

1.1 Senator moves to amend S.F. No. 605 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 STATE GOVERNMENT APPROPRIATIONS

1.5 Section 1. APPROPRIATIONS.

1.6 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
1.7 and for the purposes specified in this article. The appropriations are from the general fund,
1.8 or another named fund, and are available for the fiscal years indicated for each purpose.

1.9 The figures "2018" and "2019" used in this article mean that the appropriations listed under
1.10 them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively.
1.11 "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium"
1.12 is fiscal years 2018 and 2019.

1.13		<u>APPROPRIATIONS</u>
1.14		<u>Available for the Year</u>
1.15		<u>Ending June 30</u>
1.16		<u>2018</u> <u>2019</u>

1.17 Sec. 2. LEGISLATURE

1.18 Subdivision 1. Total Appropriation \$ **83,057,000** \$ **82,123,000**

1.19 Appropriations by Fund

1.20		<u>2018</u>	<u>2019</u>
1.21	<u>General</u>	<u>82,929,000</u>	<u>81,995,000</u>
1.22	<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

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

1.26	<u>Subd. 2. Senate</u>	<u>32,299,000</u>	<u>32,105,000</u>
1.27	<u>Subd. 3. House of Representatives</u>	<u>32,383,000</u>	<u>32,383,000</u>
1.28	<u>Subd. 4. Legislative Coordinating Commission</u>	<u>18,375,000</u>	<u>17,635,000</u>

1.29 Appropriations by Fund

1.30	<u>General</u>	<u>18,247,000</u>	<u>17,507,000</u>
1.31	<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

1.32 Appropriations provided by this subdivision
1.33 may be used for designated staff to support

2.1 the following offices and commissions: Office
2.2 of the Legislative Auditor; Office of the
2.3 Revisor of Statutes; Legislative Reference
2.4 Library; Geographic Information Services;
2.5 Legislative Budget Office; Legislative-Citizen
2.6 Commission on Minnesota Resources;
2.7 Legislative Commission on Pensions and
2.8 Retirement; Legislative Energy Commission;
2.9 and the Lessard-Sams Outdoor Heritage
2.10 Council. The operation of all other joint
2.11 offices and commissions must be supported
2.12 by the central administrative staff of the
2.13 Legislative Coordinating Commission. This
2.14 appropriation may additionally be used for
2.15 central administrative staff to support the work
2.16 of the Economic Status of Women Advisory
2.17 Committee.

2.18 From its funds, \$10,000 each year is for
2.19 purposes of the legislators' forum, through
2.20 which Minnesota legislators meet with
2.21 counterparts from South Dakota, North
2.22 Dakota, and Manitoba to discuss issues of
2.23 mutual concern.

2.24 **Legislative Auditor.** \$6,744,000 the first year
2.25 and \$6,564,000 the second year are for the
2.26 Office of the Legislative Auditor.

2.27 Of these amounts, \$130,000 the first year is
2.28 for the transit financial activity reviews
2.29 required by Minnesota Statutes, section 3.972,
2.30 subdivision 4.

2.31 No later than January 15, 2018, the legislative
2.32 auditor must complete a review of the small
2.33 business investment tax credit incentive
2.34 established in Minnesota Statutes, section
2.35 116J.8737. The review must follow the

3.1 evaluation plan established for review of a
 3.2 general incentive program under Minnesota
 3.3 Statutes, section 3.9735, subdivision 4.

3.4 No later than January 15, 2018, the legislative
 3.5 auditor must complete an assessment of the
 3.6 adequacy of the county audits performed by
 3.7 the state auditor in calendar year 2016. The
 3.8 standards for conducting the assessment must
 3.9 be identical to those described in the report of
 3.10 the state auditor dated March 2017, titled
 3.11 "Assessing the Adequacy of 2015 County
 3.12 Audits Performed by Private CPA Firms."

3.13 **Revisor of Statutes.** \$6,430,000 the first year
 3.14 and \$6,093,000 the second year are for the
 3.15 Office of the Revisor of Statutes.

3.16 Of these amounts, \$250,000 in the first year
 3.17 is for upgrades and repairs to the information
 3.18 technology data center located in the State
 3.19 Office Building.

3.20 **Legislative Budget Office.** \$864,000 the first
 3.21 year and \$818,000 the second year are for the
 3.22 Legislative Budget Office established in
 3.23 section 3.8853.

3.24 **Legislative Reference Library.** \$1,622,000
 3.25 the first year and \$1,445,000 the second year
 3.26 are for the Legislative Reference Library.

3.27 Of these amounts, \$177,000 the first year is
 3.28 for the digital preservation of audio recordings
 3.29 documenting committee hearings and floor
 3.30 sessions of the legislature.

3.31 **Sec. 3. GOVERNOR AND LIEUTENANT**
 3.32 **GOVERNOR** \$ 4,403,000 \$ 4,403,000

4.1 (a) This appropriation is to fund the Office of
 4.2 the Governor and Lieutenant Governor.

4.3 (b) Up to \$19,000 the first year and up to
 4.4 \$19,000 the second year are for necessary
 4.5 expenses in the normal performance of the
 4.6 Governor's and Lieutenant Governor's duties
 4.7 for which no other reimbursement is provided.

4.8 (c) The following amounts that are
 4.9 appropriated from the general fund in fiscal
 4.10 years 2018 and 2019 to the specified agency
 4.11 and are budgeted to be transferred to the
 4.12 governor for personnel costs incurred by the
 4.13 Offices of the Governor and the Lieutenant
 4.14 Governor to support the agencies are canceled
 4.15 to the general fund and the base for each
 4.16 agency is reduced by the specified amount for
 4.17 fiscal years 2020 and 2021.

<u>Agency</u>	<u>2018</u>	<u>2019</u>
4.18 <u>Commerce</u>	<u>67,000</u>	<u>67,000</u>
4.20 <u>Employment and</u> 4.21 <u>Economic Development</u>	<u>109,000</u>	<u>109,000</u>
4.22 <u>Education</u>	<u>58,000</u>	<u>58,000</u>
4.23 <u>Office of Higher</u> 4.24 <u>Education</u>	<u>25,000</u>	<u>25,000</u>
4.25 <u>Administration</u>	<u>25,000</u>	<u>25,000</u>
4.26 <u>Management and</u> 4.27 <u>Budget</u>	<u>21,000</u>	<u>21,000</u>
4.28 <u>MN.IT Services</u>	<u>25,000</u>	<u>25,000</u>
4.29 <u>Revenue</u>	<u>41,000</u>	<u>41,000</u>
4.30 <u>Health</u>	<u>58,000</u>	<u>58,000</u>
4.31 <u>Human Services</u>	<u>247,000</u>	<u>247,000</u>
4.32 <u>Veterans Affairs</u>	<u>16,000</u>	<u>16,000</u>
4.33 <u>Military Affairs</u>	<u>17,000</u>	<u>17,000</u>
4.34 <u>Corrections</u>	<u>58,000</u>	<u>58,000</u>
4.35 <u>Transportation</u>	<u>20,000</u>	<u>20,000</u>

4.36 (d) Appropriations provided by this section
 4.37 may not be used to support the hiring of

5.1 additional personnel in the Office of the
 5.2 Governor, to support current personnel in the
 5.3 office assigned to oversee federal policy or
 5.4 federal government relations, or to maintain
 5.5 office space located in the District of
 5.6 Columbia.

5.7 **Sec. 4. STATE AUDITOR**

5.8 **Subdivision 1. Total Appropriation** **\$ 9,243,000 \$ 9,488,000**

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

5.12 **Subd. 2. Audit Practice** **7,449,000 7,694,000**

5.13 Notwithstanding Minnesota Statutes, section
 5.14 6.581, subdivision 3, or any other law to the
 5.15 contrary, the rates included in the state
 5.16 auditor's schedule of charges for examinations
 5.17 conducted in fiscal years 2018 and 2019 must
 5.18 be no greater than the rates included in the
 5.19 schedule of charges established for
 5.20 examinations conducted in calendar year 2016.

