,000,000 | $100,000 |
| $1,000,000.01 to $2,000,000 | $150,000 |
| Over $2,000,000 | $200,000 |

Sec. 20. **[80G.11] NOTIFICATION TO COMMISSIONER.**

A dealer must notify the commissioner of any dealer representative termination within ten days of the termination if the termination is based in whole or in part on a violation of this chapter.

Sec. 21. Minnesota Statutes 2020, section 82.57, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** The following fees shall be paid to the commissioner:

(a) a fee of $150 for each initial individual broker's license, and a fee of $100 for each renewal thereof;

(b) a fee of $70 for each initial salesperson's license, and a fee of $40 for each renewal thereof;

(c) a fee of $85 for each initial real estate closing agent license, and a fee of $60 for each renewal thereof;

(d) a fee of $150 for each initial corporate, limited liability company, or partnership license, and a fee of $100 for each renewal thereof;

(e) a fee for payment to the education, research and recovery fund in accordance with section 82.86;

(f) a fee of $20 for each transfer;

~~(g) a fee of $50 for license reinstatement;~~

~~(h)~~ (g) a fee of $20 for reactivating a corporate, limited liability company, or partnership license; and

~~(i)~~ (h) in addition to the fees required under this subdivision, individual licensees under clauses (a) and (b) shall pay, for each initial license and renewal, a technology surcharge of up to $40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted under that section.

Sec. 22. Minnesota Statutes 2020, section 82.57, subdivision 5, is amended to read:

Subd. 5. **Initial license expiration; fee reduction.** ~~If an initial license issued under subdivision 1, paragraph (a), (b), (c), or (d) expires less than 12 months after issuance, the license fee shall be reduced by an amount equal to one-half the fee for a renewal of the license.~~ An initial license issued under this chapter expires in the year that results in the term of the license being at least 12 months, but no more than 24 months.

Sec. 23. Minnesota Statutes 2020, section 82.62, subdivision 3, is amended to read:

Subd. 3. **Timely renewals.** A person ~~whose application for a license renewal has not been timely submitted and~~ who has not received notice of approval of renewal may not continue to transact business either as a real estate broker, salesperson, or closing agent after June 30 of the renewal year until approval of renewal is received. Application for renewal of a license is timely submitted if~~:~~ all requirements for renewal, including continuing education requirements, have been completed and reported pursuant to section 45.43, subdivision 1.

~~(1) all requirements for renewal, including continuing education requirements, have been completed by June 15 of the renewal year; and~~

~~(2) the application is submitted before the renewal deadline in the manner prescribed by the commissioner, duly executed and sworn to, accompanied by fees prescribed by this chapter, and containing any information the commissioner requires.~~

Sec. 24. Minnesota Statutes 2020, section 82.81, subdivision 12, is amended to read:

Subd. 12. **Fraudulent, deceptive, and dishonest practices.** (a) **Prohibitions.** For the purposes of section 82.82, subdivision 1, clause (b), the following acts and practices constitute fraudulent, deceptive, or dishonest practices:

(1) act on behalf of more than one party to a transaction without the knowledge and consent of all parties;

(2) act in the dual capacity of licensee and undisclosed principal in any transaction;

(3) receive funds while acting as principal which funds would constitute trust funds if received by a licensee acting as an agent, unless the funds are placed in a trust account. Funds need not be placed in a trust account if a written agreement signed by all parties to the transaction specifies a different disposition of the funds, in accordance with section 82.82, subdivision 1;

(4) violate any state or federal law concerning discrimination intended to protect the rights of purchasers or renters of real estate;

(5) make a material misstatement in an application for a license or in any information furnished to the commissioner;

(6) procure or attempt to procure a real estate license for ~~himself or herself~~ the procuring individual or any person by fraud, misrepresentation, or deceit;

(7) represent membership in any real estate-related organization in which the licensee is not a member;

(8) advertise in any manner that is misleading or inaccurate with respect to properties, terms, values, policies, or services conducted by the licensee;

(9) make any material misrepresentation or permit or allow another to make any material misrepresentation;

(10) make any false or misleading statements, or permit or allow another to make any false or misleading statements, of a character likely to influence, persuade, or induce the consummation of a transaction contemplated by this chapter;

(11) fail within a reasonable time to account for or remit any money coming into the licensee's possession which belongs to another;

(12) commingle with ~~his or her~~ the individual's own money or property trust funds or any other money or property of another held by the licensee;

(13) a demand from a seller for a commission ~~to~~ or compensation to which the licensee is not entitled, knowing that ~~he or she~~ the individual is not entitled to the commission or compensation;

(14) pay or give money or goods of value to an unlicensed person for any assistance or information relating to the procurement by a licensee of a listing of a property or of a prospective buyer of a property (this item does not apply to money or goods paid or given to the parties to the transaction);

(15) fail to maintain a trust account at all times, as provided by law;

(16) engage, with respect to the offer, sale, or rental of real estate, in an anticompetitive activity;

(17) represent on advertisements, cards, signs, circulars, letterheads, or in any other manner, that ~~he or she~~ the individual is engaged in the business of financial planning unless ~~he or she~~ the individual provides a disclosure document to the client. The document must be signed by the client and a copy must be left with the client. The disclosure document must contain the following:

(i) the basis of fees, commissions, or other compensation received by ~~him or her~~ an individual in connection with rendering of financial planning services or financial counseling or advice in the following language:

"My compensation may be based on the following:

(a) ... commissions generated from the products I sell you;

(b) ... fees; or

(c) ... a combination of (a) and (b). [Comments]";

(ii) the name and address of any company or firm that supplies the financial services or products offered or sold by ~~him or her~~ an individual in the following language:

"I am authorized to offer or sell products and/or services issued by or through the following firm(s):

[List]

The products will be traded, distributed, or placed through the clearing/trading firm(s) of:

[List]";

(iii) the license(s) held by the person under this chapter or chapter 60A or 80A in the following language:

"I am licensed in Minnesota as a(n):

(a) ... insurance agent;

(b) ... securities agent or broker/dealer;

(c) ... real estate broker or salesperson;

(d) ... investment adviser"; and

(iv) the specific identity of any financial products or services, by category, for example mutual funds, stocks, or limited partnerships, the person is authorized to offer or sell in the following language:

"The license(s) entitles me to offer and sell the following products and/or services:

(a) ... securities, specifically the following: [List];

(b) ... real property;

(c) ... insurance; and

(d) ... other: [List]."

(b) **Determining violation.** A licensee shall be deemed to have violated this section if the licensee has been found to have violated sections 325D.49 to 325D.66, by a final decision or order of a court of competent jurisdiction.

(c) **Commissioner's authority.** Nothing in this section limits the authority of the commissioner to take actions against a licensee for fraudulent, deceptive, or dishonest practices not specifically described in this section.

Sec. 25. Minnesota Statutes 2020, section 82B.021, subdivision 18, is amended to read:

Subd. 18. **Licensed real property appraiser.** "Licensed real property appraiser" means an individual licensed under this chapter to perform appraisals on noncomplex one-family to four-family residential units or agricultural property having a transactional value of less than $1,000,000 and complex one-family to four-family residential units or agricultural property having a transactional value of less than ~~$250,000~~ $400,000.

Sec. 26. Minnesota Statutes 2020, section 82B.11, subdivision 3, is amended to read:

Subd. 3. **Licensed residential real property appraiser.** A licensed residential real property appraiser may appraise noncomplex residential property or agricultural property having a transaction value less than $1,000,000 and complex residential or agricultural property having a transaction value less than ~~$250,000~~ $400,000.

Sec. 27. Minnesota Statutes 2020, section 256B.0625, subdivision 10, is amended to read:

Subd. 10. **Laboratory and x-ray services.** (a) Medical assistance covers laboratory and x-ray services.

(b) Medical assistance covers screening and urinalysis tests for opioids without lifetime or annual limits.

**EFFECTIVE DATE.** This section is effective January 1, 2022.

Sec. 28. **EXPEDITED RULEMAKING AUTHORIZED.**

The commissioner shall amend Minnesota Rules, parts 2705.1000, item B, subitem (4); 2705.0200, subpart 7; 2705.1700, subpart 2; and 2705.1800, item B, or other parts of Minnesota Rules, chapter 2705, as necessary to permit a data service organization to collect loss adjustment expense data and to consider and include in its ratemaking report losses developed to their ultimate value, trended losses, and loss adjustment expenses. The commissioner may use the expedited rulemaking procedures under Minnesota Statutes, section 14.389.

Sec. 29. **REPEALER.**

(a) Minnesota Statutes 2020, sections 60A.98; 60A.981; and 60A.982, are repealed.

(b) Minnesota Statutes 2020, section 45.017, is repealed.

## ARTICLE 4

## MANDATED HEALTH BENEFIT PROPOSALS EVALUATION

Section 1. Minnesota Statutes 2020, section 62J.03, subdivision 4, is amended to read:

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of health, unless another commissioner is specified.

Sec. 2. Minnesota Statutes 2020, section 62J.26, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given unless the context otherwise requires:

(1) "commissioner" means the commissioner of commerce;

(2) "enrollee" has the meaning given in section 62Q.01, subdivision 2b;

~~(2)~~ (3) "health plan" means a health plan as defined in section 62A.011, subdivision 3, but includes coverage listed in clauses (7) and (10) of that definition;

~~(3)~~ (4) "mandated health benefit proposal" or "proposal" means a proposal that would statutorily require a health plan company to do the following:

(i) provide coverage or increase the amount of coverage for the treatment of a particular disease, condition, or other health care need;

(ii) provide coverage or increase the amount of coverage of a particular type of health care treatment or service or of equipment, supplies, or drugs used in connection with a health care treatment or service; ~~or~~

(iii) provide coverage for care delivered by a specific type of provider~~.~~;

(iv) require a particular benefit design or impose conditions on cost-sharing for:

(A) the treatment of a particular disease, condition, or other health care need;

(B) a particular type of health care treatment or service; or

(C) the provision of medical equipment, supplies, or a prescription drug used in connection with treating a particular disease, condition, or other health care need; or

(v) impose limits or conditions on a contract between a health plan company and a health care provider.

"Mandated health benefit proposal" does not include health benefit proposals amending the scope of practice of a licensed health care professional.

Sec. 3. Minnesota Statutes 2020, section 62J.26, subdivision 2, is amended to read:

Subd. 2. **Evaluation process and content.** (a) The commissioner, in consultation with the commissioners of health and management and budget, must evaluate all mandated health benefit proposals as provided under subdivision 3.

(b) The purpose of the evaluation is to provide the legislature with a complete and timely analysis of all ramifications of any mandated health benefit proposal. The evaluation must include, in addition to other relevant information, the following to the extent applicable:

(1) scientific and medical information on the ~~proposed health benefit~~ mandated health benefit proposal, on the potential for harm or benefit to the patient, and on the comparative benefit or harm from alternative forms of treatment, and must include the results of at least one professionally accepted and controlled trial comparing the medical consequences of the proposed therapy, alternative therapy, and no therapy;

(2) public health, economic, and fiscal impacts of the ~~proposed mandate~~ mandated health benefit proposal on persons receiving health services in Minnesota, on the relative cost-effectiveness of the ~~benefit~~ proposal, and on the health care system in general;

(3) the extent to which the treatment, service, equipment, or drug is generally utilized by a significant portion of the population;

(4) the extent to which insurance coverage for the ~~proposed mandated benefit~~ mandated health benefit proposal is already generally available;

(5) the extent to which the mandated health benefit proposal, by health plan category, would apply to the benefits offered to the health plan's enrollees;

~~(5)~~ (6) the extent to which the ~~mandated coverage~~ mandated health benefit proposal will increase or decrease the cost of the treatment, service, equipment, or drug; ~~and~~

(7) the extent to which the mandated health benefit proposal may increase enrollee premiums; and

(8) if the proposal applies to a qualified health plan as defined in section 62A.011, subdivision 7, the cost to the state to defray the cost of the mandated health benefit proposal using commercial market reimbursement rates in accordance with Code of Federal Regulations, title 45, section 155.70.

~~(6)~~ (c) The commissioner ~~may~~ shall consider actuarial analysis done by health ~~insurers~~ plan companies and any other proponent or opponent of the mandated health benefit proposal in determining the cost of the ~~proposed mandated benefit~~ proposal.

~~(c)~~ (d) The commissioner must summarize the nature and quality of available information on these issues, and, if possible, must provide preliminary information to the public. The commissioner may conduct research on these issues or may determine that existing research is sufficient to meet the informational needs of the legislature. The commissioner may seek the assistance and advice of researchers, community leaders, or other persons or organizations with relevant expertise.

Sec. 4. Minnesota Statutes 2020, section 62J.26, subdivision 3, is amended to read:

Subd. 3. **~~Requests~~ Requirements for evaluation.** (a) ~~Whenever a legislative measure containing a mandated health benefit proposal is introduced as a bill or offered as an amendment to a bill, or is likely to be introduced as a bill or offered as an amendment, a~~ No later than August 1 of the year preceding the legislative session in which a legislator is planning on introducing a bill containing a mandated health benefit proposal, or is planning on offering an amendment to a bill that adds a mandated health benefit, the prospective author must notify the chair of one of the standing legislative committees that have jurisdiction over the subject matter of the proposal. No later than 15 days after notification is received, the chair ~~of any standing legislative committee that has jurisdiction over the subject matter of the proposal may request that~~ must notify the commissioner ~~complete~~ that an evaluation of ~~the~~ a mandated health benefit proposal ~~under this section, to~~ is required to be completed in accordance with this section in order to inform ~~any committee of floor~~ the legislature before any action is taken on the proposal by either house of the legislature.

(b) The commissioner must conduct an evaluation described in subdivision 2 of each mandated health benefit proposal for which an evaluation is ~~requested~~ required under paragraph (a)~~, unless the commissioner determines under paragraph (c) or subdivision 4 that priorities and resources do not permit its evaluation~~.

(c) If ~~requests for~~ the evaluation of multiple proposals are ~~received~~ required, the commissioner must consult with the chairs of the standing legislative committees having jurisdiction over the subject matter of the mandated health benefit proposals to prioritize the ~~requests~~ evaluations and establish a reporting date for each proposal to be evaluated. ~~The commissioner is not required to direct an unreasonable quantity of the commissioner's resources to these evaluations.~~

Sec. 5. Minnesota Statutes 2020, section 62J.26, subdivision 4, is amended to read:

Subd. 4. **Sources of funding.** (a) The commissioner ~~need~~ shall not use any funds for purposes of this section other than as provided in this subdivision or as specified in an appropriation.

(b) The commissioner may seek and accept funding from sources other than the state to pay for evaluations under this section to supplement or replace state appropriations. Any money received under this paragraph must be deposited in the state treasury, credited to a separate account for this purpose in the special revenue fund, and is appropriated to the commissioner for purposes of this section.

(c) If ~~a request for~~ an evaluation is required under this section ~~has been made~~, the commissioner may use for purposes of the evaluation:

(1) any funds appropriated to the commissioner specifically for purposes of this section; or

(2) funds available under paragraph (b), if use of the funds for evaluation of that mandated health benefit proposal is consistent with any restrictions imposed by the source of the funds.

(d) The commissioner must ensure that the source of the funding has no influence on the process or outcome of the evaluation.

Sec. 6. Minnesota Statutes 2020, section 62J.26, subdivision 5, is amended to read:

Subd. 5. **Report to legislature.** The commissioner must submit a written report on the evaluation to the ~~legislature~~ author of the proposal and to the chairs and ranking minority members of the legislative committees with jurisdiction over health insurance policy and finance no later than 180 days after the ~~request. The report must be submitted in compliance with sections 3.195 and 3.197~~ commissioner receives notification from a chair as required under subdivision 3.

## ARTICLE 5
## COLLECTION AGENCIES AND DEBT BUYERS

Section 1. Minnesota Statutes 2020, section 332.31, subdivision 3, is amended to read:

Subd. 3. **Collection agency.** "Collection agency" or "licensee" means ~~and includes any~~ (1) a person engaged in the business of collection for others any account, bill, or other indebtedness, except as hereinafter provided; or (2) a debt buyer. It includes persons who furnish collection systems carrying a name which simulates the name of a collection agency and who supply forms or form letters to be used by the creditor, even though such forms direct the debtor to make payments directly to the creditor rather than to such fictitious agency.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 2. Minnesota Statutes 2020, section 332.31, subdivision 6, is amended to read:

Subd. 6. **Collector.** "Collector" is a person acting under the authority of a collection agency under subdivision 3 or a debt buyer under subdivision 8, and on its behalf in the business of collection for ~~others~~ an account, bill, or other indebtedness except as otherwise provided in this chapter.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 3. Minnesota Statutes 2020, section 332.31, is amended by adding a subdivision to read:

Subd. 8. **Debt buyer.** "Debt buyer" means a business engaged in the purchase of any charged-off account, bill, or other indebtedness for collection purposes, whether the business collects the account, bill, or other indebtedness, hires a third party for collection, or hires an attorney for litigation related to the collection.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 4. Minnesota Statutes 2020, section 332.31, is amended by adding a subdivision to read:

Subd. 9. **Affiliated company.** "Affiliated company" means a company that: (1) directly or indirectly controls, is controlled by, or is under common control with another company or companies; (2) has the same executive management team or owner that exerts control over the business operations of the company; (3) maintains a uniform network of corporate and compliance policies and procedures; and (4) does not engage in active collection of debts.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 5. Minnesota Statutes 2020, section 332.311, is amended to read:

**332.311 TRANSFER OF ADMINISTRATIVE FUNCTIONS.**

The powers, duties, and responsibilities of the consumer services section under sections 332.31 to 332.44 relating to collection agencies and debt buyers are hereby transferred to and imposed upon the commissioner of commerce.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 6. Minnesota Statutes 2020, section 332.32, is amended to read:

**332.32 EXCLUSIONS.**

(a) The term "collection agency" ~~shall~~ does not include ~~persons whose collection activities are confined to and are directly related to the operation of a business other than that of a collection agency such as, but not limited to~~ banks when collecting accounts owed to the banks and when the bank will sustain any loss arising from uncollectible accounts, abstract companies doing an escrow business, real estate brokers, public officers, persons acting under order of a court, lawyers, trust companies, insurance companies, credit unions, savings associations, loan or finance companies unless they are engaged in asserting, enforcing or prosecuting unsecured claims which have been purchased from any person, firm, or association when there is recourse to the seller for all or part of the claim if the claim is not collected.

(b) The term "collection agency" shall not include a trade association performing services authorized by section 604.15, subdivision 4a, but the trade association in performing the services may not engage in any conduct that would be prohibited for a collection agency under section 332.37.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 7. Minnesota Statutes 2020, section 332.33, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Except as otherwise provided in this chapter, no person shall conduct ~~within this state a collection agency or engage within this state in the business of collecting claims for others~~ business in Minnesota as a collection agency or debt buyer, as defined in sections 332.31 to 332.44, without having first applied for and obtained a collection agency license. A person acting under the authority of a collection agency, debt buyer, or as a collector~~,~~ must first register with the commissioner under this section. A registered collector may use one additional assumed name only if the assumed name is registered with and approved by the commissioner. A business that operates as a debt buyer must submit a completed license application no later than January 1, 2022. A debt buyer who has filed an application with the commissioner for a collection agency license prior to January 1, 2022, and whose application remains pending with the commissioner thereafter, may continue to operate without a license until the commissioner approves or denies the application.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 8. Minnesota Statutes 2020, section 332.33, subdivision 2, is amended to read:

Subd. 2. **Penalty.** A person who carries on business as a collection agency or debt buyer without first having obtained a license or acts as a collector without first having registered with the commissioner pursuant to sections 332.31 to 332.44, or who carries on this business after the revocation, suspension, or expiration of a license or registration is guilty of a misdemeanor.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 9. Minnesota Statutes 2020, section 332.33, subdivision 5, is amended to read:

Subd. 5. **~~Collection agency~~ License rejection.** On finding that an applicant for a ~~collection agency~~ license is not qualified under sections 332.31 to 332.44, the commissioner shall reject the application and shall give the applicant written notice of the rejection and the reasons for the rejection.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 10. Minnesota Statutes 2020, section 332.33, subdivision 5a, is amended to read:

Subd. 5a. **Individual collector registration.** A ~~licensed collection agency~~ licensee, on behalf of an individual collector, must register with the state all individuals in the ~~collection agency's~~ licensee's employ who are performing the duties of a collector as defined in sections 332.31 to 332.44. The ~~collection agency~~ licensee must apply for an individual collection registration in a form prescribed by the commissioner. The ~~collection agency~~ licensee shall verify on the form that the applicant has confirmed that the applicant meets the requirements to perform the duties of a collector as defined in sections 332.31 to 332.44. Upon submission of the application to the department, the individual may begin to perform the duties of a collector and may continue to do so unless the ~~licensed collection agency~~ licensee is informed by the commissioner that the individual is ineligible.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 11. Minnesota Statutes 2020, section 332.33, subdivision 7, is amended to read:

Subd. 7. **Changes; notice to commissioner.** (a) A ~~licensed collection agency~~ licensee must give the commissioner written notice of a change in company name, address, or ownership not later than ten days after the change occurs. A registered individual collector must give written notice of a change of address, name, or assumed name no later than ten days after the change occurs.