5.21 **Subd. 3. Legal and Special Investigations** **272,000 272,000**

5.22 **Subd. 4. Government Information** **511,000 511,000**

5.23 **Subd. 5. Pension Oversight** **485,000 485,000**

5.24 **Subd. 6. Operations Management** **305,000 305,000**

5.25 **Subd. 7. Constitutional Office** **221,000 221,000**

5.26 **Sec. 5. ATTORNEY GENERAL**

5.27 **Subdivision 1. Total Appropriation** **\$ 23,265,000 \$ 23,265,000**

5.28 Appropriations by Fund

	<u>2018</u>	<u>2019</u>
5.29 <u>General</u>	<u>20,465,000</u>	<u>20,465,000</u>
5.30 <u>State Government</u>		
5.31 <u>Special Revenue</u>	<u>2,405,000</u>	<u>2,405,000</u>
5.32 <u>Environmental</u>	<u>145,000</u>	<u>145,000</u>
5.33		

6.1 Remediation 250,000 250,000

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

6.5 Subd. 2. Government Legal Services 3,652,000 3,652,000

6.6 Subd. 3. Regulatory Law and Professions 5,002,000 5,002,000

6.7 Appropriations by Fund

6.8 2018 2019

6.9 General 2,223,000 2,223,000

6.10 State Government
6.11 Special Revenue 2,384,000 2,384,000

6.12 Environmental 250,000 250,000

6.13 Remediation 145,000 145,000

6.14 Subd. 4. State Government Services 6,157,000 6,157,000

6.15 Appropriations by Fund

6.16 2018 2019

6.17 General 6,136,000 6,136,000

6.18 State Government
6.19 Special Revenue 21,000 21,000

6.20 Subd. 5. Civil Law Section 3,010,000 3,010,000

6.21 Subd. 6. Civil Litigation 1,495,000 1,495,000

6.22 Subd. 7. Administrative Operations 3,949,000 3,949,000

6.23 Sec. 6. SECRETARY OF STATE

6.24 Subdivision 1. Total Appropriation \$ 5,419,000 \$ 5,530,000

6.25 The base for fiscal year 2020 is \$5,419,000

6.26 and the base for fiscal year 2021 is

6.27 \$5,419,000.

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

6.31 Subd. 2. Administration 512,000 525,000

6.32 Subd. 3. Safe at Home 659,000 676,000

6.33 Subd. 4. Business Services 1,422,000 1,174,000

7.1	<u>Subd. 5. Elections</u>		<u>2,826,000</u>	<u>3,155,000</u>
7.2	<u>Sec. 7. CAMPAIGN FINANCE AND PUBLIC</u>			
7.3	<u>DISCLOSURE BOARD</u>	\$	<u>924,000</u>	<u>924,000</u>
7.4	<u>Sec. 8. STATE BOARD OF INVESTMENT</u>	\$	<u>139,000</u>	<u>139,000</u>
7.5	<u>Sec. 9. ADMINISTRATIVE HEARINGS</u>			
7.6	<u>Subdivision 1. Total Appropriation</u>	\$	<u>8,170,000</u>	<u>8,170,000</u>
7.7	<u>Appropriations by Fund</u>			
7.8			<u>2018</u>	<u>2019</u>
7.9	<u>General</u>		<u>383,000</u>	<u>383,000</u>
7.10	<u>Workers'</u>			
7.11	<u>Compensation</u>		<u>7,787,000</u>	<u>7,787,000</u>
7.12	<u>The amounts that may be spent for each</u>			
7.13	<u>purpose are specified in the following</u>			
7.14	<u>subdivisions.</u>			
7.15	<u>Subd. 2. Campaign Violations</u>		<u>115,000</u>	<u>115,000</u>
7.16	<u>These amounts are for the cost of considering</u>			
7.17	<u>complaints filed under Minnesota Statutes,</u>			
7.18	<u>section 211B.32. These amounts may be used</u>			
7.19	<u>in either year of the biennium.</u>			
7.20	<u>Subd. 3. Data Practices</u>		<u>6,000</u>	<u>6,000</u>
7.21	<u>These amounts are for the cost of considering</u>			
7.22	<u>data practices complaints filed under</u>			
7.23	<u>Minnesota Statutes, section 13.085. These</u>			
7.24	<u>amounts may be used in either year of the</u>			
7.25	<u>biennium.</u>			
7.26	<u>Subd. 4. Municipal Boundary Adjustments</u>		<u>262,000</u>	<u>262,000</u>
7.27	<u>Sec. 10. OFFICE OF MN.IT SERVICES</u>			
7.28	<u>Subdivision 1. Total Appropriation</u>	\$	<u>2,622,000</u>	<u>2,622,000</u>
7.29	<u>The amounts that may be spent for each</u>			
7.30	<u>purpose are specified in the following</u>			
7.31	<u>subdivisions.</u>			

8.1 The state chief information officer must
 8.2 prioritize use of appropriations provided by
 8.3 this section to enhance cybersecurity across
 8.4 state government.

8.5 **Subd. 2. State Chief Information Officer** 1,316,000 1,316,000

8.6 The commissioner of management and budget
 8.7 is authorized to provide cash flow assistance
 8.8 of up to \$110,000,000 from the special
 8.9 revenue fund or other statutory general funds
 8.10 as defined in Minnesota Statutes, section
 8.11 16A.671, subdivision 3, paragraph (a), to the
 8.12 Office of MN.IT Services for the purpose of
 8.13 managing revenue and expenditure
 8.14 differences. These funds shall be repaid with
 8.15 interest by the end of the fiscal year 2019
 8.16 closing period.

8.17 During the biennium ending June 30, 2019,
 8.18 the Office of MN.IT Services must not charge
 8.19 fees to a public noncommercial educational
 8.20 television broadcast station eligible for funding
 8.21 under Minnesota Statutes, chapter 129D, for
 8.22 access to the state broadcast infrastructure. If
 8.23 the access fees not charged to public
 8.24 noncommercial educational television
 8.25 broadcast stations total more than \$400,000
 8.26 for the biennium, the office may charge for
 8.27 access fees in excess of these amounts.

8.28 **Subd. 3. Geospatial Information Office** 871,000 871,000

8.29 **Subd. 4. Enterprise IT Security** 435,000 435,000

8.30 **Sec. 11. ADMINISTRATION**

8.31 **Subdivision 1. Total Appropriation** \$ 19,984,000 \$ 19,584,000

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

9.1 Subd. 2. **Government and Citizen Services** 7,013,000 7,013,000

9.2 This appropriation includes funds for

9.3 information technology project services and

9.4 support subject to the provisions of Minnesota

9.5 Statutes, section 16E.0466. Any ongoing

9.6 information technology costs must be

9.7 incorporated into the service level agreement

9.8 and must be paid to the Office of MN.IT

9.9 Services by the commissioner of

9.10 administration under the rates and mechanism

9.11 specified in that agreement.

9.12 Appropriations provided by this section may

9.13 not be used to fund continuous improvement

9.14 initiatives, including the Office of Continuous

9.15 Improvement (LEAN).

9.16 **Council on Developmental Disabilities.**

9.17 \$74,000 the first year and \$74,000 the second

9.18 year are for the Council on Developmental

9.19 Disabilities.

9.20 **Olmstead Plan.** \$148,000 each year is for the

9.21 Olmstead plan.

9.22 **Materials Management.** \$2,139,000 each

9.23 year is for materials management.

9.24 **Plant Management.** \$390,000 each year is

9.25 for plant management.

9.26 \$7,500,000 the first year of the balance in the

9.27 facility repair and replacement account in the

9.28 special revenue fund is canceled to the general

9.29 fund. These amounts are in addition to

9.30 amounts transferred under Minnesota Statutes,

9.31 section 16B.24, subdivision 5, paragraph (d).

10.1 **Real Estate and Construction Services.**

10.2 \$2,198,000 each year is for real estate and
10.3 construction services.

10.4 **Enterprise Real Property.** \$601,000 each
10.5 year is for enterprise real property.

10.6 **State Agency Accommodation**

10.7 **Reimbursement.** \$200,000 the first year and
10.8 \$200,000 the second year are credited to the
10.9 accommodation account established in
10.10 Minnesota Statutes, section 16B.4805.

10.11 **Community Services.** \$1,263,000 each year
10.12 is for community services.

10.13 (a) \$192,000 the first year and \$192,000 the
10.14 second year are for the state archaeologist.

10.15 (b) \$468,000 the first year and \$468,000 the
10.16 second year are for information policy
10.17 analysis.

10.18 (c) \$487,000 the first year and \$487,000 the
10.19 second year are for the state demographer.

10.20 (d) \$116,000 the first year and \$116,000 the
10.21 second year are for the Office of Grants
10.22 Management.