(b) Upon the death of any ~~collection agency~~ licensee, the license of the decedent may be transferred to the executor or administrator of the estate for the unexpired term of the license. The executor or administrator may be authorized to continue or discontinue the collection business of the decedent under the direction of the court having jurisdiction of the probate.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 12. Minnesota Statutes 2020, section 332.33, subdivision 8, is amended to read:

Subd. 8. **Screening process requirement.** (a) Each ~~licensed collection agency~~ licensee must establish procedures to follow when screening an individual collector applicant prior to submitting an applicant to the commissioner for initial registration and at renewal.

(b) The screening process for initial registration must be done at the time of hiring. The process must include a national criminal history record search, an attorney licensing search, and a county criminal history search for all counties where the applicant has resided within the five years immediately preceding the initial registration, to determine whether the applicant is eligible to be registered under section 332.35. Each ~~licensed collection agency~~ licensee shall use a vendor that is a member of the National Association of Professional Background Screeners, or an equivalent vendor, to conduct this background screening process.

(c) Screening for renewal of individual collector registration must include a national criminal history record search and a county criminal history search for all counties where the individual has resided during the immediate preceding year. Screening for renewal of individual collector registrations must take place no more than 60 days before the license expiration or renewal date. A renewal screening is not required if an individual collector has been subjected to an initial background screening within 12 months of the first registration renewal date. A renewal screening is required for all subsequent annual registration renewals.

(d) The commissioner may review the procedures to ensure the integrity of the screening process. Failure by a ~~licensed collection agency~~ licensee to establish these procedures is subject to action under section 332.40.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 13. Minnesota Statutes 2020, section 332.33, is amended by adding a subdivision to read:

Subd. 9. **Affiliated companies.** The commissioner must permit affiliated companies to operate under a single license and be subject to a single examination, provided that all of the affiliated company names are listed on the license.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 14. Minnesota Statutes 2020, section 332.34, is amended to read:

**332.34 BOND.**

The commissioner of commerce shall require each ~~collection agency~~ licensee to file and maintain in force a corporate surety bond, in a form to be prescribed by, and acceptable to, the commissioner, and in a sum of at least $50,000 plus an additional $5,000 for each $100,000 received by the collection agency from debtors located in Minnesota during the previous calendar year, less commissions earned by the collection agency on those collections for the previous calendar year. The total amount of the bond shall not exceed $100,000. A ~~collection agency~~ licensee may deposit cash in and with a depository acceptable to the commissioner in an amount and in the manner prescribed and approved by the commissioner in lieu of a bond.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 15. Minnesota Statutes 2020, section 332.345, is amended to read:

**332.345 SEGREGATED ACCOUNTS.**

A payment collected by a collector or collection agency on behalf of a customer shall be held by the collector or collection agency in a separate trust account clearly designated for customer funds. The account must be in a bank or other depository institution authorized or chartered under the laws of any state or of the United States. This section does not apply to a debt buyer, except to the extent the debt buyer engages in third-party debt collection for others.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 16. Minnesota Statutes 2020, section 332.355, is amended to read:

**332.355 AGENCY RESPONSIBILITY FOR COLLECTORS.**

The commissioner may take action against a ~~collection agency~~ licensee for any violations of debt collection laws by its debt collectors. The commissioner may also take action against the debt collectors themselves for these same violations.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 17. Minnesota Statutes 2020, section 332.37, is amended to read:

**332.37 PROHIBITED PRACTICES.**

(a) No collection agency, debt buyer, or collector shall:

(1) in collection letters or publications, or in any communication, oral or written threaten wage garnishment or legal suit by a particular lawyer, unless it has actually retained the lawyer;

(2) use or employ sheriffs or any other officer authorized to serve legal papers in connection with the collection of a claim, except when performing their legally authorized duties;

(3) use or threaten to use methods of collection which violate Minnesota law;

(4) furnish legal advice or otherwise engage in the practice of law or represent that it is competent to do so;

(5) communicate with debtors in a misleading or deceptive manner by using the stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare, or instruments which simulate the form and appearance of judicial process;

(6) exercise authority on behalf of a ~~creditor~~ client to employ the services of lawyers unless the ~~creditor~~ client has specifically authorized the agency in writing to do so and the agency's course of conduct is at all times consistent with a true relationship of attorney and client between the lawyer and the ~~creditor~~ client;

(7) publish or cause to be published any list of debtors except for credit reporting purposes, use shame cards or shame automobiles, advertise or threaten to advertise for sale any claim as a means of forcing payment thereof, or use similar devices or methods of intimidation;

(8) refuse to return any claim or claims and all valuable papers deposited with a claim or claims upon written request of the ~~creditor~~ client, claimant or forwarder after tender of

the amounts due and owing to ~~the~~ a collection agency within 30 days after the request; refuse or intentionally fail to account to its clients for all money collected within 30 days from the last day of the month in which the same is collected; or, refuse or fail to furnish at intervals of not less than 90 days upon written request of the claimant or forwarder, a written report upon claims received from the claimant or forwarder;

(9) operate under a name or in a manner which implies that the collection agency or debt buyer is a branch of or associated with any department of federal, state, county or local government or an agency thereof;

(10) commingle money collected for a customer with the collection agency's operating funds or use any part of a customer's money in the conduct of the collection agency's business;

(11) transact business or hold itself out as a debt ~~prorater~~ settlement company, debt management company, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates or pays the indebtedness of a debtor, unless there is no charge to the debtor, or the pooling or liquidation is done pursuant to court order or under the supervision of a creditor's committee;

(12) violate any of the provisions of the Fair Debt Collection Practices Act of 1977, Public Law 95-109, while attempting to collect on any account, bill or other indebtedness;

(13) communicate with a debtor by use of a recorded message utilizing an automatic dialing announcing device ~~unless the recorded message is immediately preceded by a live operator who discloses prior to the message the name of the collection agency and the fact the message intends to solicit payment and the operator obtains the consent of the debtor to hearing the message~~ after the debtor expressly informs the agency or collector to cease communication utilizing an automatic dialing announcing device;

(14) in collection letters or publications, or in any communication, oral or written, imply or suggest that health care services will be withheld in an emergency situation;

(15) when a debtor has a listed telephone number, enlist the aid of a neighbor or third party to request that the debtor contact the licensee or collector, except a person who resides with the debtor or a third party with whom the debtor has authorized the licensee or collector to place the request. This clause does not apply to a call back message left at the debtor's place of employment which is limited to the licensee's or collector's telephone number and name;

(16) when attempting to collect a debt, fail to provide the debtor with the full name of the collection agency or debt buyer as it appears on its license or as listed on any "doing business as" or "d/b/a" registered with the Department of Commerce;

(17) collect any money from a debtor that is not reported to a ~~creditor or~~ client;

(18) fail to return any amount of overpayment from a debtor to the debtor or to the state of Minnesota pursuant to the requirements of chapter 345;

~~(18)~~ (19) accept currency or coin as payment for a debt without issuing an original receipt to the debtor and maintaining a duplicate receipt in the debtor's payment records;

~~(19)~~ (20) attempt to collect any amount ~~of money~~, including any interest, fee, charge, or expense incidental to the charge-off obligation, from a debtor ~~or~~ unless the amount is expressly authorized by the agreement creating the debt or is otherwise permitted by law;

(21) charge a fee to a ~~creditor~~ client that is not authorized by agreement with the client;

~~(20)~~ (22) falsify any collection agency documents with the intent to deceive a debtor, creditor, or governmental agency;

~~(21)~~ (23) when initially contacting a Minnesota debtor by mail, fail to include a disclosure on the contact notice, in a type size or font which is equal to or larger than the largest other type of type size or font used in the text of the notice. The disclosure must state: "This collection agency is licensed by the Minnesota Department of Commerce" or "This debt buyer is licensed by the Minnesota Department of Commerce" as applicable; or

~~(22)~~ (24) commence legal action to collect a debt outside the limitations period set forth in section 541.053.

(b) Paragraph (a), clauses (6), (8), (10), (17), and (21), do not apply to debt buyers except to the extent the debt buyer engages in third-party debt collection for others.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 18. Minnesota Statutes 2020, section 332.385, is amended to read:

**332.385 NOTIFICATION TO COMMISSIONER.**

The collection agency or debt buyer licensee shall notify the commissioner of any employee termination within ten days of the termination if ~~it~~ the termination is based in whole or in part ~~based~~ on a violation of this chapter.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 19. Minnesota Statutes 2020, section 332.40, subdivision 3, is amended to read:

Subd. 3. **Commissioner's powers.** (a) For the purpose of any investigation or proceeding under sections 332.31 to 332.44, the commissioner or any person designated by the commissioner may administer oaths and affirmations, subpoena collection agencies, debt buyers, or collectors and compel their attendance, take evidence and require the production of any books, papers, correspondence, memoranda, agreements or other documents or records which the commissioner deems relevant or material to the inquiry. The subpoena shall contain a written statement setting forth the circumstances which have reasonably caused the commissioner to believe that a violation of sections 332.31 to 332.44 may have occurred.

(b) In the event that the collection agency, debt buyer, or collector refuses to obey the subpoena, or should the commissioner, upon completion of the examination of the collection agency, debt buyer, or collector, reasonably conclude that a violation has occurred, the commissioner may examine additional witnesses, including third parties, as may be necessary to complete the investigation.

(c) Any subpoena issued pursuant to this section shall be served by certified mail or by personal service. Service shall be made at least 15 days prior to the date of appearance.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 20. Minnesota Statutes 2020, section 332.42, subdivision 1, is amended to read:

Subdivision 1. **Verified financial statement.** The commissioner of commerce may at any time require a ~~collection agency~~ licensee to submit a verified financial statement for examination by the commissioner to determine whether the ~~collection agency~~ licensee is financially responsible to carry on a collection ~~agency~~ business within the intents and purposes of sections 332.31 to 332.44.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 21. Minnesota Statutes 2020, section 332.42, subdivision 2, is amended to read:

Subd. 2. **Record keeping.** The commissioner shall require the collection agency or debt buyer licensee to keep such books and records in the licensee's place of business in this state as will enable the commissioner to determine whether there has been compliance with the provisions of sections 332.31 to 332.44, unless the agency is a foreign corporation duly authorized, admitted, and licensed to do business in this state and complies with all the requirements of chapter 303 and with all other requirements of sections 332.31 to 332.44.

Every collection agency licensee shall preserve the records of final entry used in such business for a period of five years after final remittance is made on any amount placed with the licensee for collection or after any account has been returned to the claimant on which one or more payments have been made. Every debt buyer licensee must preserve the records of final entry used in the business for a period of five years after final collection of any purchased account.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

## ARTICLE 6
## CONSUMER PROTECTION

Section 1. Minnesota Statutes 2020, section 13.712, is amended by adding a subdivision to read:

Subd. 7. **Student loan servicers.** Data collected, created, received, maintained, or disseminated under chapter 58B are governed by section 58B.10.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 2. **[58B.01] TITLE.**

This chapter may be cited as the "Student Loan Borrower Bill of Rights."

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 3. **[58B.02] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this chapter, the following terms have the meanings given them.

Subd. 2. **Borrower.** "Borrower" means a resident of this state who has received or agreed to pay a student loan or a person who shares responsibility with a resident for repaying a student loan.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 4. **Financial institution.** "Financial institution" means any of the following organized under the laws of this state, any other state, or the United States: a bank, bank and trust, trust company with banking powers, savings bank, savings association, or credit union.

Subd. 5. **Nationwide Multistate Licensing System and Registry.** "Nationwide Multistate Licensing System and Registry" has the meaning given in section 58A.02, subdivision 8.

Subd. 6. **Person in control.** "Person in control" means any member of senior management, including owners or officers, and other persons who directly or indirectly possess the power to direct or cause the direction of the management policies of an applicant or student loan servicer under this chapter, regardless of whether the person has any ownership interest in the applicant or student loan servicer. Control is presumed to exist if a person directly or indirectly owns, controls, or holds with power to vote ten percent or more of the voting stock of an applicant or student loan servicer or of a person who owns, controls, or holds with power to vote ten percent or more of the voting stock of an applicant or student loan servicer.

Subd. 7. **Servicing.** "Servicing" means:

(1) receiving any scheduled periodic payments from a borrower or notification of payments, and applying payments to the borrower's account pursuant to the terms of the student loan or of the contract governing servicing;

(2) during a period when no payment is required on a student loan, maintaining account records for the loan and communicating with the borrower regarding the loan, on behalf of the loan's holder; and

(3) interacting with a borrower, including activities to help prevent default on obligations arising from student loans, conducted to facilitate the requirements in clauses (1) and (2).

Subd. 8. **Student loan.** "Student loan" means a government, commercial, or foundation loan for actual costs paid for tuition and reasonable education and living expenses.

Subd. 9. **Student loan servicer.** "Student loan servicer" means any person, wherever located, responsible for the servicing of any student loan to any borrower, including a nonbank covered person, as defined in Code of Federal Regulations, title 12, section 1090.101, who is responsible for the servicing of any student loan to any borrower.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 4. **[58B.03] LICENSING OF STUDENT LOAN SERVICERS.**

Subdivision 1. **License required.** No person shall directly or indirectly act as a student loan servicer without first obtaining a license from the commissioner.

Subd. 2. **Exempt persons.** The following persons are exempt from the requirements of this chapter:

(1) a financial institution;

(2) a person servicing student loans made with the person's own funds, if no more than three student loans are made in any 12-month period;

(3) an agency, instrumentality, or political subdivision of this state that makes, services, or guarantees student loans;

(4) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction;

(5) the University of Minnesota; or

(6) a person exempted by order of the commissioner.

Subd. 3. **Application for licensure.** (a) Any person seeking to act within the state as a student loan servicer must apply for a license in a form and manner specified by the commissioner. At a minimum, the application must include:

(1) a financial statement prepared by a certified public accountant or a public accountant;

(2) the history of criminal convictions, excluding traffic violations, for persons in control of the applicant;

(3) any information requested by the commissioner related to the history of criminal convictions disclosed under clause (2);

(4) a nonrefundable license fee established by the commissioner; and

(5) a nonrefundable investigation fee established by the commissioner.

(b) The commissioner may conduct a state and national criminal history records check of the applicant and of each person in control or employee of the applicant.

Subd. 4. **Issuance of a license.** (a) Upon receipt of a complete application for an initial license and the payment of fees for a license and investigation, the commissioner must investigate the financial condition and responsibility, character, financial and business experience, and general fitness of the applicant. The commissioner may issue a license if the commissioner finds:

(1) the applicant's financial condition is sound;

(2) the applicant's business will be conducted honestly, fairly, equitably, carefully, and efficiently within the purposes and intent of this chapter;

(3) each person in control of the applicant is in all respects properly qualified and of good character;

(4) no person, on behalf of the applicant, has knowingly made any incorrect statement of a material fact in the application or in any report or statement made pursuant to this section;

(5) no person, on behalf of the applicant, has knowingly omitted any information required by the commissioner from an application, report, or statement made pursuant to this section;

(6) the applicant has paid the fees required under this section; and

(7) the application has met other similar requirements as determined by the commissioner.

(b) A license issued under this chapter is not transferable or assignable.

Subd. 5. **Notification of a change in status.** An applicant or student loan servicer must notify the commissioner in writing of any change in the information provided in the initial application for a license or the most recent renewal application for a license. The notification must be received no later than ten business days after the date of an event that results in the information becoming inaccurate.

Subd. 6. **Term of license.** Licenses issued under this chapter expire on December 31 of each year and are renewable on January 1.

Subd. 7. **Exemption from application.** (a) A person is exempt from the application procedures under subdivision 3 if the commissioner determines that the person is servicing student loans in this state pursuant to a contract awarded by the United States Secretary of Education under United States Code, title 20, section 1087f. Documentation of eligibility for this exemption shall be in a form and manner determined by the commissioner.

(b) A person determined to be eligible for the exemption under paragraph (a) shall, upon payment of the fees under subdivision 3, be issued a license and deemed to meet all of the requirements of subdivision 4.

Subd. 8. **Notice.** (a) A person issued a license under subdivision 7 must provide the commissioner with written notice no less than seven days after the date the person's contract under United States Code, title 20, section 1087f, expires, is revoked, or is terminated.

(b) A person issued a license under subdivision 7 has 30 days from the date the notification under paragraph (a) is provided to complete the requirements of subdivision 3. If a person does not meet the requirements of subdivision 3 within this time period, the commissioner shall immediately suspend the person's license under this chapter.

Subd. 9. **Commissioner may establish relationships or contracts.** Section 58A.04, subdivision 2, applies to this chapter.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 5. **[58B.04] LICENSING MULTIPLE PLACES OF BUSINESS.**

A person licensed to act as a student loan servicer in this state is prohibited from servicing student loans under any other name or at any other place of business than that named in the license. Any time a student loan servicer changes the location of the servicer's place of business, the servicer must provide prior written notice to the commissioner. A student loan servicer may not maintain more than one place of business under the same license. The commissioner may issue more than one license to the same student loan servicer, provided that the servicer complies with the application procedures in section 58B.03 for each license.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 6. **[58B.05] LICENSE RENEWAL.**

Subdivision 1. **Term.** Licenses are renewable on January 1 of each year.

Subd. 2. **Timely renewal.** (a) A person whose application is properly and timely filed who has not received notice of denial of renewal is considered approved for renewal. The person may continue to act as a student loan servicer whether or not the renewed license has been received on or before January 1 of the renewal year. An application for renewal of a license is considered timely filed if the application is received by the commissioner, or mailed with proper postage and postmarked, no later than December 15 of the year immediately preceding the renewal year. An application for renewal is considered properly filed if the application is made upon forms duly executed, accompanied by fees prescribed by this chapter, and containing any information that the commissioner requires.

(b) A person who fails to make a timely application for renewal of a license and who has not received the renewal license as of January 1 of the renewal year is unlicensed until the renewal license has been issued by the commissioner and is received by the person.

Subd. 3. **Contents of renewal application.** An application for renewal of an existing license must contain the information specified in section 58B.03, subdivision 3, except that only the requested information having changed from the most recent prior application need be submitted.

Subd. 4. **Cancellation.** A student loan servicer ceasing an activity or activities regulated by this chapter and desiring to no longer be licensed shall inform the commissioner in writing and, at the same time, surrender the license and all other symbols or indicia of licensure.

The licensee shall include a plan for the withdrawal from student loan servicing, including a timetable for the disposition of the student loans being serviced.

Subd. 5. **Renewal fees.** The following fees must be paid to the commissioner for a renewal license:

(1) a nonrefundable renewal license fee established by the commissioner; and

(2) a nonrefundable renewal investigation fee established by the commissioner.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 7. **[58B.06] DUTIES OF STUDENT LOAN SERVICERS.**

Subdivision 1. **Response requirements.** Upon receiving a written communication from a borrower, a student loan servicer must:

(1) acknowledge receipt of the communication in less than ten days from the date the communication is received; and

(2) provide information relating to the communication and, if applicable, the action the student loan servicer will take to either (i) correct the borrower's issue or (ii) explain why the issue cannot be corrected. The information must be provided less than 30 days after the date the written communication was received by the student loan servicer.

Subd. 2. **Overpayments.** (a) A student loan servicer must ask a borrower in what manner the borrower would like any overpayment to be applied to a student loan. A borrower's instruction regarding the application of overpayments is effective for the term of the loan or until the borrower provides a different instruction.

(b) For purposes of this subdivision, "overpayment" means a payment on a student loan that exceeds the monthly amount due.

Subd. 3. **Partial payments.** (a) A student loan servicer must apply a partial payment in a manner intended to minimize late fees and the negative impact on the borrower's credit history. If a borrower has multiple student loans with the same student loan servicer, upon receipt of a partial payment the servicer must apply the payments to satisfy as many individual loan payments as possible.

(b) For purposes of this subdivision, "partial payment" means a payment on a student loan that is less than the monthly amount due.

Subd. 4. **Transfer of student loan.** (a) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer must:

(1) require the new student loan servicer to honor all benefits that were made available, or which may have become available, to a borrower from the original student loan servicer; and

(2) transfer to the new student loan servicer all information regarding the borrower, the account of the borrower, and the borrower's student loan, including but not limited to the repayment status of the student loan and the benefits described in clause (1).

(b) The student loan servicer must complete the transfer under paragraph (a), clause (2), less than 45 days from the date of the sale, assignment, or transfer of the servicing.

(c) A sale, assignment, or transfer of the servicing must be completed no less than seven days from the date the next payment is due on the student loan.

(d) A new student loan servicer must adopt policies and procedures to verify that the original student loan servicer has met the requirements of paragraph (a).

Subd. 5. **Income-driven repayment.** A student loan servicer must evaluate a borrower for eligibility for an income-driven repayment program before placing a borrower in forbearance or default.

Subd. 6. **Records.** A student loan servicer must maintain adequate records of each student loan for not less than two years following the final payment on the student loan or the sale, assignment, or transfer of the servicing.

**EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to student loan contracts executed on or after that date.

Sec. 8. **[58B.07] PROHIBITED CONDUCT.**

Subdivision 1. **Misleading borrowers.** A student loan servicer must not directly or indirectly attempt to mislead a borrower.

Subd. 2. **Misrepresentation.** A student loan servicer must not engage in any unfair or deceptive practice or misrepresent or omit any material information in connection with the servicing of a student loan, including but not limited to misrepresenting the amount, nature, or terms of any fee or payment due or claimed to be due on a student loan, the terms and conditions of the loan agreement, or the borrower's obligations under the loan.

Subd. 3. **Misapplication of payments.** A student loan servicer must not knowingly or negligently misapply student loan payments.

Subd. 4. **Inaccurate information.** A student loan servicer must not knowingly or negligently provide inaccurate information to any consumer reporting agency.

Subd. 5. **Reporting of payment history.** A student loan servicer must not fail to report both the favorable and unfavorable payment history of the borrower to a consumer reporting agency at least annually, if the student loan servicer regularly reports payment history information.

Subd. 6. **Refusal to communicate with a borrower's representative.** A student loan servicer must not refuse to communicate with a representative of the borrower who provides a written authorization signed by the borrower. The student loan servicer may adopt procedures reasonably related to verifying that the representative is in fact authorized to act on behalf of the borrower.

Subd. 7. **False statements and omissions.** A student loan servicer must not knowingly or negligently make any false statement or omission of material fact in connection with any application, information, or reports filed with the commissioner or any other federal, state, or local government agency.

Subd. 8. **Noncompliance with applicable laws.** A student loan servicer must not violate any other federal, state, or local laws, including those related to fraudulent, coercive, or dishonest practices.

Subd. 9. **Incorrect information regarding student loan forgiveness.** A student loan servicer must not misrepresent the availability of student loan forgiveness for which the servicer has reason to know the borrower is eligible. This includes but is not limited to student loan forgiveness programs specific to military borrowers, borrowers working in public service, or borrowers with disabilities.

Subd. 10. **Compliance with servicer duties.** A student loan servicer must comply with the duties and obligations under section 58B.06.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 9. **[58B.08] EXAMINATIONS.**

The commissioner has the same powers with respect to examinations of student loan servicers under this chapter that the commissioner has under section 46.04.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 10. **[58B.09] DENIAL; SUSPENSION; REVOCATION OF LICENSES.**

Subdivision 1. **Powers of commissioner.** (a) The commissioner may by order take any or all of the following actions:

(1) bar a person from engaging in student loan servicing;

(2) deny, suspend, or revoke a student loan servicer license;

(3) censure a student loan servicer;

(4) impose a civil penalty, as provided in section 45.027, subdivision 6;

(5) order restitution to the borrower, if applicable; or

(6) revoke an exemption.

(b) In order to take the action in paragraph (a), the commissioner must find:

(1) the order is in the public interest; and

(2) the student loan servicer, applicant, person in control, employee, or agent has:

(i) violated any provision of this chapter or a rule or order adopted or issued under this chapter;

(ii) violated a standard of conduct or engaged in a fraudulent, coercive, deceptive, or dishonest act or practice, including but not limited to negligently making a false statement or knowingly omitting a material fact, whether or not the act or practice involves student loan servicing;

(iii) engaged in an act or practice that demonstrates untrustworthiness, financial irresponsibility, or incompetence, whether or not the act or practice involves student loan servicing;

(iv) pled guilty or nolo contendere to or been convicted of a felony, gross misdemeanor, or misdemeanor;

(v) paid a civil penalty or been the subject of a disciplinary action by the commissioner, order of suspension or revocation, cease and desist order, injunction order, or order barring involvement in an industry or profession issued by the commissioner or any other federal, state, or local government agency;

(vi) been found by a court of competent jurisdiction to have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit;

(vii) refused to cooperate with an investigation or examination by the commissioner;

(viii) failed to pay any fee or assessment imposed by the commissioner; or

(ix) failed to comply with state and federal tax obligations.

Subd. 2. **Orders of the commissioner.** To begin a proceeding under this section, the commissioner shall issue an order requiring the subject of the proceeding to show cause why action should not be taken against the person according to this section. The order must be calculated to give reasonable notice of the time and place for the hearing and must state the reasons for entry of the order. The commissioner may by order summarily suspend a license or exemption or summarily bar a person from engaging in student loan servicing pending a final determination of an order to show cause. If a license or exemption is summarily suspended or if the person is summarily barred from any involvement in the servicing of student loans pending final determination of an order to show cause, a hearing on the merits must be held within 30 days of the issuance of the order of summary suspension or bar. All hearings must be conducted under chapter 14. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the subject of the order fails to appear at a hearing after having been duly notified, the person is considered in default and the proceeding may be determined against the subject of the order upon consideration of the order to show cause, the allegations of which may be considered to be true.

Subd. 3. **Actions against lapsed license.** If a license or certificate of exemption lapses; is surrendered, withdrawn, or terminated; or otherwise becomes ineffective, the commissioner may (1) institute a proceeding under this subdivision within two years after the license or certificate of exemption was last effective and enter a revocation or suspension order as of the last date on which the license or certificate of exemption was in effect, and (2) impose a civil penalty as provided for in this section or section 45.027, subdivision 6.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 11. **[58B.10] DATA PRACTICES.**

Subdivision 1. **Classification of data.** Data collected, created, received, maintained, or disseminated by the Department of Commerce under this chapter are governed by section 46.07.

Subd. 2. **Data sharing.** To the extent data collected, created, received, maintained, or disseminated under this chapter are not public data as defined by section 13.02, subdivision 8a, the data may, when necessary to accomplish the purpose of this chapter, be shared between:

(1) the United States Department of Education;

(2) the Office of Higher Education;

(3) the Department of Commerce;

(4) the Office of the Attorney General; and

(5) any other local, state, and federal law enforcement agencies.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 12. Minnesota Statutes 2020, section 65B.15, subdivision 1, is amended to read:

Subdivision 1. **Grounds and notice.** No cancellation or reduction in the limits of liability of coverage during the policy period of any policy shall be effective unless notice thereof is given and unless based on one or more reasons stated in the policy which shall be limited to the following:

1. nonpayment of premium; or

2. the policy was obtained through a material misrepresentation; or

3. any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim; or

4. the named insured failed to disclose fully motor vehicle accidents and moving traffic violations of the named insured for the preceding 36 months if called for in the written application; or

5. the named insured failed to disclose in the written application any requested information necessary for the acceptance or proper rating of the risk; or

6. the named insured knowingly failed to give any required written notice of loss or notice of lawsuit commenced against the named insured, or, when requested, refused to cooperate in the investigation of a claim or defense of a lawsuit; or

7. the named insured or any other operator who either resides in the same household, or customarily operates an automobile insured under such policy, unless the other operator is identified as a named insured in another policy as an insured:

(a) has, within the 36 months prior to the notice of cancellation, had that person's driver's license under suspension or revocation because the person committed a moving traffic violation or because the person refused to be tested under section 169A.20, subdivision 1; or

(b) is or becomes subject to epilepsy or heart attacks, and such individual does not produce a written opinion from a physician testifying to that person's medical ability to operate a motor vehicle safely, such opinion to be based upon a reasonable medical probability; or

(c) has an accident record, conviction record (criminal or traffic), physical condition or mental condition, any one or all of which are such that the person's operation of an automobile might endanger the public safety; or

(d) has been convicted, or forfeited bail, during the 24 months immediately preceding the notice of cancellation for criminal negligence in the use or operation of an automobile, or assault arising out of the operation of a motor vehicle, or operating a motor vehicle while in an intoxicated condition or while under the influence of drugs; or leaving the scene of an accident without stopping to report; or making false statements in an application for a driver's license, or theft or unlawful taking of a motor vehicle; or

(e) has been convicted of, or forfeited bail for, one or more violations within the 18 months immediately preceding the notice of cancellation, of any law, ordinance, or rule which justify a revocation of a driver's license; or

8. the insured automobile is:

(a) so mechanically defective that its operation might endanger public safety; or

(b) used in carrying passengers for hire or compensation, provided however that the use of an automobile for a car pool or a private passenger vehicle used by a volunteer driver, as defined under section 65B.472, subdivision 1, paragraph (h), shall not be considered use of an automobile for hire or compensation; or

(c) used in the business of transportation of flammables or explosives; or

(d) an authorized emergency vehicle; or

(e) subject to an inspection law and has not been inspected or, if inspected, has failed to qualify within the period specified under such inspection law; or

(f) substantially changed in type or condition during the policy period, increasing the risk substantially, such as conversion to a commercial type vehicle, a dragster, sports car or so as to give clear evidence of a use other than the original use.

Sec. 13. Minnesota Statutes 2020, section 65B.43, subdivision 12, is amended to read:

Subd. 12. **Commercial vehicle.** "Commercial vehicle" means:

(a) any motor vehicle used as a common carrier,

(b) any motor vehicle, other than a passenger vehicle defined in section 168.002, subdivision 24, which has a curb weight in excess of 5,500 pounds apart from cargo capacity, or

(c) any motor vehicle while used in the for-hire transportation of property.

Commercial vehicle does not include a "commuter van," which for purposes of this chapter ~~shall mean~~ means (1) a motor vehicle having a capacity of seven to 16 persons which is used principally to provide prearranged transportation of persons to or from their place of employment or to or from a transit stop authorized by a local transit authority which vehicle is to be operated by a person who does not drive the vehicle as a principal occupation but is driving it only to or from the principal place of employment, to or from a transit stop authorized by a local transit authority or, for personal use as permitted by the owner of the vehicle, or (2) a private passenger vehicle driven by a volunteer driver.

Sec. 14. Minnesota Statutes 2020, section 65B.472, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless a different meaning is expressly made applicable, the terms defined in paragraphs (b) through (g) have the meanings given them for the purposes of this chapter.

(b) A "digital network" means any online-enabled application, software, website, or system offered or utilized by a transportation network company that enables the prearrangement of rides with transportation network company drivers.

(c) A "personal vehicle" means a vehicle that is used by a transportation network company driver in connection with providing a prearranged ride and is:

(1) owned, leased, or otherwise authorized for use by the transportation network company driver; and

(2) not a taxicab, limousine, ~~or~~ for-hire vehicle, or a private passenger vehicle driven by a volunteer driver.

(d) A "prearranged ride" means the provision of transportation by a driver to a rider, beginning when a driver accepts a ride requested by a rider through a digital network controlled by a transportation network company, continuing while the driver transports a requesting rider, and ending when the last requesting rider departs from the personal vehicle. A prearranged ride does not include transportation provided using a taxicab, limousine, or other for-hire vehicle.

(e) A "transportation network company" means a corporation, partnership, sole proprietorship, or other entity that is operating in Minnesota that uses a digital network to connect transportation network company riders to transportation network company drivers who provide prearranged rides.

(f) A "transportation network company driver" or "driver" means an individual who:

(1) receives connections to potential riders and related services from a transportation network company in exchange for payment of a fee to the transportation network company; and

(2) uses a personal vehicle to provide a prearranged ride to riders upon connection through a digital network controlled by a transportation network company in return for compensation or payment of a fee.

(g) A "transportation network company rider" or "rider" means an individual or persons who use a transportation network company's digital network to connect with a transportation network driver who provides prearranged rides to the rider in the driver's personal vehicle between points chosen by the rider.

(h) A "volunteer driver" means an individual who transports persons or goods on behalf of a nonprofit entity or governmental unit in a private passenger vehicle and receives no compensation for services provided other than the reimbursement of actual expenses.

Sec. 15. Minnesota Statutes 2020, section 174.29, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purpose of sections 174.29 and 174.30 "special transportation service" means motor vehicle transportation provided on a regular basis by a public or private entity or person that is designed exclusively or primarily to serve individuals who are elderly or disabled and who are unable to use regular means of transportation but do not require ambulance service, as defined in section 144E.001, subdivision 3. Special transportation service includes but is not limited to service provided by specially equipped buses, vans, taxis, and ~~volunteers driving~~ volunteer drivers, as defined in section 65B.472, subdivision 1, paragraph (h), using private automobiles. Special transportation service also means those nonemergency medical transportation services under section 256B.0625, subdivision 17, that are subject to the operating standards for special transportation service under sections 174.29 to 174.30 and Minnesota Rules, chapter 8840.

Sec. 16. Minnesota Statutes 2020, section 174.30, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) The operating standards for special transportation service adopted under this section do not apply to special transportation provided by:

(1) a public transit provider receiving financial assistance under sections 174.24 or 473.371 to 473.449;

(2) a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph (h), using a private automobile;

(3) a school bus as defined in section 169.011, subdivision 71; or

(4) an emergency ambulance regulated under chapter 144.

(b) The operating standards adopted under this section only apply to providers of special transportation service who receive grants or other financial assistance from either the state or the federal government, or both, to provide or assist in providing that service; except that the operating standards adopted under this section do not apply to any nursing home licensed under section 144A.02, to any board and care facility licensed under section 144.50, or to any day training and habilitation services, day care, or group home facility licensed under sections 245A.01 to 245A.19 unless the facility or program provides transportation to nonresidents on a regular basis and the facility receives reimbursement, other than per diem payments, for that service under rules promulgated by the commissioner of human services.

(c) Notwithstanding paragraph (b), the operating standards adopted under this section do not apply to any vendor of services licensed under chapter 245D that provides transportation services to consumers or residents of other vendors licensed under chapter 245D and transports 15 or fewer persons, including consumers or residents and the driver.

Sec. 17. Minnesota Statutes 2020, section 174.30, subdivision 10, is amended to read:

Subd. 10. **Background studies.** (a) Providers of special transportation service regulated under this section must initiate background studies in accordance with chapter 245C on the following individuals:

(1) each person with a direct or indirect ownership interest of five percent or higher in the transportation service provider;

(2) each controlling individual as defined under section 245A.02;

(3) managerial officials as defined in section 245A.02;

(4) each driver employed by the transportation service provider;

(5) each individual employed by the transportation service provider to assist a passenger during transport; and

(6) all employees of the transportation service agency who provide administrative support, including those who:

(i) may have face-to-face contact with or access to passengers, their personal property, or their private data;

(ii) perform any scheduling or dispatching tasks; or

(iii) perform any billing activities.

(b) The transportation service provider must initiate the background studies required under paragraph (a) using the online NETStudy system operated by the commissioner of human services.

(c) The transportation service provider shall not permit any individual to provide any service or function listed in paragraph (a) until the transportation service provider has received notification from the commissioner of human services indicating that the individual:

(1) is not disqualified under chapter 245C; or

(2) is disqualified, but has received a set-aside of that disqualification according to sections 245C.22 and 245C.23 related to that transportation service provider.

(d) When a local or contracted agency is authorizing a ride under section 256B.0625, subdivision 17, by a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph (h), and the agency authorizing the ride has reason to believe the volunteer driver has a history that would disqualify the individual or that may pose a risk to the health or safety of passengers, the agency may initiate a background study to be completed according to chapter 245C using the commissioner of human services' online NETStudy system, or through contacting the Department of Human Services background study division for assistance. The agency that initiates the background study under this paragraph shall be responsible for providing the volunteer driver with the privacy notice required under section 245C.05, subdivision 2c, and payment for the background study required under section 245C.10, subdivision 11, before the background study is completed.

Sec. 18. Minnesota Statutes 2020, section 221.031, subdivision 3b, is amended to read:

Subd. 3b. **Passenger transportation; exemptions.** (a) A person who transports passengers for hire in intrastate commerce, who is not made subject to the rules adopted in section 221.0314 by any other provision of this section, must comply with the rules for hours of service of drivers while transporting employees of an employer who is directly or indirectly paying the cost of the transportation.

(b) This subdivision does not apply to:

(1) a local transit commission;

(2) a transit authority created by law; or

(3) persons providing transportation:

(i) in a school bus as defined in section 169.011, subdivision 71;

(ii) in a Head Start bus as defined in section 169.011, subdivision 34;

(iii) in a commuter van;

(iv) in an authorized emergency vehicle as defined in section 169.011, subdivision 3;

(v) in special transportation service certified by the commissioner under section 174.30;

(vi) that is special transportation service as defined in section 174.29, subdivision 1, when provided by a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph (h), operating a private passenger vehicle as defined in section 169.011, subdivision 52;

(vii) in a limousine the service of which is licensed by the commissioner under section 221.84; or

(viii) in a taxicab, if the fare for the transportation is determined by a meter inside the taxicab that measures the distance traveled and displays the fare accumulated.

Sec. 19. Minnesota Statutes 2020, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services.

(b) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, nonemergency medical transportation company, or other recognized providers of transportation services. Medical transportation must be provided by:

(1) nonemergency medical transportation providers who meet the requirements of this subdivision;

(2) ambulances, as defined in section 144E.001, subdivision 2;

(3) taxicabs that meet the requirements of this subdivision;

(4) public transit, as defined in section 174.22, subdivision 7; or

(5) not-for-hire vehicles, including volunteer drivers, as defined in section 65B.472, subdivision 1, paragraph (h).

(c) Medical assistance covers nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, and all drivers must be individually enrolled with the commissioner and reported on the claim as the individual who provided the service. All nonemergency medical transportation providers shall bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements outlined in this paragraph.

(d) An organization may be terminated, denied, or suspended from enrollment if:

(1) the provider has not initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3); or

(2) the provider has initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3), and:

(i) the commissioner has sent the provider a notice that the individual has been disqualified under section 245C.14; and

(ii) the individual has not received a disqualification set-aside specific to the special transportation services provider under sections 245C.22 and 245C.23.

(e) The administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee;

(2) pay nonemergency medical transportation providers for services provided to Minnesota health care programs beneficiaries to obtain covered medical services;

(3) provide data monthly to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips by mode; and

(4) by July 1, 2016, in accordance with subdivision 18e, utilize a web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services.

(f) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level-of-service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes of transportation under paragraph (i), clauses (4), (5), (6), and (7).

(g) The commissioner may use an order by the recipient's attending physician, advanced practice registered nurse, or a medical or mental health professional to certify that the recipient requires nonemergency medical transportation services. Nonemergency medical transportation providers shall perform driver-assisted services for eligible individuals, when appropriate. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs, child seats, or stretchers in the vehicle.

Nonemergency medical transportation providers must take clients to the health care provider using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the local agency.