10.23 **Subd. 3. Strategic Management Services**

1,794,000

1,794,000

10.24 **Executive Leadership/Partnerships.**

10.25 \$528,000 each year is for executive
10.26 leadership/partnerships.

10.27 **School Trust Lands Director.** \$185,000 each
10.28 year is for school trust lands director.

10.29 **Financial Management and Reporting.**

10.30 \$706,000 each year is for financial
10.31 management and reporting.

11.1 **Human Resources.** \$375,000 each year is for
11.2 human resources.

11.3 **Subd. 4. Fiscal Agent** 11,177,000 10,777,000

11.4 **In-Lieu of Rent.** \$8,158,000 the first year and
11.5 \$8,158,000 the second year are for space costs
11.6 of the legislature and veterans organizations,
11.7 ceremonial space, and statutorily free space.

11.8 **Public Television.** (a) \$1,550,000 the first
11.9 year and \$1,550,000 the second year are for
11.10 matching grants for public television.

11.11 (b) \$250,000 the first year and \$250,000 the
11.12 second year are for public television
11.13 equipment grants under Minnesota Statutes,
11.14 section 129D.13.

11.15 (c) The commissioner of administration must
11.16 consider the recommendations of the
11.17 Minnesota Public Television Association
11.18 before allocating the amounts appropriated in
11.19 paragraphs (a) and (b) for equipment or
11.20 matching grants.

11.21 **Public Radio.** (a) \$392,000 the first year and
11.22 \$392,000 the second year are for community
11.23 service grants to public educational radio
11.24 stations. This appropriation may be used to
11.25 disseminate emergency information in foreign
11.26 languages.

11.27 (b) \$117,000 the first year and \$117,000 the
11.28 second year are for equipment grants to public
11.29 educational radio stations. This appropriation
11.30 may be used for the repair, rental, and
11.31 purchase of equipment including equipment
11.32 under \$500.

11.33 (c) \$310,000 the first year and \$310,000 the
11.34 second year are for equipment grants to

12.1 Minnesota Public Radio, Inc., including
 12.2 upgrades to Minnesota's Emergency Alert and
 12.3 AMBER Alert Systems.

12.4 (d) \$400,000 the first year is for a grant to
 12.5 Minnesota Public Radio, Inc. for upgrades to
 12.6 Minnesota's Emergency Alert and AMBER
 12.7 Alert Systems.

12.8 (e) The appropriations in paragraphs (a) to (d)
 12.9 may not be used for indirect costs claimed by
 12.10 an institution or governing body.

12.11 (f) The commissioner of administration must
 12.12 consider the recommendations of the
 12.13 Association of Minnesota Public Educational
 12.14 Radio Stations before awarding grants under
 12.15 Minnesota Statutes, section 129D.14, using
 12.16 the appropriations in paragraphs (a) and (b).
 12.17 No grantee is eligible for a grant unless they
 12.18 are a member of the Association of Minnesota
 12.19 Public Educational Radio Stations on or before
 12.20 July 1, 2017.

12.21 (g) Any unencumbered balance remaining the
 12.22 first year for grants to public television or
 12.23 public radio stations does not cancel and is
 12.24 available for the second year.

12.25	<u>Sec. 12. CAPITOL AREA ARCHITECTURAL</u>			
12.26	<u>AND PLANNING BOARD</u>	\$	<u>345,000</u>	\$ <u>345,000</u>

12.27	<u>Sec. 13. MINNESOTA MANAGEMENT AND</u>			
12.28	<u>BUDGET</u>	\$	<u>17,920,000</u>	\$ <u>18,320,000</u>

12.29 Subdivision 1. Appropriations

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

13.1	<u>This appropriation includes funds for</u>		
13.2	<u>information technology project services and</u>		
13.3	<u>support subject to the provisions of Minnesota</u>		
13.4	<u>Statutes, section 16E.0466. Any ongoing</u>		
13.5	<u>information technology costs must be</u>		
13.6	<u>incorporated into the service level agreement</u>		
13.7	<u>and must be paid to the Office of MN.IT</u>		
13.8	<u>Services by the commissioner of management</u>		
13.9	<u>and budget under the rates and mechanism</u>		
13.10	<u>specified in that agreement.</u>		
13.11	<u>Subd. 2. Accounting Services</u>	<u>3,758,000</u>	<u>3,958,000</u>
13.12	<u>Subd. 3. Budget Services</u>	<u>2,416,000</u>	<u>2,616,000</u>
13.13	<u>Subd. 4. Economic Analysis</u>	<u>424,000</u>	<u>424,000</u>
13.14	<u>Subd. 5. Debt Management</u>	<u>367,000</u>	<u>367,000</u>
13.15	<u>Subd. 6. Enterprise Communications and</u>		
13.16	<u>Planning</u>	<u>830,000</u>	<u>830,000</u>
13.17	<u>Subd. 7. Enterprise Human Resources</u>	<u>2,681,000</u>	<u>2,681,000</u>
13.18	<u>Appropriations provided by this section or</u>		
13.19	<u>transferred to the commissioner from another</u>		
13.20	<u>agency may not be used to support a statewide</u>		
13.21	<u>executive recruiting program.</u>		
13.22	<u>Subd. 8. Labor Relations</u>	<u>868,000</u>	<u>868,000</u>
13.23	<u>Subd. 9. Agency Administration</u>	<u>6,576,000</u>	<u>6,576,000</u>
13.24	<u>No later than June 30, 2018, the commissioner</u>		
13.25	<u>must credit at least \$1,000,000 to the general</u>		
13.26	<u>fund based on savings realized through</u>		
13.27	<u>implementation of the employee gainsharing</u>		
13.28	<u>program required by Minnesota Statutes,</u>		
13.29	<u>section 16A.90. If a credit of at least this</u>		
13.30	<u>amount has not been made to the general fund</u>		
13.31	<u>as of that date, the appropriation provided in</u>		
13.32	<u>this subdivision for fiscal year 2019 is reduced</u>		
13.33	<u>in an amount equal to the difference between</u>		
13.34	<u>the amount actually credited to the general</u>		

15.1	<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>	
15.2	<u>Highway User Tax</u>			
15.3	<u>Distribution</u>	<u>2,184,000</u>	<u>2,184,000</u>	
15.4	<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>	
15.5	<u>(a) Operations Support</u>			
15.6	<u>General</u>			<u>9,356,000</u> <u>9,356,000</u>
15.7	<u>Health Care Access</u>			<u>126,000</u> <u>126,000</u>
15.8	<u>(b) Appeals, Legal Services, and Tax Research</u>			
15.9	<u>General</u>			<u>6,932,000</u> <u>6,932,000</u>
15.10	<u>Health Care Access</u>			<u>113,000</u> <u>113,000</u>
15.11	<u>(c) Payment and Return Processing</u>			
15.12	<u>General</u>			<u>12,927,000</u> <u>12,927,000</u>
15.13	<u>Health Care Access</u>			<u>51,000</u> <u>51,000</u>
15.14	<u>Highway User Tax</u>			
15.15	<u>Distribution</u>			<u>343,000</u> <u>343,000</u>
15.16	<u>(d) Administration of State Taxes</u>			
15.17	<u>General</u>			<u>54,904,000</u> <u>54,729,000</u>
15.18	<u>Health Care Access</u>			<u>1,407,000</u> <u>1,407,000</u>
15.19	<u>Highway User Tax</u>			
15.20	<u>Distribution</u>			<u>1,621,000</u> <u>1,621,000</u>
15.21	<u>Environmental</u>			<u>303,000</u> <u>303,000</u>
15.22	<u>(1) \$15,000 from the general fund in the first</u>			
15.23	<u>year is for preparing and submitting a</u>			
15.24	<u>supplemental 2017 tax incidence report</u>			
15.25	<u>meeting the requirements of Minnesota</u>			
15.26	<u>Statutes, section 270C.13, subdivision 1, as</u>			
15.27	<u>amended by this act. The supplemental report</u>			
15.28	<u>must be completed and submitted no later than</u>			
15.29	<u>January 2, 2018.</u>			
15.30	<u>(2) \$160,000 from the general fund in the first</u>			
15.31	<u>year is for administration of a first-time home</u>			
15.32	<u>buyer savings account program. This</u>			
15.33	<u>appropriation is canceled to the general fund</u>			
15.34	<u>if income tax provisions related to first-time</u>			
15.35	<u>home buyer savings accounts are not enacted</u>			