Nonemergency medical transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Nonemergency medical transportation providers must maintain trip logs, which include pickup and drop-off times, signed by the medical provider or client, whichever is deemed most appropriate, attesting to mileage traveled to obtain covered medical services. Clients requesting client mileage reimbursement must sign the trip log attesting mileage traveled to obtain covered medical services.

(h) The administrative agency shall use the level of service process established by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee to determine the client's most appropriate mode of transportation. If public transit or a certified transportation provider is not available to provide the appropriate service mode for the client, the client may receive a onetime service upgrade.

(i) The covered modes of transportation are:

(1) client reimbursement, which includes client mileage reimbursement provided to clients who have their own transportation, or to family or an acquaintance who provides transportation to the client;

(2) volunteer transport, which includes transportation by volunteers using their own vehicle;

(3) unassisted transport, which includes transportation provided to a client by a taxicab or public transit. If a taxicab or public transit is not available, the client can receive transportation from another nonemergency medical transportation provider;

(4) assisted transport, which includes transport provided to clients who require assistance by a nonemergency medical transportation provider;

(5) lift-equipped/ramp transport, which includes transport provided to a client who is dependent on a device and requires a nonemergency medical transportation provider with a vehicle containing a lift or ramp;

(6) protected transport, which includes transport provided to a client who has received a prescreening that has deemed other forms of transportation inappropriate and who requires a provider: (i) with a protected vehicle that is not an ambulance or police car and has safety locks, a video recorder, and a transparent thermoplastic partition between the passenger and the vehicle driver; and (ii) who is certified as a protected transport provider; and

(7) stretcher transport, which includes transport for a client in a prone or supine position and requires a nonemergency medical transportation provider with a vehicle that can transport a client in a prone or supine position.

(j) The local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph (i) according to paragraphs (m) and (n) when the commissioner has developed, made available, and funded the web-based single administrative structure, assessment tool, and level of need assessment under subdivision 18e. The local agency's financial obligation is limited to funds provided by the state or federal government.

(k) The commissioner shall:

(1) in consultation with the Nonemergency Medical Transportation Advisory Committee, verify that the mode and use of nonemergency medical transportation is appropriate;

(2) verify that the client is going to an approved medical appointment; and

(3) investigate all complaints and appeals.

(l) The administrative agency shall pay for the services provided in this subdivision and seek reimbursement from the commissioner, if appropriate. As vendors of medical care, local agencies are subject to the provisions in section 256B.041, the sanctions and monetary recovery actions in section 256B.064, and Minnesota Rules, parts 9505.2160 to 9505.2245.

(m) Payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph (h), not the type of vehicle used to provide the service. The medical assistance reimbursement rates for nonemergency medical transportation services that are payable by or on behalf of the commissioner for nonemergency medical transportation services are:

(1) $0.22 per mile for client reimbursement;

(2) up to 100 percent of the Internal Revenue Service business deduction rate for volunteer transport;

(3) equivalent to the standard fare for unassisted transport when provided by public transit, and $11 for the base rate and $1.30 per mile when provided by a nonemergency medical transportation provider;

(4) $13 for the base rate and $1.30 per mile for assisted transport;

(5) $18 for the base rate and $1.55 per mile for lift-equipped/ramp transport;

(6) $75 for the base rate and $2.40 per mile for protected transport; and

(7) $60 for the base rate and $2.40 per mile for stretcher transport, and $9 per trip for an additional attendant if deemed medically necessary.

(n) The base rate for nonemergency medical transportation services in areas defined under RUCA to be super rural is equal to 111.3 percent of the respective base rate in paragraph (m), clauses (1) to (7). The mileage rate for nonemergency medical transportation services in areas defined under RUCA to be rural or super rural areas is:

(1) for a trip equal to 17 miles or less, equal to 125 percent of the respective mileage rate in paragraph (m), clauses (1) to (7); and

(2) for a trip between 18 and 50 miles, equal to 112.5 percent of the respective mileage rate in paragraph (m), clauses (1) to (7).

(o) For purposes of reimbursement rates for nonemergency medical transportation services under paragraphs (m) and (n), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

(p) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural.

(q) The commissioner, when determining reimbursement rates for nonemergency medical transportation under paragraphs (m) and (n), shall exempt all modes of transportation listed under paragraph (i) from Minnesota Rules, part 9505.0445, item R, subitem (2).

Sec. 20. Minnesota Statutes 2020, section 325E.21, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given.

<u>(b) "Commissioner" means the commissioner of commerce.</u>

~~(b)~~ <u>(c)</u> "Law enforcement agency" or "agency" means a duly authorized municipal, county, state, or federal law enforcement agency.

~~(c)~~ <u>(d)</u> "Person" means an individual, partnership, limited partnership, limited liability company, corporation, or other entity.

~~(d)~~ <u>(e)</u> "Scrap metal" means:

(1) wire and cable commonly and customarily used by communication and electric utilities; and

(2) copper, aluminum, or any other metal purchased primarily for its reuse or recycling value as raw metal, including metal that is combined with other materials at the time of purchase, but does not include a scrap vehicle as defined in section 168A.1501, subdivision 1.

~~(e)~~ <u>(f)</u> "Scrap metal dealer" or "dealer" means a person engaged in the business of buying or selling scrap metal, or both.

The terms do not include a person engaged exclusively in the business of buying or selling new or used motor vehicles, paper or wood products, rags or furniture, or secondhand machinery.

~~(f)~~ <u>(g)</u> "Seller" means any seller, prospective seller, or agent of the seller.

~~(g)~~ <u>(h)</u> "Proof of identification" means a driver's license, Minnesota identification card number, or other identification document issued for identification purposes by any state, federal, or foreign government if the document includes the person's photograph, full name, birth date, and signature.

Sec. 21. Minnesota Statutes 2020, section 325E.21, subdivision 1b, is amended to read:

Subd. 1b. **Purchase or acquisition record required.** (a) Any person who purchases or receives a catalytic converter must comply with this section.

~~(a)~~ (b) Every scrap metal dealer, including an agent, employee, or representative of the dealer, shall create a permanent record written in English, using an electronic record program at the time of each purchase or acquisition of scrap metal. The record must include:

(1) a complete and accurate account or description, including the weight if customarily purchased by weight, of the scrap metal purchased or acquired;

(2) the date, time, and place of the receipt of the scrap metal purchased or acquired and a unique transaction identifier;

(3) a photocopy or electronic scan of the seller's proof of identification including the identification number;

(4) the amount paid and the number of the check or electronic transfer used to purchase the scrap metal;

(5) the license plate number and description of the vehicle used by the person when delivering the scrap metal, including the vehicle make and model, and any identifying marks on the vehicle, such as a business name, decals, or markings, if applicable;

(6) a statement signed by the seller, under penalty of perjury as provided in section 609.48, attesting that the scrap metal is not stolen and is free of any liens or encumbrances and the seller has the right to sell it; ~~and~~

(7) a copy of the receipt, which must include at least the following information: the name and address of the dealer, the date and time the scrap metal was received by the dealer, an accurate description of the scrap metal, and the amount paid for the scrap metal~~.~~;

(8) in order to purchase a detached catalytic converter, any numbers, bar codes, stickers, or other unique markings that result from the pilot project created under subdivision 2b; and

(9) the name of the person who removed the catalytic converter.

~~(b)~~ (c) The record, as well as the scrap metal purchased or received, shall at all reasonable times be open to the inspection of any properly identified law enforcement officer.

~~(c)~~ (d) No record is required for property purchased from merchants, manufacturers, salvage pools, insurance companies, rental car companies, financial institutions, charities, dealers licensed under section 168.27, or wholesale dealers, having an established place of business, or of any goods purchased at open sale from any bankrupt stock, but a receipt as required under paragraph ~~(a)~~ (b), clause (7), shall be obtained and kept by the person, which must be shown upon demand to any properly identified law enforcement officer.

~~(d)~~ (e) The dealer must provide a copy of the receipt required under paragraph ~~(a)~~ (b), clause (7), to the seller in every transaction.

~~(e)~~ (f) Law enforcement agencies in the jurisdiction where a dealer is located may conduct regular and routine inspections to ensure compliance, refer violations to the city or county attorney for criminal prosecution, and notify the registrar of motor vehicles.

~~(f)~~ (g) Except as otherwise provided in this section, a scrap metal dealer or the dealer's agent, employee, or representative may not disclose personal information concerning a customer without the customer's consent unless the disclosure is required by law or made in response to a request from a law enforcement agency. A scrap metal dealer must implement reasonable safeguards to protect the security of the personal information and prevent unauthorized access to or disclosure of the information. For purposes of this paragraph, "personal information" is any individually identifiable information gathered in connection with a record under paragraph (a).

Sec. 22. Minnesota Statutes 2020, section 325E.21, is amended by adding a subdivision to read:

Subd. 2b. **Catalytic converter theft prevention pilot project.** (a) The catalytic converter theft prevention pilot project is created to deter the theft of catalytic converters by marking them with vehicle identification numbers or other unique identifiers.

(b) The commissioner shall establish a procedure to mark the catalytic converters of vehicles most likely to be targeted for theft with unique identification numbers using labels, engraving, theft deterrence paint, or other methods that permanently mark the catalytic converter without damaging its function.

(c) The commissioner shall work with law enforcement agencies, insurance companies, and scrap metal dealers to identify vehicles that are most frequently targeted for catalytic converter theft and to establish the most effective methods for marking catalytic converters.

(d) Materials purchased under this program may be distributed to dealers, as defined in section 168.002, subdivision 6, automobile repair shops and service centers, law enforcement agencies, and community organizations to arrange for the marking of the catalytic converters of vehicles most likely to be targeted for theft at no cost to the vehicle owners.

(e) The commissioner may prioritize distribution of materials to areas experiencing the highest rates of catalytic converter theft.

(f) The commissioner must make educational information resulting from the pilot program available to law enforcement agencies and scrap metal dealers and is encouraged to publicize the program to the general public.

(g) The commissioner shall include a report on the pilot project in the report required under section 65B.84, subdivision 2. The report must describe the progress, results, and any findings of the pilot project including the total number of catalytic converters marked under the program, and, to the extent known, whether any catalytic converters marked under the pilot project were stolen and the outcome of any criminal investigation into the thefts.

Sec. 23. Minnesota Statutes 2020, section 325F.171, is amended by adding a subdivision to read:

Subd. 5. **Enforcement.** This section may be enforced as provided under sections 45.027, subdivisions 1 to 6, 325F.10 to 325F.12, and 325F.14 to 325F.16.

Sec. 24. Minnesota Statutes 2020, section 325F.172, is amended by adding a subdivision to read:

Subd. 4. **Enforcement.** Sections 325F.173 to 325F.175 may be enforced as provided under sections 45.027, subdivisions 1 to 6, 325F.10 to 325F.12, and 325F.14 to 325F.16.

Sec. 25. **[325F.179] ENFORCEMENT.**

Sections 325F.177 and 325F.178 may be enforced as provided under sections 45.027, subdivisions 1 to 6, 325F.10 to 325F.12, and 325F.14 to 325F.16.

Sec. 26. Minnesota Statutes 2020, section 514.972, subdivision 4, is amended to read:

Subd. 4. **Denial of access.** Upon default, the owner shall mail notice of default as provided under section 514.974. The owner may deny the occupant access to the personal property contained in the self-service storage facility after default, service of the notice of default, expiration of the date stated for denial of access, and application of any security deposit to unpaid rent. ~~The notice of default must state the date that the occupant will be denied access to the occupant's personal property in the self-service storage facility and that access will be denied until the owner's claim has been satisfied. The notice of default must state that any dispute regarding denial of access can be raised by the occupant beginning legal action~~

~~in court. Notice of default must further state the rights of the occupant contained in subdivision 5.~~

Sec. 27. Minnesota Statutes 2020, section 514.972, subdivision 5, is amended to read:

Subd. 5. **Access to certain items.** ~~The occupant may remove from the self-service storage facility personal papers, health aids, personal clothing of the occupant and the occupant's dependents, and personal property that is necessary for the livelihood of the occupant, that has a market value of less than $50 per item, if demand is made to any of the persons listed in section 514.976, subdivision 1. The occupant shall present a list of the items, and may remove them during the facility's ordinary business hours prior to the sale authorized by section 514.973. If the owner unjustifiably denies the occupant access for the purpose of removing the items specified in this subdivision, the occupant is entitled to an order allowing access to the storage unit for removal of the specified items. The self-service storage facility is liable to the occupant for the costs, disbursements and attorney fees expended by the occupant to obtain this order.~~ (a) Any occupant may remove from the self-storage facility personal papers and health aids upon demand made to any of the persons listed in section 514.976, subdivision 1.

(b) An occupant who provides documentation from a government or nonprofit agency or legal aid office that the occupant is a recipient of relief based on need, is eligible for legal aid services, or is a survivor of domestic violence or sexual assault may remove, in addition to the items provided in paragraph (a), personal clothing of the occupant and the occupant's dependents and tools of the trade that are necessary for the livelihood of the occupant that has a market value not to exceed $125 per item.

(c) The occupant shall present a list of the items and may remove the items during the facility's ordinary business hours prior to the sale authorized by section 514.973. If the owner unjustifiably denies the occupant access for the purpose of removing the items specified in this subdivision, the occupant is entitled to request relief from the court for an order allowing access to the storage space for removal of the specified items. The self-service storage facility is liable to the occupant for the costs, disbursements, and attorney fees expended by the occupant to obtain this order.

(d) For the purposes of this subdivision, "relief based on need" includes but is not limited to receipt of a benefit from the Minnesota family investment program and diversionary work program, medical assistance, general assistance, emergency general assistance, Minnesota supplemental aid, Minnesota supplemental aid housing assistance, MinnesotaCare, Supplemental Security Income, energy assistance, emergency assistance, Supplemental

Nutrition Assistance Program benefits, earned income tax credit, or Minnesota working family tax credit. Relief based on need can also be proven by providing documentation from a legal aid organization that the individual is receiving legal aid assistance, or by providing documentation from a government agency, nonprofit, or housing assistance program that the individual is receiving assistance due to domestic violence or sexual assault.

Sec. 28. Minnesota Statutes 2020, section 514.973, subdivision 3, is amended to read:

Subd. 3. **Contents of notice.** The notice must include:

(1) a statement of the amount owed for rent and other charges and demand for payment within a specified time not less than 14 days after delivery of the notice;

(2) pursuant to section 514.972, subdivision 4, a notice of denial of access to the storage space, if this denial is permitted under the terms of the rental agreement;

(3) the date that the occupant will be denied access to the occupant's personal property in the self-service storage facility;

(4) a statement that access will be denied until the owner's claim has been satisfied;

(5) a statement that any dispute regarding denial of access can be raised by an occupant beginning legal action in court;

~~(3)~~ (6) the name, street address, and telephone number of the owner, or of the owner's designated agent, whom the occupant may contact to respond to the notice;

~~(4)~~ (7) a conspicuous statement that unless the claim is paid within the time stated in the notice, the personal property will be advertised for sale. The notice must specify the time and place of the sale; and

~~(5)~~ (8) a conspicuous statement of the items that the occupant may remove without charge pursuant to section 514.972, subdivision 5, if the occupant is denied general access to the storage space.

Sec. 29. Minnesota Statutes 2020, section 514.973, subdivision 4, is amended to read:

Subd. 4. **Sale of property.** (a) A sale of personal property may take place no sooner than 45 days after default or, if the personal property is a motor vehicle or watercraft, no sooner than 60 days after default.

(b) After the expiration of the time given in the notice, the sale must be published once a week for two weeks consecutively in a newspaper of general circulation where the sale is to be held. The sale may take place no sooner than 15 days after the first publication. If the lien is satisfied before the second publication occurs, the second publication is waived. If there is no qualified newspaper under chapter 331A where the sale is to be held, the advertisement may be posted on an independent, publicly accessible website that advertises self-storage lien sales or public notices. The advertisement must include a general description of the goods, the name of the person on whose account the goods are being held, and the time and place of the sale.

(c) A sale of the personal property must conform to the terms of the notification.

(d) A sale of the personal property must be public and must be either:

(1) held via an online auction; or

(2) held at the storage facility, or at the nearest suitable place at which the personal property is held or stored.

Owners shall require all bidders, including online bidders, to register and agree to the rules of the sale.

(e) The sale must be conducted in a commercially reasonable manner. A sale is commercially reasonable if the property is sold in conformity with the practices among dealers in the property sold or sellers of similar distressed property sales.

Sec. 30. Minnesota Statutes 2020, section 514.974, is amended to read:

**514.974 ADDITIONAL NOTIFICATION REQUIREMENT.**

~~Notification of the proposed sale of personal property must include a notice of denial of access to the personal property until the owner's claim has been satisfied.~~ Any notice the owner is required to mail to the occupant under sections 514.970 to 514.979 shall be sent to:

(1) the e-mail address, if consented to by the occupant, as provided in section 514.973, subdivision 2;

(2) the mailing address and any alternate mailing address provided by the occupant in the rental agreement; or

(3) the last known mailing address of the occupant, if the last known mailing address differs from the mailing address listed by the occupant in the rental agreement and the owner has reason to believe that the last known mailing address is more current.

Sec. 31. Minnesota Statutes 2020, section 514.977, is amended to read:

**514.977 ~~DEFAULT~~ ADDITIONAL REMEDIES.**

Subdivision 1. **Default; breach of rental agreement.** If an occupant defaults in the payment of rent for the storage space or otherwise breaches the rental agreement, the owner may commence an ~~eviction~~ action ~~under chapter 504B~~ to terminate the rental agreement, recover possession of the storage space, remove the occupant, and dispose of the stored personal property. The action shall be conducted in accordance with the Minnesota Rules of Civil Procedure, except as provided in this section.

Subd. 2. **Service of summons.** The summons must be served at least seven days before the date of the court appearance as provided in subdivision 3.

Subd. 3. **Appearance.** Except as provided in subdivision 4, in an action filed under this section the appearance shall be not less than seven or more than 14 days from the day of issuing the summons.

Subd. 4. **Expedited hearing.** If the owner files a motion and affidavit stating specific facts and instances in support of an allegation that the occupant is causing a nuisance or engaging in illegal or other behavior that seriously endangers the safety of others, others' property, or the storage facility's property, the appearance shall be not less than three days nor more than seven days from the date the summons is issued. The summons in an expedited hearing shall be served upon the occupant within 24 hours of issuance unless the court orders otherwise for good cause shown.

Subd. 5. **Answer; trial; continuance.** At the court appearance specified in the summons, the defendant may answer the complaint, and the court shall hear and decide the action, unless it grants a continuance of the trial, which may be for no longer than six days, unless all parties consent to longer continuance.

Subd. 6. **Counterclaims.** The occupant is prohibited from bringing counterclaims in the action that are unrelated to the possession of the storage space. Nothing in this section prevents the occupant from bringing the claim in a separate action.

Subd. 7. **Judgment; writ.** Judgment in matters adjudicated under this section shall be in accordance with section 504B.345. Execution of a writ issued under this section shall be in accordance with section 504B.365.

## ARTICLE 7
## MISCELLANEOUS COMMERCE POLICY

Section 1. Minnesota Statutes 2020, section 115C.094, is amended to read:

**115C.094 ABANDONED UNDERGROUND STORAGE TANKS.**

(a) As used in this section, an abandoned underground petroleum storage tank means an underground petroleum storage tank that was:

(1) taken out of service prior to December 22, 1988; ~~or~~

(2) taken out of service on or after December 22, 1988, if the current property owner did not know of the existence of the underground petroleum storage tank and could not have reasonably been expected to have known of the tank's existence at the time the owner first acquired right, title, or interest in the tank~~.~~; or

(3) taken out of service and is located on property that is being held by the state in trust for local taxing districts under section 281.25.

(b) The board may contract for:

(1) a statewide assessment in order to determine the quantity, location, cost, and feasibility of removing abandoned underground petroleum storage tanks;

(2) the removal of an abandoned underground petroleum storage tank; and

(3) the removal and disposal of petroleum-contaminated soil if the removal is required by the commissioner at the time of tank removal.

(c) Before the board may contract for removal of an abandoned petroleum storage tank, the tank owner must provide the board with written access to the property and release the board from any potential liability for the work performed.

(d) If at the time of the forfeiture of property identified under paragraph (a), clause (3), the property owner or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was granted by statute, mortgage, or other agreement, repurchases the property under section 282.241, the board's contracted costs for the underground storage tank removal project must be included as a special assessment included in the repurchase price, as provided under section 282.251, and must be returned to the board upon the sale of the property.

~~(d)~~ (e) Money in the fund is appropriated to the board for the purposes of this section.

Sec. 2. Minnesota Statutes 2020, section 308A.201, subdivision 12, is amended to read:

Subd. 12. **Electric cooperative powers.** (a) An electric cooperative has the power and authority to:

(1) make loans to its members;

(2) prerefund debt;

(3) obtain funds through negotiated financing or public sale;

(4) borrow money and issue its bonds, debentures, notes, or other evidence of indebtedness;

(5) mortgage, pledge, or otherwise hypothecate its assets as may be necessary;

(6) invest its resources;

(7) deposit money in state and national banks and trust companies authorized to receive deposits; and

(8) exercise all other powers and authorities granted to cooperatives.

(b) A cooperative organized to provide rural electric power may enter agreements and contracts with other electric power cooperatives or with a cooperative constituted of electric power cooperatives to share losses and risk of losses to their transmission and distribution lines, transformers, substations, and related appurtenances from storm, sleet, hail, tornado, cyclone, hurricane, or windstorm. An agreement or contract or a cooperative formed to share losses under this paragraph is not subject to the laws of this state relating to insurance and insurance companies.

(c) An electric cooperative, an affiliate of the cooperative formed to provide broadband, or another entity pursuant to an agreement with the cooperative or the cooperative's affiliate, may use the cooperative, affiliate, or entity's existing or subsequently acquired electric transmission or distribution easements for broadband infrastructure and to provide broadband service, which may include an agreement to lease fiber capacity. To exercise rights granted under this paragraph, the cooperative must provide to the property owner on which the easement is located two written notices, at least two months apart, that the cooperative intends to use the easement for broadband purposes. The use of the easement for broadband services vests and runs with the land beginning six months after the first notice is provided under paragraph (d) unless a court action challenging the use of the easement for broadband purposes has been filed before that time by the property owner, as provided under paragraph (e). The cooperative must also file evidence of the notices for recording with the county recorder.

(d) The cooperative's notices under paragraph (c) must be sent by first class mail to the last known address of the owner of the property on which the easement is located or by printed insertion in the property owner's utility bill. The notice must include the following:

(1) the name and mailing address of the cooperative;

(2) a narrative describing the nature and purpose of the intended easement use;

(3) a description of any trenching or other underground work expected to result from the intended use, including the anticipated time frame for the work;

(4) a phone number of a cooperative employee to contact regarding the easement; and

(5) the following statement, in bold red lettering: "It is important to make any challenge by the deadline to preserve any legal rights you may have."

(e) Within six months after receiving notice under paragraph (d), a property owner may commence an action seeking to recover damages for an electric cooperative's use of an electric transmission or distribution easement for broadband service purposes. If the claim for damages is under $15,000, the claim may be brought in conciliation court. Notwithstanding any other law to the contrary, the procedures and substantive matters set forth in this subdivision govern an action under this paragraph and are the exclusive means to bring a claim for compensation with respect to a notice of intent to use a cooperative transmission or distribution easement for broadband purposes. To commence an action under this paragraph, the property owner must serve a complaint upon the electric cooperative as in a civil action and file the complaint with the district court for the county in which the easement is located. The complaint must state whether the property owner (1) is challenging the electric cooperative's right to use the easement for broadband services or infrastructure as authorized under paragraph (c), (2) is seeking damages as provided under paragraph (f), or (3) both.

(f) If the property owner is seeking damages, the electric cooperative may, at any time after answering the complaint: (1) deposit with the court administrator an amount equal to the cooperative's estimate of damages, which must be no less than $1; and (2) after making the deposit, use the electric transmission or service line easements for broadband purposes, conditioned on an obligation to pay the amount of damages determined by the court. If the property owner is challenging the electric cooperative's right to use the easement for broadband services or infrastructure as authorized under paragraph (c), after the electric cooperative answers the complaint the district court must promptly hold a hearing on the property owner's challenge. If the district court denies the property owner's challenge, the electric cooperative may proceed to make a deposit and make use of the easement for broadband service purposes, as provided under clause (2).

(g) In an action involving a property owner's claim for damages, the landowner has the burden to prove the existence and amount of any net reduction in the fair market value of the property, considering the existence, installation, construction, maintenance, modification, operation, repair, replacement, or removal of broadband infrastructure in the easement, as well as any benefit to the property from access to broadband service. Consequential or special damages must not be awarded. Evidence of revenue, profits, fees, income, or similar benefits to the electric cooperative, the cooperative's affiliate, or a third party is inadmissible. Any fees or costs incurred as a result of an action under this subdivision must be paid by the party that incurred the fees or costs, except that the cooperative is responsible for the landowner attorney fees if the final judgment or award of damages is more than 140 percent of the cooperative's damage deposit.

(h) Nothing in this section limits in any way an electric cooperative's existing easement rights, including but not limited to rights an electric cooperative has or may acquire to transmit communications for electric system operations or otherwise.

(i) The placement of broadband infrastructure for use to provide broadband service under paragraphs (c) to (h) in any portion of an electric transmission or distribution easement located in the public right-of-way is subject to local government permitting and right-of-way management authority under section 237.163, and the placement must be coordinated with the relevant local government unit to minimize potential future relocations. The cooperative must notify a local government unit prior to placing infrastructure for broadband service in an easement that is in or adjacent to the local government unit's public right-of-way.

(j) For purposes of this subdivision:

(1) "broadband infrastructure" has the meaning given in section 116J.394; and

(2) "broadband service" means broadband infrastructure and any services provided over the infrastructure that offer advanced telecommunications capability and Internet access.

Sec. 3. **MINNESOTA COUNCIL ON ECONOMIC EDUCATION.**

(a) The Minnesota Council on Economic Education, with funds made available through grants from the commissioner of education in fiscal years 2022 and 2023, must:

(1) provide professional development to Minnesota's kindergarten through grade 12 teachers implementing state graduation standards in learning areas related to economic education;

(2) support the direct-to-student ancillary economic and personal finance programs that Minnesota teachers supervise and coach; and

(3) provide support to geographically diverse affiliated higher education-based centers for economic education, including those based at Minnesota State University Mankato, Minnesota State University Moorhead, St. Cloud State University, St. Catherine University, and the University of St. Thomas, as the centers' work relates to activities in clauses (1) and (2).

(b) By February 15 of each year following the receipt of a grant, the Minnesota Council on Economic Education must report to the commissioner of education on the number and type of in-person and online teacher professional development opportunities provided by the Minnesota Council on Economic Education or affiliated state centers. The report must include a description of the content, length, and location of the programs; the number of preservice and licensed teachers receiving professional development through each of these opportunities; and a summary of evaluations of professional opportunities for teachers.

(c) On August 15, 2021, the Department of Education must pay the full amount of the grant for fiscal year 2022 to the Minnesota Council on Economic Education. On August 15, 2022, the Department of Education must pay the full amount of the grant for fiscal year 2023 to the Minnesota Council on Economic Education. The Minnesota Council on Economic Education must submit its fiscal reporting in the form and manner specified by the commissioner. The commissioner may request additional information as necessary.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 4. **COLLECTION AGENCY EMPLOYEES; WORK FROM HOME.**

An employee of a collection agency licensed under Minnesota Statutes, chapter 332, may work from a location other than the licensee's business location if the licensee and employee comply with all the requirements of Minnesota Statutes, section 332.33, that would apply if the employee were working at the business location. The fee for a collector registration or renewal under Minnesota Statutes, section 332.33, subdivision 3, entitles the individual collector to work at a licensee's business location or a location otherwise acceptable under this section. An additional branch license is not required for a location used under this section. This section expires May 31, 2022.

Sec. 5. **REPEALER.**

Minnesota Statutes 2020, section 115C.13, is repealed.

## ARTICLE 8
## ENERGY POLICY

Section 1. Minnesota Statutes 2020, section 16B.86, is amended to read:

**16B.86 ~~PRODUCTIVITY~~ STATE BUILDING ENERGY CONSERVATION IMPROVEMENT REVOLVING LOAN ACCOUNT.**

Subdivision 1. **Definitions.** (a) For purposes of this section and section 16B.87, the following terms have the meanings given.

(b) "Energy conservation" has the meaning given in section 216B.241, subdivision 1, paragraph (d).

(c) "Energy conservation improvement" has the meaning given in section 216B.241, subdivision 1, paragraph (e).

(d) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f).

(e) "Project" means the energy conservation improvements financed by a loan made under this section.

(f) "State building" means an existing building owned by the state of Minnesota.

Subd. 2. **Account established.** The ~~productivity~~ state building energy conservation improvement revolving loan account is established as a ~~special~~ separate account in the state treasury. The commissioner shall manage the account and shall credit to the account investment income, repayments of principal and interest, and any other earnings arising from assets of the account. Money in the account is appropriated to the commissioner of administration to make loans to ~~finance agency projects that will result in either reduced operating costs or increased revenues, or both, for a state agency~~ state agencies to implement energy conservation and energy efficiency improvements in state buildings under section 16B.87.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2020, section 16B.87, is amended to read:

**16B.87 AWARD AND REPAYMENT OF ~~PRODUCTIVITY~~ STATE BUILDING ENERGY IMPROVEMENT CONSERVATION LOANS.**

Subdivision 1. **Committee.** The ~~Productivity~~ State Building Energy Conservation Improvement Loan Committee consists of the commissioners of administration, management and budget, and ~~revenue~~ commerce. The commissioner of administration serves as chair of the committee. The members serve without compensation or reimbursement for expenses.

Subd. 2. **Award and terms of loans.** (a) An agency shall apply for a loan on a form ~~provided~~ developed by the commissioner of administration~~.~~ that requires an applicant to submit the following information:

(1) a description of the proposed project, including existing equipment, structural elements, operating characteristics, and other conditions affecting energy use that the energy conservation improvements financed by the loan modify or replace;

(2) the total estimated project cost and the loan amount sought;

(3) a detailed project budget;

(4) projections of the proposed project's expected energy and monetary savings;

(5) information demonstrating the agency's ability to repay the loan;

(6) a description of the energy conservation programs offered by the utility providing service to the state building from which the applicant seeks additional funding for the project; and

(7) any additional information requested by the commissioner.

(b) The committee shall review applications for loans and shall award a loan based upon criteria adopted by the committee. ~~The committee shall determine the amount, interest, and other terms of the loan. The time for repayment of a loan may not exceed five years.~~ A loan made under this section must:

(1) be at or below the market rate of interest, including a zero interest loan; and

(2) have a term no longer than seven years.

(c) In making awards, the committee shall give preference to:

(1) applicants that have sought funding for the project through energy conservation projects offered by the utility serving the state building that is the subject of the application; and

(2) to the extent feasible, applications for state buildings located within the electric retail service area of the utility that is subject to section 116C.779.

Subd. 3. **Repayment.** An agency receiving a loan under this section shall repay the loan according to the terms of the loan agreement. The principal and interest must be paid to the commissioner of administration, who shall deposit it in the ~~productivity~~ state building energy conservation improvement revolving loan ~~fund~~ account. Payments of loan principal and interest must begin no later than one year after the project is completed.

Sec. 3. **[115B.431] CLOSED LANDFILL SOLAR REDEVELOPMENT AND REUSE ACCOUNT.**

Subdivision 1. **Establishment.** The closed landfill solar redevelopment and reuse account is established as an account in the remediation fund.

Subd. 2. **Revenues.** The account consists of money from:

(1) revenue from lease payments received from a utility or other entity that is leasing a portion of a closed landfill site managed by the Pollution Control Agency to install a solar energy generating system;

(2) appropriations and transfers to the account as provided by law; and

(3) interest earned on the account.

Subd. 3. **Expenditures.** Money in the account, including any interest accrued, must be used to facilitate reuse and redevelopment for solar projects located at closed landfill sites managed by the Pollution Control Agency under sections 115B.39 to 115B.445.

Sec. 4. Minnesota Statutes 2020, section 116.155, is amended by adding a subdivision to read:

Subd. 5c. **Closed landfill solar redevelopment and reuse account.** The closed landfill solar redevelopment and reuse account is established and managed as provided under section 115B.431.

Sec. 5. Minnesota Statutes 2020, section 116C.7792, is amended to read:

**116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.**

(a) The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of 40 kilowatts alternating current per premise. The owner of a solar energy system installed before June 1, 2018, is eligible to receive a production incentive under this section for any additional solar energy systems constructed at the same customer location, provided that the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts.

(b) The program is funded by money withheld from transfer to the renewable development account under section 116C.779, subdivision 1, paragraphs (b) and (e). Program funds must be placed in a separate account for the purpose of the solar energy production incentive program operated by the utility and not for any other program or purpose.

(c) Funds allocated to the solar energy production incentive program in 2019 and 2020 remain available to the solar energy production incentive program.

(d) The following amounts are allocated to the solar energy production incentive program:

(1) $10,000,000 in 2021; ~~and~~

(2) $10,000,000 in 2022;

(3) $5,000,000 in 2023; and

(4) $5,000,000 in 2024.

(e) Funds allocated to the solar energy production incentive program that have not been committed to a specific project at the end of a program year remain available to the solar energy production incentive program.

(f) Any unspent amount remaining on January 1, ~~2023~~ 2025, must be transferred to the renewable development account.

(g) A solar energy system receiving a production incentive under this section must be sized to less than 120 percent of the customer's on-site annual energy consumption when combined with other distributed generation resources and subscriptions provided under section 216B.1641 associated with the premise. The production incentive must be paid for ten years commencing with the commissioning of the system.

(h) The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner. A change to the program to include projects up to a nameplate capacity of 40 kilowatts or less does not require the utility to file a plan with the commissioner. Any plan approved by the commissioner of commerce must not provide an increased incentive scale over prior years unless the commissioner demonstrates that changes in the market for solar energy facilities require an increase.

Sec. 6. **[116J.5491] ENERGY TRANSITION OFFICE.**

Subdivision 1. **Definitions.** (a) For purposes of sections 116J.5491 to 116J.5493, the following terms have the meanings given.

(b) "Impacted community" means a municipality, Tribal government, or county in which an impacted facility is located.

(c) "Impacted facility" means an electric generating unit powered by coal, nuclear energy, or natural gas that is or was owned by a public utility, as defined in section 216B.02, subdivision 4, and that:

(1) is currently operating and (i) is projected, estimated, or scheduled to cease operations, or (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the Public Utilities Commission under section 216B.2422; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before the effective date of this section.

(d) "Impacted worker" means a Minnesota resident:

(1) employed at an impacted facility and who is facing the loss of employment as a result of the impacted facility's retirement; or

(2) employed by a company that, under contract, regularly performs construction, maintenance, or repair work at an impacted facility and who is facing the loss of employment or of work opportunities as a result of the impacted facility's retirement.

Subd. 2. **Office established; director.** (a) The Energy Transition Office is established in the Department of Employment and Economic Development.

(b) The director of the Energy Transition Office is appointed by the commissioner of employment and economic development. The director must be qualified by experience in issues related to energy, economic development, and the environment.

(c) The office may employ staff necessary to carry out the duties required in this section.

Subd. 3. **Purpose.** The purpose of the office is to:

(1) address economic dislocations experienced by impacted workers after an impacted facility is retired;

(2) implement recommendations of the Minnesota energy transition plan developed in section 116J.5493;

(3) improve communication among local, state, federal, and private entities regarding impacted facility retirement planning and implementation;

(4) address local tax and fiscal issues related to the impacted facility's retirement and develop strategies to reduce the resulting economic dislocation experienced by impacted communities and impacted workers; and

(5) assist the establishment and implementation of economic support programs, including but not limited to property tax revenue replacement, community energy transition programs, and economic development tools, for impacted communities and impacted workers.

Subd. 4. **Duties.** The office is authorized to:

(1) administer programs to support impacted communities and impacted workers;

(2) coordinate local, state, and federal resources to support impacted communities and impacted workers;

(3) coordinate the development of statewide policies addressing impacted communities and impacted workers;

(4) deliver programs and resources to impacted communities and impacted workers;

(5) support impacted workers by establishing benefits and educating impacted workers on applying for benefits;

(6) act as a liaison among impacted communities, impacted workers, and state agencies;

(7) assist state agencies to (i) address local tax, land use, economic development, and fiscal issues related to an impacted facility's retirement, and (ii) develop strategies to support impacted communities and impacted workers;

(8) review existing programs supporting impacted workers and identify gaps that need to be addressed;

(9) support activities of the energy transition advisory committee members;

(10) monitor transition efforts in other states and localities;

(11) identify impacted facility closures and estimate job losses and the effect on impacted communities and impacted workers;

(12) maintain communication with all affected parties regarding closure dates; and

(13) monitor and participate in administrative proceedings that affect the office's activities, including matters before the Public Utilities Commission, the Department of Commerce, the Department of Revenue, and other entities.

Subd. 5. **Reporting.** (a) Beginning January 15, 2023, and each year thereafter, the Energy Transition Office must submit a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy, economic development, and tax policy and finance on the office's activities during the previous year.

(b) The report must contain:

(1) a list of impacted facility closures, projected associated job losses, and the effect on impacted communities and impacted workers;

(2) recommendations to support impacted communities and impacted workers;

(3) information on the administration of assistance programs administered by the office; and

(4) updates on implementation of the Minnesota energy transition plan.

Subd. 6. **Gifts; grants; donations.** The office may accept gifts and grants on behalf of the state that constitute donations to the state. Funds received under this subdivision are appropriated to the commissioner of employment and economic development to support the purposes of the office.

Subd. 7. **Sunset.** This section expires five years after the date the last impacted facility in Minnesota ceases operations.

Sec. 7. **[116J.5492] ENERGY TRANSITION ADVISORY COMMITTEE.**

Subdivision 1. **Creation; purpose.** The Energy Transition Advisory Committee is established to develop a statewide energy transition plan and to advise the governor, the commissioner, and the legislature on transition issues, established transition programs, economic initiatives, and transition policy.

Subd. 2. **Membership.** (a) The advisory committee consists of 18 voting members and eight ex officio nonvoting members.

(b) The voting members of the advisory committee are appointed by the commissioner of employment and economic development, except as specified below:

(1) two members of the senate, one appointed by the majority leader of the senate and one appointed by the minority leader of the senate;

(2) two members of the house of representatives, one appointed by the speaker of the house of representatives and one appointed by the minority leader of the house of representatives;

(3) one representative of the Prairie Island Indian community;

(4) four representatives of impacted communities, of which two must represent counties and two must represent municipalities, and, to the extent possible, of the impacted facilities in those communities, at least one must be a coal plant, at least one must be a nuclear plant, and at least one must be a natural gas plant;

(5) three representatives of impacted workers at impacted facilities;

(6) one representative of impacted workers employed by companies that, under contract, regularly perform construction, maintenance, or repair work at an impacted facility;

(7) one representative with professional economic development or workforce retraining experience;

(8) two representatives of utilities that operate an impacted facility;

(9) one representative from a nonprofit organization with expertise and experience delivering energy efficiency and conservation programs; and

(10) one representative from the Coalition of Utility Cities.

(c) The ex officio nonvoting members of the advisory committee consist of:

(1) the governor or the governor's designee;

(2) the commissioner of employment and economic development or the commissioner's designee;

(3) the commissioner of commerce or the commissioner's designee;

(4) the commissioner of labor and industry or the commissioner's designee;

(5) the commissioner of revenue or the commissioner's designee;

(6) the executive secretary of the Public Utilities Commission or the secretary's designee;

(7) the commissioner of the Pollution Control Agency or the commissioner's designee; and

(8) the chancellor of the Minnesota State Colleges and Universities or the chancellor's designee.

Subd. 3. **Initial appointments and first meeting.** The appointing authorities must appoint the members of the advisory committee by August 1, 2021. The commissioner of employment and economic development must convene the first meeting by September 1, 2021, and must act as chair until the advisory committee elects a chair at the first meeting.