16.1	<u>by law at the 2017 regular or special</u>			
16.2	<u>legislative session.</u>			
16.3	<u>(e) Technology Development, Implementation,</u>			
16.4	<u>and Support</u>			
16.5	<u>General</u>		<u>21,781,000</u>	<u>21,781,000</u>
16.6	<u>Health Care Access</u>		<u>52,000</u>	<u>52,000</u>
16.7	<u>Highway User Tax</u>			
16.8	<u>Distribution</u>		<u>220,000</u>	<u>220,000</u>
16.9	<u>(f) Property Tax Administration and State Aid</u>			
16.10	<u>General</u>		<u>3,992,000</u>	<u>3,992,000</u>
16.11	<u>Subd. 3. Debt Collection Management</u>		<u>27,357,000</u>	<u>27,357,000</u>
16.12	Sec. 15. <u>HUMAN RIGHTS</u>	\$	<u>3,954,000</u>	\$ <u>3,954,000</u>
16.13	Sec. 16. <u>GAMBLING CONTROL</u>	\$	<u>3,422,000</u>	\$ <u>3,457,000</u>
16.14	<u>These appropriations are from the lawful</u>			
16.15	<u>gambling regulation account in the special</u>			
16.16	<u>revenue fund.</u>			
16.17	Sec. 17. <u>RACING COMMISSION</u>	\$	<u>845,000</u>	\$ <u>908,000</u>
16.18	<u>These appropriations are from the racing and</u>			
16.19	<u>card playing regulation accounts in the special</u>			
16.20	<u>revenue fund.</u>			
16.21	Sec. 18. <u>STATE LOTTERY</u>			
16.22	<u>Notwithstanding Minnesota Statutes, section</u>			
16.23	<u>349A.10, subdivision 3, the State Lottery's</u>			
16.24	<u>operating budget must not exceed \$32,500,000</u>			
16.25	<u>in fiscal year 2018 and \$33,000,000 in fiscal</u>			
16.26	<u>year 2019.</u>			
16.27	Sec. 19. <u>AMATEUR SPORTS COMMISSION</u>	\$	<u>300,000</u>	\$ <u>300,000</u>
16.28	Sec. 20. <u>COUNCIL ON MINNESOTANS OF</u>			
16.29	<u>AFRICAN HERITAGE</u>	\$	<u>401,000</u>	\$ <u>401,000</u>
16.30	Sec. 21. <u>COUNCIL ON LATINO AFFAIRS</u>	\$	<u>386,000</u>	\$ <u>386,000</u>

17.1	Sec. 22. <u>COUNCIL ON ASIAN-PACIFIC</u>			
17.2	<u>MINNESOTANS</u>	\$	<u>364,000</u>	\$ <u>364,000</u>
17.3	Sec. 23. <u>INDIAN AFFAIRS COUNCIL</u>	\$	<u>576,000</u>	\$ <u>576,000</u>
17.4	Sec. 24. <u>MINNESOTA HISTORICAL</u>			
17.5	<u>SOCIETY</u>			
17.6	Subdivision 1. <u>Total Appropriation</u>	\$	<u>22,893,000</u>	\$ <u>22,893,000</u>
17.7	<u>The amounts that may be spent for each</u>			
17.8	<u>purpose are specified in the following</u>			
17.9	<u>subdivisions.</u>			
17.10	Subd. 2. <u>Operations and Programs</u>		<u>22,572,000</u>	<u>22,572,000</u>
17.11	<u>\$750,000 the first year and \$750,000 the</u>			
17.12	<u>second year are for digital preservation and</u>			
17.13	<u>access, including planning and implementation</u>			
17.14	<u>of a program to preserve and make available</u>			
17.15	<u>resources related to Minnesota history. These</u>			
17.16	<u>are onetime appropriations.</u>			
17.17	Subd. 3. <u>Fiscal Agent</u>			
17.18	<u>(a) Global Minnesota</u>		<u>39,000</u>	<u>39,000</u>
17.19	<u>(b) Minnesota Air National Guard Museum</u>		<u>17,000</u>	<u>17,000</u>
17.20	<u>(c) Minnesota Military Museum</u>		<u>50,000</u>	<u>50,000</u>
17.21	<u>(d) Farmamerica</u>		<u>115,000</u>	<u>115,000</u>
17.22	<u>(e) Hockey Hall of Fame</u>		<u>100,000</u>	<u>100,000</u>
17.23	<u>Any unencumbered balance remaining in this</u>			
17.24	<u>subdivision the first year does not cancel but</u>			
17.25	<u>is available for the second year of the</u>			
17.26	<u>biennium.</u>			
17.27	Sec. 25. <u>BOARD OF THE ARTS</u>			
17.28	Subdivision 1. <u>Total Appropriation</u>	\$	<u>7,530,000</u>	\$ <u>7,530,000</u>
17.29	<u>The amounts that may be spent for each</u>			
17.30	<u>purpose are specified in the following</u>			
17.31	<u>subdivisions.</u>			

18.1	<u>Subd. 2. Operations and Services</u>		<u>591,000</u>	<u>591,000</u>
18.2	<u>Subd. 3. Grants Program</u>		<u>4,800,000</u>	<u>4,800,000</u>
18.3	<u>Subd. 4. Regional Arts Councils</u>		<u>2,139,000</u>	<u>2,139,000</u>
18.4	<u>Any unencumbered balance remaining in this</u>			
18.5	<u>section the first year does not cancel, but is</u>			
18.6	<u>available for the second year.</u>			
18.7	<u>Money appropriated in this section and</u>			
18.8	<u>distributed as grants may only be spent on</u>			
18.9	<u>projects located in Minnesota. A recipient of</u>			
18.10	<u>a grant funded by an appropriation in this</u>			
18.11	<u>section must not use more than five percent</u>			
18.12	<u>of the total grant for costs related to travel</u>			
18.13	<u>outside the state of Minnesota.</u>			
18.14	<u>Sec. 26. MINNESOTA HUMANITIES CENTER</u>	<u>\$</u>	<u>950,000</u>	<u>\$ 950,000</u>
18.15	<u>(a) \$325,000 each year is for the Healthy</u>			
18.16	<u>Eating, Here at Home program under</u>			
18.17	<u>Minnesota Statutes, section 138.912. No more</u>			
18.18	<u>than three percent of the appropriation may</u>			
18.19	<u>be used for the nonprofit administration of this</u>			
18.20	<u>program.</u>			
18.21	<u>(b) \$250,000 each year is for grants to the</u>			
18.22	<u>Veterans Defense Project. Grants must be used</u>			
18.23	<u>to support, through education and outreach,</u>			
18.24	<u>military veterans who are involved with the</u>			
18.25	<u>criminal justice system. These are onetime</u>			
18.26	<u>appropriations.</u>			
18.27	<u>Sec. 27. BOARD OF ACCOUNTANCY</u>	<u>\$</u>	<u>641,000</u>	<u>\$ 641,000</u>
18.28	<u>Sec. 28. BOARD OF ARCHITECTURE</u>			
18.29	<u>ENGINEERING, LAND SURVEYING,</u>			
18.30	<u>LANDSCAPE ARCHITECTURE,</u>			
18.31	<u>GEOSCIENCE, AND INTERIOR DESIGN</u>	<u>\$</u>	<u>794,000</u>	<u>\$ 794,000</u>
18.32	<u>Sec. 29. BOARD OF COSMETOLOGIST</u>			
18.33	<u>EXAMINERS</u>	<u>\$</u>	<u>1,346,000</u>	<u>\$ 1,346,000</u>

19.1 The executive director must report quarterly
 19.2 to the chairs and ranking minority members
 19.3 of the committees in the house of
 19.4 representatives and senate with jurisdiction
 19.5 over state government finance on the number
 19.6 of inspections conducted by license type in
 19.7 the past quarter, number and percent of total
 19.8 salons and schools inspected within the last
 19.9 year, total number of licensees by type, and
 19.10 the number of inspectors employed by the
 19.11 board. The first report must be submitted by
 19.12 July 15, 2017.

19.13 Sec. 30. **BOARD OF BARBER EXAMINERS** \$ **325,000** \$ **325,000**

19.14 Sec. 31. **GENERAL CONTINGENT**
 19.15 **ACCOUNTS** \$ **750,000** \$ **500,000**

<u>Appropriations by Fund</u>			
	<u>2018</u>	<u>2019</u>	
19.18 <u>General</u>	<u>250,000</u>	<u>-0-</u>	
19.19 <u>State Government</u>			
19.20 <u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>	
19.21 <u>Workers'</u>			
19.22 <u>Compensation</u>	<u>100,000</u>	<u>100,000</u>	

19.23 (a) The appropriations in this section may only
 19.24 be spent with the approval of the governor
 19.25 after consultation with the Legislative
 19.26 Advisory Commission pursuant to Minnesota
 19.27 Statutes, section 3.30.

19.28 (b) If an appropriation in this section for either
 19.29 year is insufficient, the appropriation for the
 19.30 other year is available for it.

19.31 (c) If a contingent account appropriation is
 19.32 made in one fiscal year, it should be
 19.33 considered a biennial appropriation.

19.34 Sec. 32. **TORT CLAIMS** \$ **161,000** \$ **161,000**

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

22.4 **Subd. 2. Maintenance of Training Facilities** 9,661,000 9,661,000

22.5 Of the funds transferred to maintenance of
 22.6 training facilities in Laws 2015, chapter 77,
 22.7 article 1, section 36, subdivision 4, \$2,000,000
 22.8 in fiscal year 2017 may be transferred to the
 22.9 enlistment incentives appropriation to address
 22.10 a projected fiscal year 2017 deficit in the
 22.11 enlistment incentives program.

22.12 **Subd. 3. General Support** 3,067,000 3,067,000

22.13 **Subd. 4. Enlistment Incentives** 12,888,000 6,888,000

22.14 The appropriations in this subdivision are
 22.15 available until expended, except that any
 22.16 unspent amounts allocated to a program
 22.17 otherwise supported by this appropriation are
 22.18 canceled to the general fund upon receipt of
 22.19 federal funds in the same amount to support
 22.20 administration of that program.

22.21 If appropriations for either year of the
 22.22 biennium are insufficient, the appropriation
 22.23 from the other year is available. The
 22.24 appropriations for enlistment incentives are
 22.25 available until June 30, 2021.

22.26 **Sec. 38. VETERANS AFFAIRS**

22.27 **Subdivision 1. Total Appropriation** **\$ 84,029,000** **\$ 74,029,000**

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

22.31 **Subd. 2. Veterans Programs and Services** 16,811,000 16,811,000

22.32 **Veterans Service Organizations. \$353,000**
 22.33 each year is for grants to the following

23.1 congressionally chartered veterans service
23.2 organizations as designated by the
23.3 commissioner: Disabled American Veterans,
23.4 Military Order of the Purple Heart, the
23.5 American Legion, Veterans of Foreign Wars,
23.6 Vietnam Veterans of America, AMVETS, and
23.7 Paralyzed Veterans of America. This funding
23.8 must be allocated in direct proportion to the
23.9 funding currently being provided by the
23.10 commissioner to these organizations.

23.11 **Minnesota Assistance Council for Veterans.**
23.12 \$750,000 each year is for a grant to the
23.13 Minnesota Assistance Council for Veterans
23.14 to provide assistance throughout Minnesota
23.15 to veterans and their families who are
23.16 homeless or in danger of homelessness,
23.17 including assistance with the following:

23.18 (1) utilities;
23.19 (2) employment; and
23.20 (3) legal issues.

23.21 The assistance authorized under this paragraph
23.22 must be made only to veterans who have
23.23 resided in Minnesota for 30 days prior to
23.24 application for assistance and according to
23.25 other guidelines established by the
23.26 commissioner. In order to avoid duplication
23.27 of services, the commissioner must ensure that
23.28 this assistance is coordinated with all other
23.29 available programs for veterans.

23.30 **Honor Guards.** \$200,000 each year is for
23.31 compensation for honor guards at the funerals
23.32 of veterans under Minnesota Statutes, section
23.33 197.231.

24.1 **Minnesota GI Bill.** \$200,000 each year is for
 24.2 the costs of administering the Minnesota GI
 24.3 Bill postsecondary educational benefits,
 24.4 on-the-job training, and apprenticeship
 24.5 program under Minnesota Statutes, section
 24.6 197.791.

24.7 **Gold Star Program.** \$100,000 each year is
 24.8 for administering the Gold Star Program for
 24.9 surviving family members of deceased
 24.10 veterans.

24.11 **County Veterans Service Office.** \$1,100,000
 24.12 each year is for funding the County Veterans
 24.13 Service Office grant program under Minnesota
 24.14 Statutes, section 197.608.

24.15 **Veterans Journey Home.** \$350,000 each year
 24.16 is for grants to the veterans Journey Home
 24.17 program. Grants must support the development
 24.18 of new or rehabilitated affordable housing
 24.19 dedicated for low-to-moderate income
 24.20 veterans and their families. These are onetime
 24.21 appropriations.

24.22 **Subd. 3. Veterans Health Care** 67,218,000 57,218,000

24.23 The general fund appropriations made to the
 24.24 department may be transferred to a veterans
 24.25 homes special revenue account in the special
 24.26 revenue fund in the same manner as other
 24.27 receipts are deposited according to Minnesota
 24.28 Statutes, section 198.34, and are appropriated
 24.29 to the department for the operation of veterans
 24.30 homes facilities and programs.

24.31 No later than January 15, 2018, the
 24.32 commissioner must submit a report to the
 24.33 legislative committees with jurisdiction over
 24.34 veterans affairs and state government finance

25.1 on reserve amounts maintained in the veterans
25.2 homes special revenue account. The report
25.3 must detail current and historical amounts
25.4 maintained as a reserve, and uses of those
25.5 amounts. The report must also include data on
25.6 the utilization of existing veterans homes,
25.7 including current and historical bed capacity
25.8 and usage, staffing levels and staff vacancy
25.9 rates, and staff-to-resident ratios.

25.10 **New Veterans Homes.** \$10,000,000 in the
25.11 first year is for planning, design, construction,
25.12 and operation of new veterans homes, and any
25.13 other requirements necessary for federal
25.14 approval of those homes. The commissioner
25.15 must select locations for construction of new
25.16 homes based on geographic need, consistent
25.17 with any guidance or requirements provided
25.18 by federal law. This is a onetime appropriation
25.19 and is available until spent.

25.20 **Maximize Federal Reimbursements.** The
25.21 department will seek opportunities to
25.22 maximize federal reimbursements of
25.23 Medicare-eligible expenses and will provide
25.24 annual reports to the commissioner of
25.25 management and budget on the federal
25.26 Medicare reimbursements received.

25.27 Contingent upon future federal Medicare
25.28 receipts, reductions to the homes' general fund
25.29 appropriation may be made.

25.30 **Sec. 39. PRESERVATION OF PROGRAMS AND SERVICES.**

25.31 To the extent that appropriations provided by this article are less than the amounts
25.32 appropriated for fiscal year 2017, the affected constitutional office, agency, board, or
25.33 commission must prioritize reductions to its central administration and general operations
25.34 in absorbing those reductions. Costs for programs or services that are not provided a specific

26.1 appropriation in this act must be funded through appropriations to the constitutional office,
26.2 agency, board, or commission that are not designated for another purpose. Unless otherwise
26.3 specified, reductions must not be made to programs or services of the constitutional office,
26.4 agency, board, or commission that are provided directly to members of the public.

26.5 Sec. 40. **APPROPRIATION CANCELLATIONS.**

26.6 All unspent funds estimated to be \$7,166,000, as provided in Minnesota Statutes, section
26.7 240A.085, under Laws 2016, chapter 189, article 13, section 56, are canceled to the general
26.8 fund on June 30, 2017.

26.9 Sec. 41. **SAVINGS FROM INSURANCE OPT OUT; APPROPRIATION**
26.10 **REDUCTION FOR EXECUTIVE AGENCIES.**

26.11 The commissioner of management and budget must reduce general fund appropriations
26.12 to executive agencies, including constitutional offices, for agency operations for the biennium
26.13 ending June 30, 2019, by \$4,394,000 due to savings from permitting employees to opt out
26.14 of insurance coverage under the state employee group insurance coverage.

26.15 If savings obtained through permitting employees to opt out of insurance coverage under
26.16 the state employee group insurance coverage yield savings in nongeneral funds other than
26.17 those established in the state constitution or protected by federal law, the commissioner of
26.18 management and budget may transfer the amount of savings to the general fund. The amount
26.19 transferred to the general fund from other funds reduces the required general fund reduction
26.20 in this section. Reductions made in 2019 must be reflected as reductions in agency base
26.21 budgets for fiscal years 2020 and 2021. The commissioner of management and budget must
26.22 report to the chairs and ranking minority members of the committees in the senate Finance
26.23 Committee and the house of representatives Ways and Means Committee regarding the
26.24 amount of reductions in spending by each agency under this section.