Subd. 4. **Officers.** The committee must elect a chair and vice-chair from among the voting members for terms of two years.

Subd. 5. **Open meetings.** Advisory committee meetings are subject to chapter 13D.

Subd. 6. **Conflict of interest.** An advisory committee member is prohibited from discussing or voting on issues relating to an organization in which the member has either a direct or indirect financial interest.

Subd. 7. **Gifts; grants; donations.** The advisory committee may accept gifts and grants on behalf of the state and that constitute donations to the state. Funds received under this subdivision are appropriated to the commissioner of employment and economic development to support the activities of the advisory committee.

Subd. 8. **Meetings.** The advisory committee must meet monthly until the energy transition plan is submitted to the governor and the legislature. The chair may call additional meetings as necessary.

Subd. 9. **Staff.** The Department of Employment and Economic Development shall serve as staff for the advisory committee.

Subd. 10. **Expiration.** This section expires the day after the Minnesota energy transition plan required under section 116J.5493 is submitted to the legislature and the governor.

Sec. 8. **[116J.5493] MINNESOTA ENERGY TRANSITION PLAN.**

(a) By July 1, 2022, the Energy Transition Advisory Committee established in section 116J.5492 must submit a statewide energy transition plan to the governor and the chairs and ranking minority members of the legislative committees having jurisdiction over economic development and energy.

(b) The energy transition plan must, at a minimum, for each impacted facility:

(1) identify the timing and location of impacted facility retirements and projected job losses in communities;

(2) analyze the estimated fiscal impact of impacted facility retirements on local governments;

(3) describe the statutes and administrative processes that govern how retired utility property impacts a local government tax base;

(4) review existing state programs that might support impacted communities and impacted workers, and project the effectiveness of each program's response to the effects of impacted facility retirements; and

(5) recommend how to effectively respond to the economic effects of impacted facility retirements.

Sec. 9. Minnesota Statutes 2020, section 216B.096, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Cold weather period" means the period from October ~~15~~ 1 through April ~~15~~ 30 of the following year.

(c) "Customer" means a residential customer of a utility.

(d) "Disconnection" means the involuntary loss of utility heating service as a result of a physical act by a utility to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts utility service in any way.

(e) "Household income" means the combined income, as defined in section 290A.03, subdivision 3, of all residents of the customer's household, computed on an annual basis. Household income does not include any amount received for energy assistance.

(f) "Reasonably timely payment" means payment within five working days of agreed-upon due dates.

(g) "Reconnection" means the restoration of utility heating service after it has been disconnected.

(h) "Summary of rights and responsibilities" means a commission-approved notice that contains, at a minimum, the following:

(1) an explanation of the provisions of subdivision 5;

(2) an explanation of no-cost and low-cost methods to reduce the consumption of energy;

(3) a third-party notice;

(4) ways to avoid disconnection;

(5) information regarding payment agreements;

(6) an explanation of the customer's right to appeal a determination of income by the utility and the right to appeal if the utility and the customer cannot arrive at a mutually acceptable payment agreement; and

(7) a list of names and telephone numbers for county and local energy assistance and weatherization providers in each county served by the utility.

(i) "Third-party notice" means a commission-approved notice containing, at a minimum, the following information:

(1) a statement that the utility will send a copy of any future notice of proposed disconnection of utility heating service to a third party designated by the residential customer;

(2) instructions on how to request this service; and

(3) a statement that the residential customer should contact the person the customer intends to designate as the third-party contact before providing the utility with the party's name.

(j) "Utility" means a public utility as defined in section 216B.02, and a cooperative electric association electing to be a public utility under section 216B.026. Utility also means a municipally owned gas or electric utility for nonresident consumers of the municipally owned utility and a cooperative electric association when a complaint in connection with utility heating service during the cold weather period is filed under section 216B.17, subdivision 6 or 6a.

(k) "Utility heating service" means natural gas or electricity used as a primary heating source, including electricity service necessary to operate gas heating equipment, for the customer's primary residence.

(l) "Working days" means Mondays through Fridays, excluding legal holidays. The day of receipt of a personally served notice and the day of mailing of a notice shall not be counted in calculating working days.

Sec. 10. Minnesota Statutes 2020, section 216B.096, subdivision 3, is amended to read:

Subd. 3. **Utility obligations before cold weather period.** Each year, between ~~September 1~~ <u>August 15</u> and October ~~15~~ <u>1</u>, each utility must provide all customers, personally, by first class mail, or electronically for those requesting electronic billing, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.

<u>**EFFECTIVE DATE.** This section is effective the day following final enactment.</u>

Sec. 11. Minnesota Statutes 2020, section 216B.097, subdivision 1, is amended to read:

Subdivision 1. **Application; notice to residential customer.** (a) A municipal utility or a cooperative electric association must not disconnect and must reconnect the utility service of a residential customer during the period between October ~~15~~ 1 and April ~~15~~ 30 if the disconnection affects the primary heat source for the residential unit and all of the following conditions are met:

(1) The household income of the customer is at or below 50 percent of the state median household income. A municipal utility or cooperative electric association utility may (i) verify income on forms it provides or (ii) obtain verification of income from the local energy assistance provider. A customer is deemed to meet the income requirements of this clause if the customer receives any form of public assistance, including energy assistance, that uses an income eligibility threshold set at or below 50 percent of the state median household income.

(2) A customer enters into and makes reasonably timely payments under a payment agreement that considers the financial resources of the household.

(3) A customer receives referrals to energy assistance, weatherization, conservation, or other programs likely to reduce the customer's energy bills.

(b) A municipal utility or a cooperative electric association must, between August 15 and October ~~15~~ 1 each year, notify all residential customers of the provisions of this section.

Sec. 12. Minnesota Statutes 2020, section 216B.097, subdivision 2, is amended to read:

Subd. 2. **Notice to residential customer facing disconnection.** (a) Before disconnecting service to a residential customer during the period between October ~~15~~ 1 and April ~~15~~ 30, a municipal utility or cooperative electric association must provide the following information to a customer:

(1) a notice of proposed disconnection;

(2) a statement explaining the customer's rights and responsibilities;

(3) a list of local energy assistance providers;

(4) forms on which to declare inability to pay; and

(5) a statement explaining available time payment plans and other opportunities to secure continued utility service.

(b) At the same time that notice is given under paragraph (a), the utility must also give written or electronic notice of the proposed disconnection to the local energy assistance provider and the department.

Sec. 13. Minnesota Statutes 2020, section 216B.097, subdivision 3, is amended to read:

Subd. 3. **Restrictions if disconnection necessary.** (a) If a residential customer must be involuntarily disconnected remotely using advanced metering infrastructure or physically at the property being disconnected between October ~~15~~ 1 and April ~~15~~ 30 for failure to comply with subdivision 1, the disconnection must not occur:

(1) on a Friday, unless the customer declines to enter into a payment agreement offered that day in person or via personal contact by telephone by a municipal utility or cooperative electric association;

(2) on a weekend, holiday, or the day before a holiday;

(3) when utility offices are closed; or

(4) after the close of business on a day when disconnection is permitted, unless a field representative of a municipal utility or cooperative electric association who is authorized to enter into a payment agreement, accept payment, and continue service, offers a payment agreement to the customer.

Further, the disconnection must not occur until at least ~~20~~ 30 days after the notice required in subdivision 2 has been mailed to the customer or 15 days after the notice has been personally delivered to the customer.

(b) ~~If a customer does not respond to a disconnection notice,~~ The customer must not be disconnected until the utility ~~investigates~~ attempts to confirm whether the residential unit is actually occupied~~. If the unit is found to be occupied, the utility must immediately inform the occupant of the provisions of this section. If the unit is unoccupied, the utility must give seven days' written notice of the proposed disconnection to the local energy assistance provider before making a disconnection.~~, which the utility may accomplish by:

(1) visiting the residential unit; or

(2) examining energy usage data obtained through advanced metering infrastructure to determine whether there is energy usage over at least a 24-hour period that indicates occupancy.

(c) A utility may not disconnect a residential customer who is in compliance with section 216B.098, subdivision 5.

~~(c)~~ (d) If, prior to disconnection, a customer appeals a notice of involuntary disconnection, as provided by the utility's established appeal procedure, the utility must not disconnect until the appeal is resolved.

(e) For the purposes of this section, "advanced metering infrastructure" means an integrated system of smart meters, communication networks, and data management systems that enables two-way communication between a utility and its customers.

Sec. 14. Minnesota Statutes 2020, section 216B.097, is amended by adding a subdivision to read:

Subd. 5. **Cost recovery.** A municipal utility or cooperative electric association may recover the reasonable costs of disconnecting and reconnecting a residential customer, based on the costs of providing notice to the customer and other entities and whether the process was accomplished physically at the property being disconnected or reconnected or remotely using advanced metering infrastructure.

Sec. 15. Minnesota Statutes 2020, section 216B.0976, is amended to read:

**216B.0976 NOTICE ~~TO CITIES~~ OF UTILITY DISCONNECTION.**

Subdivision 1. **Notice required.** Notwithstanding section 13.685 or any other law or administrative rule to the contrary, a public utility, cooperative electric association, or municipal utility must provide notice to a statutory city or home rule charter city, and to the department, as prescribed by this section, of disconnection of a customer's gas or electric service. Upon written request from a city or the department, on October ~~15~~ 1 and November 1 of each year, or the next business day if that date falls on a Saturday or Sunday, a report must be made available to the city or the department of the address of properties currently disconnected and the date of the disconnection. Upon written request from a city or the department, between October ~~15~~ 1 and April ~~15~~ 30, daily reports must be made available of the address and date of any newly disconnected properties.

A city provided notice under this section must provide the information on disconnection to the police and fire departments of the city within three business days of receipt of the notice.

For the purpose of this section, "disconnection" means a cessation of services initiated by the public utility, cooperative electric association, or municipal utility that affects the primary heat source of a residence and service is not reconnected within 24 hours.

Subd. 2. **Data.** Data on customers that are provided ~~to cities~~ under subdivision 1 are private data on individuals or nonpublic data, as defined in section 13.02.

Sec. 16. Minnesota Statutes 2020, section 216B.1691, subdivision 2f, is amended to read:

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a and 2b, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy.

(b) For a public utility with more than 200,000 retail electric customers, at least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less.

(c) A public utility with between 50,000 and 200,000 retail electric customers:

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less; and

(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions of 40 kilowatts or less to a community solar garden program operated by the public utility that has been approved by the commission.

(d) The solar energy standard established in this subdivision is subject to all the provisions of this section governing a utility's standard obligation under subdivision 2a.

(e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy.

(f) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

(1) an iron mining extraction and processing facility, including a scram mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16; or

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer.

Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.

(g) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

~~(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.~~

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 17. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 14. **Minnesota efficient technology accelerator.** (a) A nonprofit organization with extensive experience implementing energy efficiency programs in Minnesota and conducting efficient technology research in the state may file a proposal with the commissioner of commerce for a program to accelerate deployment and reduce the cost of emerging and innovative efficient technologies and approaches and lead to lower energy costs for Minnesota consumers. Accelerator activities include strategic initiatives with technology manufacturers to improve the efficiency and performance of products, as well as with equipment installers and other key actors in the technology supply chain. Benefits of activities expected from the accelerator include cost effective energy savings for Minnesota utilities, bill savings for Minnesota utility consumers, enhanced employment opportunities in Minnesota, and avoidance of greenhouse gas emissions.

(b) Prior to developing and filing a proposal, the nonprofit must submit to the commissioner of commerce a notice of intent to file a proposal under this subdivision. The notice of intent must describe the nonprofit's qualifications and eligibility to file a proposal under this subdivision. The commissioner must review the notice of intent and issue a determination of eligibility within 30 days if the commissioner determines the nonprofit meets the required qualifications.

(c) Upon receiving the determination by the commissioner under paragraph (b), the nonprofit organization must engage with interested stakeholders on at least the following attributes required of a program proposal under this subdivision:

(1) a proposed budget and operational guidelines for the accelerator;

(2) a proposed energy savings attribution, evaluation, and allocation methodology that includes a method for calculating net benefits from activities under the program. Energy savings and net benefits from activities under the program must be allocated to participating utilities and be considered when determining cost-effectiveness of achieved energy savings and related incentives;

(3) a process to ensure that the technologies that are selected for the program benefit electric and natural gas utility customers in proportion to the funds each utility sector contributes to the program and address residential, commercial, and industrial building energy use; and

(4) a process for identifying and tracking performance metrics for each technology selected against which progress can be measured, including one or more methods for evaluating cost-effectiveness.

(d) No earlier than 180 days from the date of the commissioner's eligibility determination under paragraph (b), the nonprofit may file a program proposal under this subdivision. The filing must describe how the proposal addresses each of the required attributes listed in paragraph (c), clauses (1) to (4), and how the proposal addresses the recommendations and concerns identified in the stakeholder engagement process required under paragraph (c).

(e) Within ten days of receiving the proposal, the commissioner must provide public notice of the proposal and solicit feedback from interested parties for a period of not less than ten business days.

(f) Within 90 days of the filing of the proposal, the commissioner must approve, modify, or reject a proposal under this subdivision. In making a determination, the commissioner must consider public comments, the expected costs and benefits of the program from the perspectives of ratepayers, the participating utilities, and society, and the expected costs and benefits relative to other energy conservation programming authorized under this section.

(g) The initial program term may be up to five years. At the request of the nonprofit, the commissioner may renew a program approved under paragraph (d) for up to five years at a time. The nonprofit must submit to the commissioner a request to renew the program no later than 180 days prior to the end of the term of the program approved or renewed under this subdivision. When making a request to renew and determination on renewal, the nonprofit and commissioner must follow the process established under this subdivision, except that a qualified nonprofit is not required to seek eligibility under paragraph (b).

(h) Upon approval, each public utility with over 30,000 customers must participate in the program and contribute to the approved budget of the program by depositing annually in the energy and conservation account under subdivision 2a an amount that is proportional to the utility's gross operating revenue from sales of gas or electric service in Minnesota, excluding revenues from large customer facilities exempted under subdivision 1a. A participating utility must not be required to contribute more than the following percentages of the utility's spending approved by the commission in the plan filed under subdivision 2: (1) two percent in the program's initial two years; (2) 3.5 percent in the program's third and fourth years; and (3) five percent thereafter. Other utilities may elect to participate in the accelerator program. Costs incurred by a public utility under this subdivision are recoverable under subdivision 2b as an assessment to the energy and conservation account. Amounts provided to the account under this subdivision are not subject to the cap on assessments in section 216B.62. The commissioner may make expenditures from the account for the purposes of this subdivision, including amounts necessary to cover administrative costs incurred by the department under this subdivision. Costs for research projects under this subdivision that the commissioner determines may be duplicative to projects that would be eligible for funding under subdivision 1e, paragraph (a), may be deducted from the assessment under subdivision 1e for utilities participating in the accelerator.

(i) The commissioner must not approve more than one program to be implemented or in operation at any given time under this subdivision.

(j) At least once during the term of a program that is approved or renewed, the commissioner must contract for an independent review of the program to determine if it meets the objectives and requirements of this section and any criteria established by the department as a condition of approval. The review may not be conducted by an entity or person that acted as a stakeholder or interested party, or otherwise participated in the program preparation, filing, or review process. Upon completion, the reviewer must prepare a report detailing findings and recommendations, and the commissioner must transmit a copy of the report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over energy policy. Money required to conduct the review and prepare the report must be deducted from the total contribution amount under paragraph (h).

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 18. Minnesota Statutes 2020, section 216B.2412, subdivision 3, is amended to read:

Subd. 3. **Pilot programs.** The commission shall allow one or more rate-regulated utilities to participate in a pilot program to assess the merits of a rate-decoupling strategy to promote energy efficiency and conservation. Each pilot program must utilize the criteria and standards established in subdivision 2 and be designed to determine whether a rate-decoupling strategy achieves energy savings. On or before a date established by the commission, the commission shall require electric and gas utilities that intend to implement a decoupling program to file a decoupling pilot plan, which shall be approved or approved as modified by the commission. A pilot program may not exceed three years in length. Any extension beyond three years can only be approved in a general rate case, unless that decoupling program was previously approved as part of a general rate case. ~~The commission shall report on the programs annually to the chairs of the house of representatives and senate committees with primary jurisdiction over energy policy.~~

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 19. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 2d. **Plan to minimize impacts to workers due to facility retirement.** A utility required to file a resource plan under subdivision 2 that has scheduled the retirement of an electric generating facility located in Minnesota must include in the filing a narrative describing the utility's efforts, in conjunction with the utility's workers and the workers' designated representatives, to develop a plan to minimize the dislocations employees may suffer as a result of the facility's retirement. The narrative must address, at a minimum, plans to:

(1) minimize financial losses to workers;

(2) provide a transition timeline to ensure certainty for workers;

(3) protect pension benefits;

(4) extend or replace health insurance, life insurance, and other employment benefits;

(5) provide training and skill development for workers who must or choose to leave the utility;

(6) create targeted transition plans for workers at all locations impacted by the facility retirement; and

(7) quantify any additional costs the utility would incur and specifying what costs, if any, the utility would request be recovered in the utility's rates as a result of efforts made under this subdivision to minimize impacts to workers.

Sec. 20. **[216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.**

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216B.2428, the following terms have the meanings given.

(b) "Biogas" means gas produced by the anaerobic digestion of biomass, gasification of biomass, or other effective conversion processes.

(c) "Carbon capture" means the capture of greenhouse gas emissions that would otherwise be released into the atmosphere.

(d) "Carbon-free resource" means an electricity generation facility whose operation does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(e) "District energy" means a heating or cooling system that is solar thermal powered or that uses the constant temperature of the earth or underground aquifers as a thermal exchange medium to heat or cool multiple buildings connected through a piping network.

(f) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f), but does not include energy conservation investments that the commissioner determines could reasonably be included in a utility's conservation improvement program.

(g) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources within Minnesota and from the generation of electricity imported from outside the state and consumed in Minnesota, excluding carbon dioxide that is injected into geological formations to prevent its release to the atmosphere in compliance with applicable laws.

(h) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen, power-to-ammonia, carbon capture, strategic electrification, district energy, and energy efficiency.

(i) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas emissions resulting from the production, processing, transmission, and consumption of an energy resource.

(j) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas emissions per unit of energy delivered to an end user.

(k) "Nonexempt customer" means a utility customer that has not been included in a utility's innovation plan under subdivision 3, paragraph (f).

(l) "Power-to-ammonia" means the production of ammonia from hydrogen produced via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity than does natural gas produced from conventional geologic sources.

(m) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource to produce hydrogen.

(n) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1.

(o) "Renewable natural gas" means biogas that has been processed to be interchangeable with, and that has a lower lifecycle greenhouse gas intensity than, natural gas produced from conventional geologic sources.

(p) "Solar thermal" has the meaning given to qualifying solar thermal project in section 216B.2411, subdivision 2, paragraph (d).

(q) "Strategic electrification" means the installation of electric end-use equipment in an existing building in which natural gas is a primary or back-up fuel source, or in a newly constructed building in which a customer receives natural gas service for one or more end-uses, provided that the electric end-use equipment:

(1) results in a net reduction in statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient commercially available natural gas alternative; and

(2) is installed and operated in a manner that improves the load factor of the customer's electric utility.

Strategic electrification does not include investments that the commissioner determines could reasonably be included in the natural gas utility's conservation improvement program under section 216B.241.

(r) "Total incremental cost" means the calculation of the following components of a utility's innovation plan approved by the commission under subdivision 2:

(1) the sum of:

(i) return of and on capital investments for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;

(ii) incremental operating costs associated with capital investments in infrastructure for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;

(iii) incremental costs to procure innovative resources from third parties;

(iv) incremental costs to develop and administer programs; and

(v) incremental costs for research and development related to innovative resources;

(2) less the sum of:

(i) value received by the utility upon the resale of innovative resources or innovative resource by-products, including any environmental credits included with the resale of renewable gaseous fuels or value received by the utility when innovative resources are used as vehicle fuel;

(ii) cost savings achieved through avoidance of purchases of natural gas produced from conventional geologic sources, including but not limited to avoided commodity purchases and avoided pipeline costs; and

(iii) other revenues received by the utility that are directly attributable to the utility's implementation of an innovation plan.