26.25 Sec. 42. **SAVINGS; APPROPRIATION REDUCTIONS FOR INFORMATION**
26.26 **TECHNOLOGY CONSOLIDATION.**

26.27 (a) The commissioner of management and budget must reduce general fund appropriations
26.28 to agencies subject to the executive branch information technology consolidation required
26.29 by Laws 2011, First Special Session chapter 10, article 4, by at least \$3,000,000 for the
26.30 biennium ending June 30, 2019, to reflect savings on enterprise services personnel costs
26.31 resulting from the consolidation.

27.1 (b) If savings obtained through the completion of information technology consolidation
 27.2 yield savings in nongeneral funds other than those established in the state constitution or
 27.3 protected by federal law, the commissioner may transfer the amount of savings to the general
 27.4 fund. The amount transferred to the general fund from other funds reduces the required
 27.5 general fund reduction in this section. Reductions made in 2019 must be reflected as
 27.6 reductions in agency base budgets for fiscal years 2020 and 2021.

27.7 **Sec. 43. REDUCTION IN PROFESSIONAL AND TECHNICAL SERVICES**
 27.8 **CONTRACT EXPENDITURES.**

27.9 During the biennium ending June 30, 2019, the commissioner of management and budget
 27.10 must reduce planned general fund expenditures by executive branch state agencies on
 27.11 contracts for professional or technical services by at least \$2,255,000. The commissioner
 27.12 must allocate this reduction among each executive branch state agency. For purposes of
 27.13 this section, "professional or technical services" has the meaning given in Minnesota Statutes,
 27.14 section 16C.08, subdivision 1, and "executive branch state agency" has the meaning given
 27.15 in Minnesota Statutes, section 16A.011, subdivision 12a, and includes the Minnesota State
 27.16 Colleges and Universities.

27.17 **Sec. 44. BASE BUDGET REPORT.**

27.18 No later than October 15, 2017, the commissioners of management and budget, revenue,
 27.19 and veterans affairs must each submit a report to the chairs and ranking minority members
 27.20 of the legislative committees with jurisdiction over state government finance that detail the
 27.21 agency's base budget, by fiscal year. At a minimum, the report must include:

27.22 (1) a description of each appropriation rider enacted for the agency, and the year the
 27.23 rider was first enacted in a substantially similar form;

27.24 (2) a description of the agency's use of appropriated funds that are not directed by a
 27.25 rider, including an itemization of programs that appeared in a rider in a prior biennium and
 27.26 continue to receive funding despite no longer appearing in a rider; and

27.27 (3) an itemization of any appropriations provided to the agency under a provision of
 27.28 statute or the state constitution.

27.29 **ARTICLE 2**

27.30 **STATE GOVERNMENT OPERATIONS**

27.31 **Section 1. [2.92] DISTRICTING PRINCIPLES.**

28.1 Subdivision 1. **Applicability.** The principles in this section apply to legislative and
28.2 congressional districts.

28.3 Subd. 2. **Nesting.** A representative district may not be divided in the formation of a
28.4 senate district.

28.5 Subd. 3. **Equal population.** (a) Legislative districts must be substantially equal in
28.6 population. The population of a legislative district must not deviate from the ideal by more
28.7 than 0.5 percent, plus or minus.

28.8 (b) Congressional districts must be as nearly equal in population as practicable.

28.9 Subd. 4. **Contiguity; compactness.** The districts must be composed of convenient
28.10 contiguous territory. To the extent consistent with the other principles in this section, districts
28.11 should be compact. Contiguity by water is sufficient if the water is not a serious obstacle
28.12 to travel within the district. Point contiguity is not sufficient.

28.13 Subd. 5. **Numbering.** (a) Legislative districts must be numbered in a regular series,
28.14 beginning with house district 1A in the northwest corner of the state and proceeding across
28.15 the state from west to east, north to south, but bypassing the 11-county metropolitan area
28.16 until the southeast corner has been reached; then to the 11-county metropolitan area. In a
28.17 county that includes more than one whole senate district, the districts must be numbered
28.18 consecutively.

28.19 (b) Congressional district numbers must begin with district one in the southeast corner
28.20 of the state and end with district eight in the northeast corner of the state.

28.21 Subd. 6. **Minority representation.** (a) The dilution of racial or ethnic minority voting
28.22 strength is contrary to the laws of the United States and the state of Minnesota. These
28.23 principles must not be construed to supersede any provision of the Voting Rights Act of
28.24 1965, as amended.

28.25 (b) A redistricting plan must not have the intent or effect of dispersing or concentrating
28.26 minority population in a manner that prevents minority communities from electing their
28.27 candidates of choice.

28.28 Subd. 7. **Minor civil divisions.** (a) A county, city, or town must not be unduly divided
28.29 unless required to meet equal population requirements or to form districts composed of
28.30 convenient, contiguous territory.

28.31 (b) A county, city, or town is not unduly divided in the formation of a legislative or
28.32 congressional district if:

29.1 (1) the division occurs because a portion of a city or town is noncontiguous with another
29.2 portion of the same city or town; or

29.3 (2) despite the division, the known population of any affected county, city, or town
29.4 remains wholly located within a single district.

29.5 Subd. 8. **Preserving communities of interest.** (a) Districts should attempt to preserve
29.6 identifiable communities of interest where that can be done in compliance with the principles
29.7 under this section.

29.8 (b) For purposes of this subdivision, "communities of interest" means recognizable areas
29.9 with similarities of interests including but not limited to racial, ethnic, geographic, social,
29.10 or cultural interests.

29.11 Subd. 9. **Incumbents.** The districts must not be drawn for the purpose of protecting or
29.12 defeating an incumbent.

29.13 Subd. 10. **Data to be used.** (a) The geographic areas and population counts used in
29.14 maps, tables, and legal descriptions of the districts must be those used by the Geographic
29.15 Information Systems Office of the Legislative Coordinating Commission. The population
29.16 counts shall be the block population counts provided to the state under Public Law 94-171
29.17 after each decennial census, subject to correction of any errors acknowledged by the United
29.18 States Census Bureau.

29.19 (b) Nothing in this subdivision prohibits the use of additional data, as determined by the
29.20 legislature.

29.21 Subd. 11. **Consideration of plans.** A redistricting plan must not be considered for
29.22 adoption by the senate or house of representatives until a block equivalency file showing
29.23 the district to which each census block has been assigned, in a form prescribed by the director
29.24 of the Geographic Information Systems Office, has been filed with the director.

29.25 Subd. 12. **Priority of principles.** Where it is not possible to fully comply with the
29.26 principles contained in subdivisions 2 to 9, a redistricting plan must give priority to those
29.27 principles in the order in which they are listed, except to the extent that doing so would
29.28 violate federal or state law.

29.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and
29.30 applies to any plan for districts enacted or established for use on or after that date.

30.1 Sec. 2. Minnesota Statutes 2016, section 3.305, subdivision 1, is amended to read:

30.2 Subdivision 1. **Definitions.** (a) "Legislative commission" means a joint commission,
30.3 committee, or other entity in the legislative branch composed exclusively of members of
30.4 the senate and the house of representatives.

30.5 (b) "Joint offices" means the Revisor of Statutes, Legislative Reference Library, the
30.6 Office of Legislative Auditor, the Legislative Budget Office, and any other joint legislative
30.7 service office.

30.8 Sec. 3. Minnesota Statutes 2016, section 3.855, subdivision 2, is amended to read:

30.9 Subd. 2. **State employee negotiations.** (a) The commissioner of management and budget
30.10 shall regularly advise the commission on the progress of collective bargaining activities
30.11 with state employees under the state Public Employment Labor Relations Act. During
30.12 negotiations, the commission may make recommendations to the commissioner as it deems
30.13 appropriate but no recommendation shall impose any obligation or grant any right or privilege
30.14 to the parties.

30.15 (b) The commissioner shall submit to the chair of the commission any negotiated
30.16 collective bargaining agreements, arbitration awards, compensation plans, or salaries for
30.17 legislative approval or disapproval. Negotiated agreements shall be submitted within five
30.18 days of the date of approval by the commissioner or the date of approval by the affected
30.19 state employees, whichever occurs later. Arbitration awards shall be submitted within five
30.20 days of their receipt by the commissioner. If the commission disapproves a collective
30.21 bargaining agreement, award, compensation plan, or salary, the commission shall specify
30.22 in writing to the parties those portions with which it disagrees and its reasons. If the
30.23 commission approves a collective bargaining agreement, award, compensation plan, or
30.24 salary, it shall submit the matter to the legislature to be accepted or rejected under this
30.25 section.