(s) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that provides natural gas sales or natural gas transportation services to customers in Minnesota.

Subd. 2. **Innovation plans.** (a) A natural gas utility may file an innovation plan with the commission. The utility's plan must include, as applicable, the following components:

(1) the innovative resource or resources the utility plans to implement to contribute to meeting the state's greenhouse gas and renewable energy goals, including those established in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1, within the requirements and limitations set forth in this section;

(2) research and development investments related to innovative resources the utility plans to undertake;

(3) total lifecycle greenhouse gas emissions that the utility projects are reduced or avoided through implementing the plan;

(4) a comparison of the estimate in clause (3) to total emissions from natural gas use by utility customers in 2020;

(5) a description of each pilot program included in the plan that is related to the development or provision of innovative resources, and an estimate of the total incremental costs to implement each pilot program;

(6) the cost-effectiveness of innovative resources calculated from the perspective of the utility, society, the utility's nonparticipating customers, and the utility's participating customers compared to other innovative resources that could be deployed to reduce or avoid the same greenhouse gas emissions targeted for reduction by the utility's proposed innovative resource;

(7) for any pilot program not previously approved as part of the utility's most recent innovation plan, a third-party analysis of:

(i) the lifecycle greenhouse gas emissions intensity of the proposed innovative resources; and

(ii) the forecasted lifecycle greenhouse gas emissions reduced or avoided if the proposed pilot program is implemented;

(8) an explanation of the methodology used by the utility to calculate the lifecycle greenhouse gas emissions avoided or reduced by each pilot program included in the plan, including descriptions of how the utility's method deviated, if at all, from the carbon accounting frameworks established by the commission under section 216B.2428;

(9) a discussion of whether the plan supports the development and use of alternative agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, and the recovery of energy from wastewater, and, if it does, a description of the geographic areas of the state in which the benefits are realized;

(10) a description of third-party systems and processes the utility plans to use to:

(i) track the innovative resources included in the plan so that environmental benefits produced by the plan are not claimed for any other program; and

(ii) verify the environmental attributes and greenhouse gas emissions intensity of innovative resources included in the plan;

(11) projected local job impacts resulting from implementation of the plan and a description of steps the utility and the utility's energy suppliers and contractors are taking to maximize the availability of construction employment opportunities for local workers;

(12) a description of how the utility proposes to recover annual total incremental costs of the plan;

(13) steps the utility has taken or proposes to take to reduce the expected cost of the plan on low- and moderate-income residential customers and to ensure that low- and moderate-income residential customers benefit from innovative resources included in the plan;

(14) a report on the utility's progress toward implementing the utility's previously approved innovation plan, if applicable;

(15) a report of the utility's progress toward achieving the cost-effectiveness objectives established by the commission with respect to the utility's previously approved innovation plan, if applicable; and

(16) collections of pilot programs that the utility estimates would, if implemented, provide approximately 50 percent, 150 percent, and 200 percent of the greenhouse gas reduction or avoidance benefits of the utility's proposed plan.

(b) The commission must approve, modify, or reject a plan. The commission must not approve an innovation plan unless the commission finds:

(1) the size, scope, and scale of the plan produces net benefits under the cost-benefit framework established by the commission in section 216B.2428;

(2) the plan promotes the use of renewable energy resources and reduces or avoids greenhouse gas emissions at a cost level consistent with subdivision 3;

(3) the plan promotes local economic development;

(4) the innovative resources included in the plan have a lower lifecycle greenhouse gas intensity than natural gas produced from conventional geologic sources;

(5) the systems used to track and verify the environmental attributes of the innovative resources included in the plan are reasonable, considering available third-party tracking and verification systems;

(6) the costs and revenues projected under the plan are reasonable in comparison to other innovative resources the utility could deploy to reduce greenhouse gas emissions, considering other benefits of the innovative resources included in the plan;

(7) the total amount of estimated greenhouse gas emissions reduction or avoidance to be achieved under the plan is reasonable considering the state's greenhouse gas and renewable energy goals, including those established in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1; customer cost; and the total amount of greenhouse gas

emissions reduction or avoidance achieved under the utility's previously approved plans, if applicable; and

(8) any renewable natural gas purchased by a utility under the plan that is produced from the anaerobic digestion of manure is certified as being produced at an agricultural livestock production facility that has not and does not increase the number of animal units at the facility solely or primarily to produce renewable natural gas for the plan.

(c) In seeking to recover costs under a plan approved by the commission under this section, the utility must demonstrate to the satisfaction of the commission that the actual total incremental costs incurred to implement the approved innovation plan are reasonable. Prudently incurred costs under an approved plan, including prudently incurred costs to obtain the third-party analysis required in paragraph (a), clauses (6) and (7), are recoverable either:

(1) under section 216B.16, subdivision 7, clause (2), via the utility's purchased gas adjustment;

(2) in the utility's next general rate case; or

(3) via annual adjustments, provided that after notice and comment the commission determines that the costs included for recovery through rates are prudently incurred. Annual adjustments must include a rate of return, income taxes on the rate of return, incremental property taxes, incremental depreciation expense, and incremental operation and maintenance expenses. The rate of return must be at the level approved by the commission in the utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

(d) The commission may not approve a utility's initial plan filed under this section unless:

(1) 50 percent or more of the utility's costs approved by the commission for recovery under the plan are for the procurement and distribution of renewable natural gas, biogas, hydrogen produced via power-to-hydrogen, and ammonia produced via power-to-ammonia; and

(2) the utility's costs approved by the commission for recovery for any pilot program to facilitate the development, expansion, or modification of district energy systems, as required under subdivision 9, represent no more than 20 percent of the total costs approved by the commission for recovery under the plan.

(e) Upon approval of a utility's plan, the commission shall establish cost-effectiveness objectives for the plan based on the cost-benefit test for innovative resources developed under section 216B.2428. The cost-effectiveness objective for each plan must demonstrate incremental progress from the previously approved plan's cost-effectiveness objective.

(f) A utility operating under an approved plan must file annual reports to the commission on work completed under the plan, including:

(1) costs incurred;

(2) lifecycle greenhouse gas emissions reductions or avoidance achieved;

(3) a description of the processes used to track and verify the innovative resources and to retire the associated environmental attributes;

(4) an assessment of the degree to which the lifecycle greenhouse gas accounting methodology is consistent with current science;

(5) the economic impact of the plan, including job creation;

(6) the utility's progress toward achieving the cost-effectiveness objectives established by the commission; and

(7) modifications to elements of the plan proposed by the utility.

(g) When evaluating a utility's annual report, the commission may:

(1) approve the continuation of a pilot program included in the plan, with or without modifications;

(2) require the utility to file a new or modified pilot program or plan; or

(3) disapprove the continuation of a pilot program or plan.

(h) An innovation plan has a term of five years. A subsequent innovation plan must be filed no later than four years after the previous plan was approved by the commission so that, if approved, the new plan takes effect immediately upon expiration of the previous plan.

(i) For purposes of this section and the commission's lifecycle carbon accounting framework and cost-benefit test for innovative resources under section 216B.2428, any required analysis of lifecycle greenhouse gas emissions reductions or avoidance, or lifecycle greenhouse gas intensity:

(1) must include but is not limited to estimates of:

(i) avoided or reduced greenhouse gas emissions attributable to utility operations;

(ii) avoided or reduced greenhouse gas emissions from the production, processing, and transmission of fuels prior to receipt by the utility; and

(iii) avoided or reduced greenhouse gas emissions at the point of end use;

(2) must not count any unit of greenhouse gas emissions avoidance or reduction more than once; and

(3) may, where direct measurement is not technically or economically feasible, rely on emissions factors, default values, or engineering estimates from a publicly accessible source accepted by a federal or state government agency, provided that the emissions factors, default values, or engineering estimates can be demonstrated to the satisfaction of the commission to produce a reasonable estimate of greenhouse gas emissions reductions, avoidance, or intensity.

(j) Strategic electrification implemented in a plan approved by the commission under this section is not eligible for a financial incentive under section 216B.241, subdivision 2c. Electric end-use equipment installed under a plan approved by the commission under this section is the exclusive property of the building owner.

Subd. 3. **Limitations on utility customer costs.** (a) Except as provided in paragraph (b), the first innovation plan submitted to the commission by a utility must not propose, and the commission must not approve, annual total incremental costs exceeding the lesser of:

(1) 1.75 percent of the utility's gross operating revenues from natural gas service provided in Minnesota at the time of plan filing; or

(2) $20 per nonexempt customer, based on the proposed annual total incremental costs for each year of the plan divided by the total number of nonexempt utility customers.

(b) The commission may approve additional annual costs up to the lesser of:

(1) an additional 0.25 percent of the utility's gross operating revenues from service provided in Minnesota at the time of plan filing; or

(2) $5 per nonexempt customer, based on the proposed annual total incremental costs for each year of the plan divided by the total number of nonexempt utility customers of incremental costs.

The commission may approve the additional costs under this paragraph only if the commission determines that the additional costs are associated exclusively with the purchase of renewable natural gas produced from:

(i) food waste diverted from a landfill;

(ii) a municipal wastewater treatment system; or

(iii) an organic mixture that includes at least 15 percent, by volume, sustainably harvested native prairie grasses or locally appropriate cover crops, as determined by a local soil and water conservation district or the United States Department of Agriculture, Natural Resources Conservation Service.

(c) Unless the commission determines that paragraph (d) applies, if the commission determines that the utility has successfully achieved the cost-effectiveness objectives established in the utility's most recently approved innovation plan, the next subsequent plan filed by the utility under this section is subject to the provisions of paragraphs (a) and (b), except that:

(1) the cap on total incremental costs in paragraph (a) with respect to the second plan is the lesser of:

(i) 2.75 percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $35 per nonexempt customer; and

(2) the cap on additional costs in paragraph (b) is the lesser of:

(i) an additional 0.75 percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $10 per nonexempt customer.

(d) If the commission determines that the utility has successfully achieved the cost-effectiveness objectives established in two of the same utility's previously approved innovation plans, all subsequent plans filed by the utility under this section are subject to paragraphs (a) and (b), except that:

(1) the cap on total incremental costs in paragraph (a) with respect to the third or subsequent plan is the lesser of:

(i) four percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $50 per nonexempt customer; and

(2) the cap on additional costs in paragraph (b) is the lesser of:

(i) an additional 1.5 percent of the utility's gross operating revenues from natural gas service in Minnesota at the time of the plan's filing; or

(ii) $20 per nonexempt customer.

(e) For purposes of paragraphs (a) to (d), the limits on annual total incremental costs must be calculated at the time the innovation plan is filed as the average of the utility's forecasted total incremental costs over the five-year term of the plan.

(f) A large customer facility that the commissioner of commerce has exempted from a utility's conservation improvement program under section 216B.241, subdivision 1a, paragraph (b), is exempt from the utility's innovation plan offerings and must not be charged any costs incurred to implement an approved innovation plan unless the large customer facility files a request with the commissioner to be included in a utility's innovation plan. The commission may prohibit large customer facilities exempt from innovation plan costs from participating in innovation plans.

(g) A utility filing an innovation plan may include annual spending and investments on research and development of up to ten percent of the proposed total incremental costs related to innovative plans, subject to the limitations in paragraphs (a) to (e).

(h) For purposes of this subdivision, gross operating revenues do not include revenues from large customer facilities exempt from innovation plan costs.

Subd. 4. **Innovative resources procured outside of an innovation plan.** (a) Without filing an innovation plan, a natural gas utility may propose and the commission may approve cost recovery for:

(1) innovative resources acquired to satisfy a commission-approved green tariff program that allows customers to choose to meet a portion of the customers' energy needs through innovative resources; or

(2) utility expenditures for innovative resources procured at a cost that is within five percent of the average of Ventura and Demarc index prices for natural gas produced from conventional geologic sources at the time of the transaction per unit of natural gas that the innovative resource displaces.

(b) An approved green tariff program must include provisions to ensure that reasonable systems are used to track and verify the environmental attributes of innovative resources included in the program, taking into account any available third-party tracking or verification systems.

(c) For the purposes of this subdivision, "Ventura and Demarc index prices" means the daily index price of wholesale natural gas sold at the Northern Natural Gas Company's Ventura trading hub in Hancock County, Iowa, and its demarcation point in Clifton, Kansas.

Subd. 5. **Power-to-ammonia.** When determining whether to approve a power-to-ammonia pilot program as part of an innovative plan, the commission must consider:

(1) the risk of exposing any person to unhealthy concentrations of ammonia;

(2) the risk that any home or business might be affected by ammonia odors;

(3) whether the greenhouse gas emissions addressed by the proposed power-to-ammonia project could be more efficiently addressed using power-to-hydrogen; and

(4) whether the power-to-ammonia project achieves lifecycle greenhouse gas emissions reductions in the agricultural sector more effectively than power-to-hydrogen.

Subd. 6. **Thermal energy audits.** The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to provide thermal energy audits to small- and medium-sized business in order to identify opportunities to reduce or avoid greenhouse gas emissions from natural gas use. The pilot program must provide incentives for businesses to implement recommendations made by the audit. The utility must develop criteria to identify businesses that achieve significant emissions reductions by implementing audit recommendations and must recognize the businesses as thermal energy leaders.

Subd. 7. **Innovative resources for certain industrial processes.** The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to provide innovative resources to industrial facilities whose manufacturing processes, for technical reasons, are not amenable to electrification. A large customer facility exempt from innovation plan offerings under subdivision 3, paragraph (f), is not eligible to participate in the pilot program under this subdivision.

Subd. 8. **Electric cold climate air-source heat pumps.** (a) The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program that facilitates deep energy retrofits and the installation of cold climate electric air-source heat pumps in existing residential homes that have natural gas heating systems.

(b) For purposes of this subdivision, "deep energy retrofit" means the installation of any measure or combination of measures, including air sealing and addressing thermal bridges, that under normal weather and operating conditions can reasonably be expected to reduce a building's calculated design load to ten or fewer British Thermal Units per hour per square foot of conditioned floor area. Deep energy retrofit does not include the installation of photovoltaic electric generation equipment, but may include the installation of a solar thermal energy project.

Subd. 9. **District energy.** The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to facilitate the development, expansion, or modification of district energy systems in Minnesota. This subdivision does not require the utility to propose, construct, maintain, or own district energy infrastructure.

Subd. 10. **Throughput goal.** It is the goal of the state of Minnesota that through the Natural Gas Innovation Act and Conservation Improvement Program, utilities reduce the overall amount of natural gas produced from conventional geologic sources delivered to customers.

Subd. 11. **Utility system report and forecasts.** (a) A public utility filing an innovation plan shall concurrently submit a report to the commission containing the following information:

(1) the volume of methane gas emissions attributed to venting or leakage across the utility's system, including emissions information reported to the Environmental Protection Agency and gas leaks considered to be hazardous or nonhazardous, and a narrative description of the utility's expectations regarding the cost and performance of the utility's leakage reduction programs over the next five years;

(2) total system greenhouse gas emissions and greenhouse gas emissions projected to be reduced or avoided through innovative resource investments and energy conservation investments, and a narrative description of the costs required to achieve the reductions over the next five years through investments in innovative resources and energy conservation;

(3) the quantity of pipe in service in the utility's natural gas network in Minnesota, by material, size, coating, operating pressure, and decade of installation, based on utility information reported to the United States Department of Transportation;

(4) a narrative description of other significant equipment owned and operated by the utility through which gas is transported or stored, including regulator stations and storage facilities, a discussion of the function of the equipment, how the equipment is maintained, and utility efforts to prevent leaks from the equipment;

(5) a five-year forecast of fuel prices and anticipated purchases including, as available, natural gas produced from conventional geologic sources, renewable natural gas, and alternative fuels;

(6) a five-year forecast of potential capital investments by the utility in existing infrastructure and new infrastructure for natural gas produced from conventional geologic sources and for innovative resources; and

(7) an inventory of the utility's current financial incentive programs for natural gas, including rebates and incentives offered for new and existing buildings and a description of the utility's projected changes in incentives the utility is likely to implement over the next five years.

(b) Information filed under this subdivision is intended to be used by the commission to evaluate a utility's innovation plan in the context of the utility's other planned investments and activities with respect to natural gas produced from conventional geologic sources. Information filed under this subdivision must not be used by the commission to set or limit utility rate recovery.

**EFFECTIVE DATE.** This section is effective June 1, 2022.

Sec. 21. **[216B.2428] LIFECYCLE GREENHOUSE GAS EMISSIONS ACCOUNTING FRAMEWORK; COST-BENEFIT TEST FOR INNOVATIVE RESOURCES.**

By June 1, 2022, the commission shall, by order, issue frameworks the commission must use to calculate lifecycle greenhouse gas emissions intensities of each innovative resource, as follows:

(1) a general framework to compare the lifecycle greenhouse gas emissions intensities of power-to-hydrogen, strategic electrification, renewable natural gas, district energy, energy efficiency, biogas, carbon capture, and power-to-ammonia; and

(2) a cost-benefit analytic framework to be applied to innovative resources and innovation plans filed under section 216B.2427 that the commission must use to compare the cost-effectiveness of those resources and plans. This analytic framework must take into account:

(i) the total incremental cost of the plan or resource and the lifecycle greenhouse gas emissions avoided or reduced by the innovative resource or plan, using the framework developed under clause (1);

(ii) additional economic costs and benefits, programmatic costs and benefits, additional environmental costs and benefits, and other costs or benefits that may be expected under a plan; and

(iii) baseline cost-effectiveness criteria against which an innovation plan should be compared. When establishing baseline criteria, the commission must take into account options available to reduce lifecycle greenhouse gas emissions from natural gas end uses and the goals in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision

1. To the maximum reasonable extent, the cost-benefit framework must be consistent with environmental cost values established under section 216B.2422, subdivision 3, and other calculations of the social value of greenhouse gas emissions reductions used by the commission. The commission may update frameworks established under this section as necessary.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 22. Minnesota Statutes 2020, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. **Assessment for department regional and national duties.** (a) In addition to other assessments in subdivision 3, the department may assess up to $500,000 per fiscal year ~~for performing its~~ to perform the duties under section 216A.07, subdivision 3a, and to conduct analysis that assesses energy grid reliability at state, regional, and national levels. The amount in this subdivision shall be assessed to energy utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state.

(b) By February 1, 2023, the commissioner of commerce must submit a written report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy. The report must describe how the department has used utility grid assessment funding under paragraph (a) and must explain the impact the grid assessment funding has had on grid reliability in Minnesota.

(c) This subdivision expires June 30, ~~2021~~ 2023.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 23. **[216C.375] SOLAR FOR SCHOOLS PROGRAM.**

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216C.376, the following terms have the meanings given them.

(b) "Developer" means an entity that installs a solar energy system on a school building that has been awarded a grant under this section.

(c) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

(d) "School" means: (1) a school that operates as part of an independent or special school district; or (2) a state college or university that is under the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities.

(e) "School district" means an independent or special school district.

(f) "Solar energy system" means photovoltaic or solar thermal devices.

(g) "Solar thermal" has the meaning given to "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (d).

(h) "State colleges and universities" has the meaning given in section 136F.01, subdivision 4.

Subd. 2. **Establishment; purpose.** A solar for schools program is established in the Department of Commerce. The purpose of the program is to provide grants to stimulate the installation of solar energy systems on or adjacent to school buildings by reducing the cost, and to enable schools to use the solar energy system as a teaching tool that can be integrated into the school's curriculum.

Subd. 3. **Establishment of account.** A solar for schools program account is established in the special revenue fund. Money received from the general fund must be transferred to the commissioner of commerce and credited to the account. Except as otherwise provided in this paragraph, money deposited in the account remains in the account until expended. Any money that remains in the account on June 30, 2027, cancels to the general fund.

Subd. 4. **Expenditures.** (a) Money in the account may be used only:

(1) for grant awards made under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section.

(b) Grant awards made with funds in the account must be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1.

Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section only if the solar energy system that is the subject of the grant:

(1) is installed on or adjacent to the school building that consumes the electricity generated by the solar energy system, on property within the service territory of the utility currently providing electric service to the school building;

(2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is installed; and

(3) has real-time and cumulative display devices, located in a prominent location accessible to students and the public, that indicate the system's electrical performance.