30.26 (c) When the legislature is not in session, the commission may give interim approval to
30.27 a negotiated collective bargaining agreement, salary, compensation plan, or arbitration
30.28 award. ~~When the legislature is not in session, failure of the commission to disapprove a~~
30.29 ~~collective bargaining agreement or arbitration award within 30 days constitutes approval.~~
30.30 The commission shall submit the negotiated collective bargaining agreements, salaries,
30.31 compensation plans, or arbitration awards for which it has provided approval to the entire
30.32 legislature for ratification at a special legislative session called to consider them or at its
30.33 next regular legislative session as provided in this section. Approval or disapproval by the
30.34 commission is not binding on the legislature.

31.1 (d) When the legislature is not in session, the proposed collective bargaining agreement,
31.2 arbitration decision, salary, or compensation plan must be implemented upon its approval
31.3 by the commission, and state employees covered by the proposed agreement or arbitration
31.4 decision do not have the right to strike while the interim approval is in effect. Wages and
31.5 economic fringe benefit increases provided for in the agreement or arbitration decision paid
31.6 in accordance with the interim approval by the commission are not affected, but the wages
31.7 or benefit increases must cease to be paid or provided effective upon the rejection of the
31.8 agreement, arbitration decision, salary, or compensation plan, or upon adjournment of the
31.9 legislature without acting on it.

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

31.11 Sec. 4. Minnesota Statutes 2016, section 3.8843, subdivision 7, is amended to read:

31.12 Subd. 7. **Expiration.** This section expires June 30, ~~2017~~ 2019.

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

31.14 Sec. 5. **[3.8853] LEGISLATIVE BUDGET OFFICE.**

31.15 The Legislative Budget Office is established under control of the Legislative Coordinating
31.16 Commission to provide the house of representatives and the senate with nonpartisan, accurate,
31.17 and timely information on the fiscal impact of proposed legislation, without regard to political
31.18 factors. The Legislative Coordinating Commission shall appoint a director who may hire
31.19 staff necessary to do the work of the office. The director serves a term of six years and may
31.20 not be removed during a term except for cause after a public hearing.

31.21 Sec. 6. Minnesota Statutes 2016, section 3.971, subdivision 2, is amended to read:

31.22 Subd. 2. **Staff; compensation.** (a) The legislative auditor shall establish a Financial
31.23 Audits Division and a Program Evaluation Division to fulfill the duties prescribed in this
31.24 section.

31.25 (b) Each division may be supervised by a deputy auditor, appointed by the legislative
31.26 auditor, with the approval of the commission, for a term coterminous with the legislative
31.27 auditor's term. The deputy auditors may be removed before the expiration of their terms
31.28 only for cause. The legislative auditor and deputy auditors may each appoint a confidential
31.29 secretary to serve at pleasure. The salaries and benefits of the legislative auditor, deputy
31.30 auditors and confidential secretaries shall be determined by the compensation plan approved
31.31 by the Legislative Coordinating Commission. The deputy auditors may perform and exercise

32.1 the powers, duties and responsibilities imposed by law on the legislative auditor when
32.2 authorized by the legislative auditor.

32.3 (c) The legislative auditor must appoint a fiscal oversight officer with duties that include
32.4 performing the review under section 3.972, subdivision 4.

32.5 (d) The deputy auditors and the confidential secretaries serve in the unclassified civil
32.6 service, but the fiscal oversight officer and all other employees of the legislative auditor are
32.7 in the classified civil service. Compensation for employees of the legislative auditor in the
32.8 classified service shall be governed by a plan prepared by the legislative auditor and approved
32.9 by the Legislative Coordinating Commission and the legislature under section 3.855,
32.10 subdivision 3.

32.11 (e) While in office, a person appointed deputy for the Financial Audit Division must
32.12 hold an active license as a certified public accountant.

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

32.14 Sec. 7. Minnesota Statutes 2016, section 3.971, subdivision 6, is amended to read:

32.15 Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements
32.16 of the state of Minnesota required by section 16A.50 and, as resources permit, Minnesota
32.17 State Colleges and Universities, the University of Minnesota, state agencies, departments,
32.18 boards, commissions, offices, courts, and other organizations subject to audit by the
32.19 legislative auditor, including, but not limited to, the State Agricultural Society, Agricultural
32.20 Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society,
32.21 ClearWay Minnesota, Minnesota Sports Facilities Authority, Metropolitan Council,
32.22 Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial
32.23 audits must be conducted according to generally accepted government auditing standards.
32.24 The legislative auditor shall see that all provisions of law respecting the appropriate and
32.25 economic use of public funds and other public resources are complied with and may, as
32.26 part of a financial audit or separately, investigate allegations of noncompliance.

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

32.28 Sec. 8. Minnesota Statutes 2016, section 3.972, is amended by adding a subdivision to
32.29 read:

32.30 Subd. 4. **Certain transit financial activity reporting.** (a) The legislative auditor must
32.31 perform a transit financial activity review of financial information for the Metropolitan
32.32 Council's Transportation Division and the joint powers board under section 297A.992.

33.1 Within 14 days of the end of each fiscal quarter, the legislative auditor must submit the
 33.2 review to the Legislative Audit Commission and the chairs and ranking minority members
 33.3 of the legislative committees with jurisdiction over transportation policy and finance, finance,
 33.4 and ways and means.

33.5 (b) At a minimum, each transit financial activity review must include:

33.6 (1) a summary of monthly financial statements, including balance sheets and operating
 33.7 statements, that shows income, expenditures, and fund balance;

33.8 (2) a list of any obligations and agreements entered into related to transit purposes,
 33.9 whether for capital or operating, including but not limited to bonds, notes, grants, and future
 33.10 funding commitments;

33.11 (3) the amount of funds in clause (2) that has been committed;

33.12 (4) independent analysis by the fiscal oversight officer of the fiscal viability of revenues
 33.13 and fund balance compared to expenditures, taking into account:

33.14 (i) all expenditure commitments;

33.15 (ii) cash flow;

33.16 (iii) sufficiency of estimated funds; and

33.17 (iv) financial solvency of anticipated transit projects; and

33.18 (5) a notification concerning whether the requirements under paragraph (c) have been
 33.19 met.

33.20 (c) The Metropolitan Council and the joint powers board under section 297A.992 must
 33.21 produce monthly financial statements as necessary for the review under paragraph (b),
 33.22 clause (1), and provide timely information as requested by the legislative auditor.

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

33.24 Sec. 9. Minnesota Statutes 2016, section 3.98, subdivision 1, is amended to read:

33.25 Subdivision 1. **Preparation.** (a) The head or chief administrative officer of each
 33.26 department or agency of the state government, including the Supreme Court, Legislative
 33.27 Budget Office shall prepare a fiscal note at the request of the chair of the standing committee
 33.28 to which a bill has been referred, or the chair of the house of representatives Ways and
 33.29 Means Committee, or the chair of the senate Committee on Finance.

33.30 (b) The head or chief administrative officer of each department or agency of state
 33.31 government, including the Supreme Court, shall supply information for fiscal notes upon

34.1 request of the director of the Legislative Budget Office. The Legislative Budget Office may
 34.2 adopt standards and guidelines governing timing of responses to requests for information
 34.3 and governing access to data, consistent with laws governing access to data. Agencies must
 34.4 comply with these standards and guidelines.

34.5 (c) For purposes of this subdivision, "Supreme Court" includes all agencies, committees,
 34.6 and commissions supervised or appointed by the state Supreme Court or the state court
 34.7 administrator.

34.8 Sec. 10. Minnesota Statutes 2016, section 3.98, subdivision 4, is amended to read:

34.9 Subd. 4. **Uniform procedure.** The ~~commissioner of management and budget~~ Legislative
 34.10 Budget Office shall prescribe a uniform procedure to govern the departments and agencies
 34.11 of the state in complying with the requirements of this section.