(b) A school that receives a rebate or other financial incentive under section 216B.241 for a solar energy system and that demonstrates considerable need for financial assistance, as determined by the commissioner, is eligible for a grant under this section for the same solar energy system.

Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals to utilities, schools, and developers who may wish to apply for a grant under this section on behalf of a school.

(b) A utility or developer must submit an application to the commissioner on behalf of a school on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the capacity of the proposed solar energy system and the amount of electricity that is expected to be generated;

(2) the current energy demand of the school building on which the solar energy generating system is to be installed and information regarding any distributed energy resource, including subscription to a community solar garden, that currently provides electricity to the school building;

(3) a description of any solar thermal devices proposed as part of the solar energy system;

(4) the total cost to purchase and install the solar energy system and the solar energy system's lifecycle cost, including removal and disposal at the end of the system's life;

(5) a copy of the proposed contract agreement between the school and the public utility or developer that includes provisions addressing responsibility for maintenance of the solar energy system;

(6) the school's plan to make the solar energy system serve as a visible learning tool for students, teachers, and visitors to the school, including how the solar energy system may be integrated into the school's curriculum and provisions for real-time monitoring of the solar energy system performance for display in a prominent location within the school or on-demand in the classroom;

(7) information that demonstrates the school's level of need for financial assistance available under this section;

(8) information that demonstrates the school's readiness to implement the project, including but not limited to the availability of the site on which the solar energy system is to be installed and the level of the school's engagement with the utility providing electric service to the school building on which the solar energy system is to be installed on issues relevant to the implementation of the project, including metering and other issues;

(9) with respect to the installation and operation of the solar energy system, the willingness and ability of the developer or the public utility to:

(i) pay employees and contractors a prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) adhere to the provisions of section 177.43;

(10) how the developer or public utility plans to reduce the school's initial capital expense to purchase and install the solar energy system by providing financial assistance to the school; and

(11) any other information deemed relevant by the commissioner.

(c) The commissioner must administer an open application process under this section at least twice annually.

(d) The commissioner must develop administrative procedures governing the application and grant award process.

Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded a grant under this section shall provide the commissioner information regarding energy conservation measures implemented at the school building at which the solar energy system is installed. The commissioner may make recommendations to the school regarding cost-effective conservation measures it can implement and may provide technical assistance and direct the school to available financial assistance programs.

Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. **Grant payments.** The commissioner must award a grant from the account established under subdivision 3 to a school for the necessary costs associated with the purchase and installation of a solar energy system. The amount of the grant must be based on the commissioner's assessment of the school's need for financial assistance.

Subd. 10. **Application deadline.** No application may be submitted under this section after December 31, 2025.

Subd. 11. **Reporting.** Beginning January 15, 2022, and each year thereafter until January 15, 2028, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy regarding: (1) grants and amounts awarded to schools under this section during the previous year; (2) financial assistance, including amounts per award, provided to schools under section 216C.376 during the previous year; and (3) any remaining balances available under this section and section 216C.376.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 24. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY SERVICE TERRITORY.**

Subdivision 1. **Establishment; purpose.** The utility subject to section 116C.779 must operate a program to provide financial assistance to enable schools to install and operate solar energy systems that can be used as teaching tools and be integrated into the school curriculum.

Subd. 2. **Required plan.** (a) By October 1, 2021, the public utility must file a plan for the solar for schools program with the commissioner. The plan must contain but is not limited to the following elements:

(1) a description of how the public utility proposes to use incentive program money withheld from the renewable development account to provide financial assistance to schools at which a solar energy system is installed;

(2) an estimate of the amount of financial assistance that the public utility provides to a school under clause (1), and the length of time financial assistance is provided;

(3) administrative procedures governing the application and financial assistance award process, and the costs the public utility is projected to incur to administer the program;

(4) the public utility's proposed process for periodic reevaluation and modification of the program; and

(5) any additional information required by the commissioner.

(b) The public utility may not implement the program until the commissioner approves the public utility's plan submitted under this subdivision. The commissioner must approve a plan under this subdivision that the commissioner determines to be in the public interest no later than December 31, 2021. Any proposed modifications to the plan approved under this subdivision must be approved by the commissioner.

Subd. 3. **System eligibility.** A solar energy system is eligible to receive financial assistance under this section if it meets all of the following conditions:

(1) the solar energy system must be located on or adjacent to a school building receiving retail electric service from the public utility and completely located within the public utility's electric service territory, provided that any land situated between the school building and the site where the solar energy system is installed is owned by the school district or the state college or university in which the school building operates;

(2) the total aggregate nameplate capacity of all distributed generation serving the school building, including any subscriptions to a community solar garden under section 216B.1641, may not exceed the lesser of one megawatt alternating current or 120 percent of the average annual electric energy consumption of the school building; and

(3) has real-time and cumulative display devices, located in a prominent location accessible to students and the public, that indicate the system's electrical performance.

Subd. 4. **Application process.** (a) A school seeking financial assistance under this section must submit an application to the public utility, including a plan for how the school uses the solar energy system as a visible learning tool for students, teachers, and visitors to the school, and how the solar energy system may be integrated into the school's curriculum.

(b) The public utility must award financial assistance under this section on a first-come, first-served basis.

(c) The public utility must discontinue accepting applications under this section after all money withheld under subdivision 5 are allocated to program participants, including funds from canceled projects.

Subd. 5. **Program funding.** (a) In 2022, the public utility subject to section 116C.779 must withhold $8,000,000 from the transfer made under section 116C.779, subdivision 1, paragraph (e), to pay for assistance provided by the program under this section. The money withheld under this paragraph must be used to pay for financial assistance awarded under this section and the costs to administer this section. Any money that remains unexpended on June 30, 2027, cancels to the renewable development account.

(b) The renewable energy credits associated with the electricity generated by a solar energy system installed under this section are the property of the public utility that is subject to this section for the life of the system, regardless of the duration of the financial assistance provided by the public utility under this section.

Subd. 6. **Limitation.** (a) No more than 60 percent of the financial assistance provided by the public utility to schools under this section may be provided to schools where the proportion of students eligible for free and reduced-price lunch under the National School Lunch Program is less than 50 percent. If, after December 31, 2024, there is an insufficient number of applicant schools to fulfill the requirements of this paragraph, the remaining amounts may be provided to any school that is otherwise eligible to receive financial assistance under this section but for the requirements of this paragraph.

(b) No more than ten percent of the total amount of financial assistance provided by the public utility to schools under this section may be provided to schools that are part of the same school district or state college or university.

(c) Paragraph (a) does not apply to a state college or university.

Subd. 7. **Technical assistance.** The commissioner may provide technical assistance to schools to develop and execute projects under this section.

Subd. 8. **Program information.** The public utility must provide information requested by the commissioner that the commissioner determines is necessary to complete the report required under section 216C.375, subdivision 11.

Subd. 9. **Application deadline.** No application may be submitted under this section after December 31, 2025.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 25. Minnesota Statutes 2020, section 216F.012, is amended to read:

**216F.012 SIZE ELECTION.**

(a) A wind energy conversion system of less than 25 megawatts of nameplate capacity as determined under section 216F.011 is a small wind energy conversion system if, by July 1, 2009, the owner so elects in writing and submits a completed application for zoning approval and the written election to the county or counties in which the project is proposed to be located. The owner must notify the Public Utilities Commission of the election at the time the owner submits the election to the county.

(b) Notwithstanding paragraph (a), a wind energy conversion system with a nameplate capacity exceeding five megawatts that is proposed to be located wholly or partially within a wind access buffer adjacent to state lands that are part of the outdoor recreation system, as enumerated in section 86A.05, is a large wind energy conversion system. The Department of Natural Resources shall negotiate in good faith with a system owner regarding siting and may support the system owner in seeking a variance from the system setback requirements if it determines that a variance is in the public interest.

~~(c) The Public Utilities Commission shall issue an annual report to the chairs and ranking minority members of the house of representatives and senate committees with primary jurisdiction over energy policy and natural resource policy regarding any variances applied for and not granted for systems subject to paragraph (b).~~

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 26. **[216F.084] WIND TURBINE LIGHTING SYSTEMS.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Duration" means the length of time during which the lights of a wind turbine lighting system are lit.

(c) "Intensity" means the brightness of a wind turbine lighting system's lights.

(d) "Light-mitigating technology" means a sensor-based system that reduces the duration or intensity of wind turbine lighting systems by:

(1) using radio frequency or other sensors to detect aircraft approaching one or more wind turbines, or detecting visibility conditions at turbine sites; and

(2) automatically activating appropriate lights until the lights are no longer needed by the aircraft and are turned off or dimmed.

A light-mitigating technology may include an audio feature that transmits an audible warning message to provide a pilot additional information regarding a wind turbine the aircraft is approaching.

(e) "Repowering project" has the meaning given in section 216B.243, subdivision 8, paragraph (b).

(f) "Wind turbine lighting system" means a system of lights installed on an LWECS that meets the applicable Federal Aviation Administration requirements.

Subd. 2. **Application.** This section applies to an LWECS issued a site permit or site permit amendment, including a site permit amendment for an LWECS repowering project, by the commission under section 216F.04 or by a county under section 216F.08, provided that the application for a site permit or permit amendment is filed after July 1, 2021.

Subd. 3. **Required lighting system.** (a) An LWECS subject to this section must be equipped with a light-mitigating technology that meets the requirements established in Chapter 14 of the Federal Aviation Administration's Advisory Circular 70/760-1, Obstruction Marking and Lighting, as updated, unless the Federal Aviation Administration, after reviewing the LWECS site plan, rejects the use of the light-mitigating technology for the LWECS. A light-mitigating technology installed on a wind turbine in Minnesota must be purchased from a vendor approved by the Federal Aviation Administration.

(b) If the Federal Aviation Administration, after reviewing the LWECS site plan, rejects the use of a light-mitigating technology for the LWECS under paragraph (a), the LWECS must be equipped with a wind turbine lighting system that minimizes the duration or intensity of the lighting system while maintaining full compliance with the lighting standards established in Chapter 13 of the Federal Aviation Administration's Advisory Circular 70/760-1, Obstruction Marking and Lighting, as updated.

Subd. 4. **Exemptions.** (a) The Public Utilities Commission or a county that has assumed permitting authority under section 216F.08 must grant an owner of an LWECS an exemption from subdivision 3, paragraph (a), if the Federal Aviation Administration denies the owner's application to equip an LWECS with a light-mitigating technology.

(b) The Public Utilities Commission or a county that has assumed permitting authority under section 216F.08 must grant an owner of an LWECS an exemption from or an extension of time to comply with subdivision 3, paragraph (a), if after notice and public hearing the owner of the LWECS demonstrates to the satisfaction of the commission or county that:

(1) equipping an LWECS with a light-mitigating technology is technically infeasible;

(2) equipping an LWECS with a light-mitigating technology imposes a significant financial burden on the permittee; or

(3) a vendor approved by the Federal Aviation Administration cannot deliver a light-mitigating technology to the LWECS owner in a reasonable amount of time.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 27. **PUBLIC UTILITIES COMMISSION; EVALUATION OF THE ROLE OF NATURAL GAS UTILITIES IN ACHIEVING STATE GREENHOUSE GAS REDUCTION GOALS.**

By August 1, 2021, the Public Utilities Commission must initiate a proceeding to evaluate changes to natural gas utility regulatory and policy structures needed to meet or exceed Minnesota's greenhouse gas emissions reductions goals, including those established in Minnesota Statutes, section 216H.02.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 28. **DEPARTMENT OF ADMINISTRATION; MASTER SOLAR CONTRACT PROGRAM.**

The Department of Administration shall not extend the term of its current on-site solar photovoltaic master contract, but shall instead, no later than February 1, 2022, announce an open request for proposals for a new statewide on-site solar photovoltaic master contract to allow additional applicants to submit proposals to enable their participation in the state's solar master contract program.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 29. **AGRICULTURAL WEATHER STUDY.**

(a) The Board of Regents of the University of Minnesota is requested to conduct a study that generates weather model projections for the entire state of Minnesota at a level of detail as small as three square miles in area. At a minimum, the study must:

(1) use resources at the Minnesota Supercomputing Institute to analyze high-performing models under varying greenhouse gas emissions scenarios and develop a series of projections of temperature, precipitation, snow cover, and a variety of other parameters through the year 2100;

(2) downscale the impact results under clause (1) to areas as small as three square miles;

(3) develop a publicly accessible data portal website to:

(i) allow farmers, other universities, nonprofit organizations, businesses, and government agencies to use the model projections; and

(ii) educate and train users to use the data most effectively; and

(4) incorporate information on how to use the model results in the University of Minnesota Extension's education efforts.

(b) In conjunction with the study, the university must conduct at least two "train the trainer" workshops for farmers, state agencies, municipalities, and other stakeholders to educate attendees regarding how to use and interpret the model data as a basis for adaptation and resilience efforts.

(c) Beginning July 1, 2022, and continuing each July 1 through 2024, the University of Minnesota must provide a written report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over agriculture, energy, and environment. The report must document the progress made on the study and study results and must note any obstacles encountered that could prevent successful completion of the study.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 30. **CLEAN ENERGY CAREERS PILOT PROJECT.**

(a) The commissioner of employment and economic development must issue a grant for a pilot project to provide training pathways into careers in the clean energy sector for students and young adults in underserved communities.

(b) The pilot project must develop skills in program participants, short of the level required for licensing under Minnesota Statutes, chapter 326, that are relevant to designing, constructing, operating, or maintaining:

(1) systems that produce renewable solar or wind energy;

(2) improvements in energy efficiency, as defined under Minnesota Statutes, section 216B.241, subdivision 1;

(3) energy storage systems, including battery technology, connected to renewable energy facilities;

(4) infrastructure for charging all-electric or electric hybrid motor vehicles; or

(5) grid technologies that manage load and provide services to the distribution grid that reduce energy consumption or shift demand to off-peak periods.

(c) Training must be designed to create pathways to (1) a postsecondary degree, industry certification, or a registered apprenticeship program under Minnesota Statutes, chapter 178, that is related to the fields in paragraph (b), and (2) stable career employment at a living wage.

(d) Money from a grant under this section may be used for all expenses related to the training program, including curriculum, instructors, equipment, materials, and leasing and improving space for use by the pilot program.

(e) No later than January 15, 2022, and by January 15 of 2023 and 2024, Northgate Development, LLC, shall submit an annual report to the commissioner of employment and economic development that must include, at a minimum, information on:

(1) program expenditures, including but not limited to amounts spent on curriculum, instructors, equipment, materials, and leasing and improving space for use by the program;

(2) other public or private funding sources, including in-kind donations, supporting the pilot program;

(3) the number of program participants;

(4) demographic information on program participants including but not limited to race, age, gender, and income; and

(5) the number of program participants placed in a postsecondary program, industry certification program, or registered apprenticeship program under Minnesota Statutes, chapter 178.

Sec. 31. **CONSTRUCTION MATERIALS; ENVIRONMENTAL IMPACT STUDY.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Eligible materials" means any of the following materials that function as part of a structural system or structural assembly:

(1) concrete, including structural cast in place, shortcrete, and precast;

(2) unit masonry;

(3) metal of any type; and

(4) wood of any type, including but not limited to wood composites and wood-laminated products.

(c) "Engineered wood" means a product manufactured by banding or fixing strands, particles, fiber, or veneers of boards of wood by using adhesives combined with heat and pressure, or other methods to form composite material.

(d) "State building" means a building owned by the state of Minnesota.

(e) "Structural" means a building material or component that (1) supports gravity loads of building floors, roofs, or both; and (2) is the primary lateral system resisting wind and earthquake loads. Structural includes but is not limited to shear walls, braced or moment frames, foundations, below-grade walls, and floors.

(f) "Supply-chain specific" means an environmental product declaration that includes supply-chain specific data for production processes that contribute to 80 percent or more of a product's lifecycle global warming potential. For engineered wood products, supply-chain specific also means an environmental product declaration that reports:

(1) any chain of custody certification;

(2) the percentage of wood, by volume, used in the product, itemized by the wood's source:

(i) by a state, or by a province and country;

(ii) by the owner type, whether federal, state, private, or other; and

(iii) with forest management certification.

(g) "Type III environmental product declaration" means a document, verified and registered by a third party, that (1) contains a lifecycle assessment of the environmental impacts, including but not limited to the use of water, land, and energy resources, in the manufacturing process of a specific product constructed or manufactured by a specific firm; and (2) meets the applicable standards developed and maintained by the International Organization for Standardization for environmental impact lifecycle assessments.

Subd. 2. **Study; requirements.** The commissioner of administration must contract with the Center for Sustainable Building Research at the University of Minnesota to examine the feasibility, economic costs, and environmental benefits of requiring (1) a bid that proposes to use or construct one or more eligible materials in the construction or major renovation of a new state building to include a supply-chain specific type III environmental product declaration for each of those materials, and (2) that the information under clause (1) included in a bid must be considered when making a contract award. In conducting the study, the Center for Sustainable Building Research must examine and evaluate similar programs adopted in other states.

Subd. 3. **Report.** By February 1, 2022, the commissioner of administration must submit the findings and recommendations of the study to the chairs and ranking minority members of the legislative committees with primary jurisdiction over environmental policy.

# ARTICLE 9

# LAW ENFORCEMENT SALARIES

Section 1. **LAW ENFORCEMENT SALARY INCREASES.**

(a) Notwithstanding any law to the contrary, the commissioner of commerce must increase the salary paid to commerce insurance fraud specialists positions in positions represented by the Minnesota Law Enforcement Association by 13.2 percent, and must increase the salary paid to these commerce insurance fraud specialists that are compensated at the maximum base wage level by an additional two percent.

(b) Notwithstanding any law to the contrary, in addition to the salary increases required under paragraph (a), the commissioner of commerce shall increase by 8.4 percent the salary paid to supervisors and managers, and must increase the salary paid to supervisors and managers who are compensated at the maximum base wage level by an additional two percent. For purposes of this paragraph, "supervisors and managers" means employees who are employed in positions that require them to be licensed as peace officers, as defined in Minnesota Statutes, section 626.84, subdivision 1, who supervise or manage employees described in paragraph (a).

**EFFECTIVE DATE.** This section is effective retroactively from October 22, 2020.

Sec. 2. **LAW ENFORCEMENT SALARY SUPPLEMENT FOR FISCAL YEAR 2020.**

Notwithstanding any law to the contrary, an eligible state employee employed at any time during fiscal year 2020 in a position for which the Minnesota Law Enforcement Association was the exclusive representative shall receive a salary supplement payment that is equal to the salary the employee earned in that position in fiscal year 2020, multiplied by 2.25 percent. For purposes of this section, "eligible state employee" means a person who is employed by the state on the effective date of this section and who was employed in fiscal year 2020 as a commerce insurance fraud specialist by the Department of Commerce.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 3. **LAW ENFORCEMENT SALARY SUPPLEMENT FOR A PORTION OF FISCAL YEAR 2021.**

Notwithstanding any law to the contrary, an eligible state employee employed at any time from July 1, 2020, to October 21, 2020, in a position for which the Minnesota Law Enforcement Association was the exclusive representative shall receive a salary supplement payment that is equal to the salary the employee earned in that position from July 1, 2020, to October 21, 2020, multiplied by 4.8 percent. For purposes of this section, "eligible state employee" means a person who is employed by the state on the effective date of this section and who was employed at any time from July 1, 2020, to October 21, 2020, as a commerce insurance fraud specialist by the Department of Commerce.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 4. **APPROPRIATIONS; SALARY INCREASES.**

$214,000 in fiscal year 2021 is appropriated from the general fund to the commissioner of commerce for salary increases under section 1. In each of fiscal years 2022 and 2023, $283,000 is appropriated from the general fund to the commissioner of commerce for this purpose. This amount is in addition to the base appropriation for this purpose.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 5. **APPROPRIATIONS; SALARY SUPPLEMENTS FROM JULY 1, 2019, TO OCTOBER 21, 2020.**

$58,000 in fiscal year 2021 is appropriated from the general fund to the commissioner of commerce for salary supplements under sections 2 and 3. This is a onetime appropriation.

**EFFECTIVE DATE.** This section is effective the day following final enactment.