34.12 Sec. 11. Minnesota Statutes 2016, section 3.987, subdivision 1, is amended to read:

34.13 Subdivision 1. **Local impact notes.** The ~~commissioner of management and budget~~
 34.14 Legislative Budget Office shall coordinate the development of a local impact note for any
 34.15 proposed legislation ~~introduced after June 30, 1997,~~ upon request of the chair or the ranking
 34.16 minority member of either legislative Tax, Finance, or Ways and Means Committee. Upon
 34.17 receipt of a request to prepare a local impact note, the ~~commissioner~~ office must notify the
 34.18 authors of the proposed legislation that the request has been made. The local impact note
 34.19 must be made available to the public upon request. If the action is among the exceptions
 34.20 listed in section 3.988, a local impact note need not be requested nor prepared. The
 34.21 ~~commissioner~~ office shall make a reasonable and timely estimate of the local fiscal impact
 34.22 on each type of political subdivision that would result from the proposed legislation. The
 34.23 ~~commissioner of management and budget~~ office may require any political subdivision or
 34.24 the commissioner of an administrative agency of the state to supply in a timely manner any
 34.25 information determined to be necessary to determine local fiscal impact. The political
 34.26 subdivision, its representative association, or commissioner shall convey the requested
 34.27 information to the ~~commissioner of management and budget~~ office with a signed statement
 34.28 to the effect that the information is accurate and complete to the best of its ability. The
 34.29 political subdivision, its representative association, or commissioner, when requested, shall
 34.30 update its determination of local fiscal impact based on actual cost or revenue figures,
 34.31 improved estimates, or both. Upon completion of the note, the ~~commissioner~~ office must
 34.32 provide a copy to the authors of the proposed legislation and to the chair and ranking minority
 34.33 member of each committee to which the proposed legislation is referred.

35.1 Sec. 12. Minnesota Statutes 2016, section 6.481, subdivision 3, is amended to read:

35.2 Subd. 3. **CPA firm audit.** A county audit performed by a CPA firm must meet the
35.3 standards and be in ~~the a form required by the state auditor~~ meeting recognized industry
35.4 auditing standards. The state auditor may require additional information from the CPA firm
35.5 if the state auditor determines that is in the public interest, but the state auditor must accept
35.6 the audit unless the state auditor determines ~~if the audit or its form~~ does not meet recognized
35.7 industry auditing standards ~~or is not in the form required by the state auditor~~. The state
35.8 auditor may make additional examinations as the auditor determines to be in the public
35.9 interest.

35.10 Sec. 13. Minnesota Statutes 2016, section 6.481, subdivision 6, is amended to read:

35.11 Subd. 6. **Payments to state auditor.** A county audited by the state auditor must pay the
35.12 state auditor for the costs and expenses of the audit. If the state auditor makes additional
35.13 examinations of a county whose audit is performed by a CPA firm, the county must pay the
35.14 auditor for the cost of these examinations. Payments must be deposited in the ~~state auditor~~
35.15 enterprise general fund.

35.16 Sec. 14. Minnesota Statutes 2016, section 6.56, subdivision 2, is amended to read:

35.17 Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts,
35.18 and affairs of any political subdivision, as provided by law, such political subdivision shall
35.19 be liable to the state for the total cost and expenses of such examination, including the
35.20 salaries paid to the examiners while actually engaged in making such examination. The
35.21 state auditor may bill such political subdivision periodically for service rendered and the
35.22 officials responsible for approving and paying claims are authorized to pay said bill promptly.
35.23 Said payments shall be without prejudice to any defense against said claims that may exist
35.24 or be asserted. The ~~state auditor enterprise~~ general fund shall be credited with all collections
35.25 made for any such examinations, including interest payments made pursuant to subdivision
35.26 3.

35.27 Sec. 15. Minnesota Statutes 2016, section 6.581, subdivision 4, is amended to read:

35.28 Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges
35.29 for examinations, the state auditor must report the proposed increases to the chairs and
35.30 ranking minority members of the committees in the house of representatives and the senate
35.31 with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered
35.32 year, the state auditor must report to the chairs and ranking minority members of the

36.1 legislative committees and divisions with primary jurisdiction over the budget of the state
 36.2 auditor a summary of ~~the state auditor enterprise fund~~ anticipated revenues, and expenditures
 36.3 related to examinations for the biennium ending June 30 of that year. The report must also
 36.4 include for the biennium the number of full-time equivalents ~~paid by the fund~~, by division,
 36.5 employed by the Office of the State Auditor, any audit rate changes stated as a percentage,
 36.6 the number of audit reports issued, and the number of counties audited.

36.7 Sec. 16. **[6.92] LITIGATION EXPENSES.**

36.8 (a) Unless funds are otherwise expressly provided by law for this purpose, all costs
 36.9 incurred by the state auditor in preparing and asserting a civil claim or appeal, or in defending
 36.10 against a civil claim or appeal, related to the proper exercise of the auditor's constitutionally
 36.11 authorized core functions must be paid by the auditor's constitutional office division. Only
 36.12 allocations made to the constitutional office division may be used to pay these costs. The
 36.13 state auditor must report to the chairs and ranking minority members of the committees in
 36.14 the house of representatives and the senate with jurisdiction over the Office of the State
 36.15 Auditor by May 1, 2017, and January 1, 2018, and each January 1 thereafter, on the state
 36.16 auditor's litigation expenses. The report must list each lawsuit the state auditor has brought
 36.17 or is defending, the grounds for each suit, the litigation expenses incurred since the previous
 36.18 report under this section, and the projected expenses to complete the suit.

36.19 (b) In complying with paragraph (a), the state auditor may not, directly or indirectly,
 36.20 decrease allocations previously made to, transfer funds from, or otherwise reduce services
 36.21 provided by any other division of the office.

36.22 Sec. 17. **[15.0395] INTERAGENCY AGREEMENTS AND INTRA-AGENCY**
 36.23 **TRANSFERS.**

36.24 (a) The head of each agency must provide quarterly reports to the chairs and ranking
 36.25 minority members of the legislative committees with jurisdiction over the department or
 36.26 agency's budget on:

36.27 (1) interagency agreements or service-level agreements and any renewals or extensions
 36.28 of existing interagency or service-level agreements with another agency if the cumulative
 36.29 value of those agreements is more than \$50,000 in a single fiscal year; and

36.30 (2) transfers of appropriations between accounts within or between agencies, if the
 36.31 cumulative value of the transfers is more than \$50,000 in a single fiscal year.

37.1 The report must include the statutory citation authorizing the agreement, transfer or dollar
 37.2 amount, purpose, and effective date of the agreement, the duration of the agreement, and a
 37.3 copy of the agreement.

37.4 (b) As used in this section, "agency" includes the departments of the state listed in section
 37.5 15.01, a multimember state agency in the executive branch described in section 15.012,
 37.6 paragraph (a), the Office of MN.IT Services, and the Office of Higher Education.

37.7 **Sec. 18. [16A.1282] TRANSFERS TO THE GOVERNOR.**

37.8 An agency shall not transfer money to the governor for services provided by the governor
 37.9 or to reimburse expenses incurred by the governor.

37.10 Sec. 19. Minnesota Statutes 2016, section 16A.90, is amended to read:

37.11 **16A.90 EMPLOYEE GAINSHARING SYSTEM.**

37.12 Subdivision 1. Commissioner must establish program. (a) The commissioner shall
 37.13 establish a program to provide onetime bonus compensation to state employees for efforts
 37.14 made to reduce the costs of operating state government or for ways of providing better or
 37.15 more efficient state services. The commissioner may authorize an executive branch appointing
 37.16 authority to make a onetime award to an employee or group of employees whose suggestion
 37.17 or involvement in a project is determined by the commissioner to have resulted in documented
 37.18 cost-savings to the state. Before authorizing awards under this section, the commissioner
 37.19 shall establish guidelines for the program including but not limited to:

37.20 (1) the maximum award is ten percent of the documented savings in the first fiscal year
 37.21 in which the savings are realized up to \$50,000;

37.22 (2) the award must be paid from the appropriation to which the savings accrued; and

37.23 (3) employees whose primary job responsibility is to identify cost savings or ways of
 37.24 providing better or more efficient state services are generally not eligible for bonus
 37.25 compensation under this section except in extraordinary circumstances as defined by the
 37.26 commissioner.

37.27 (b) The program required by this section must be in addition to any existing monetary
 37.28 or nonmonetary performance-based recognition programs for state employees, including
 37.29 achievement awards, continuous improvement awards, and general employee recognitions.

37.30 Subd. 2. Biannual legislative report. No later than August 1, 2017, and biannually
 37.31 thereafter, the commissioner must report to the chairs and ranking minority members of the

38.1 house of representatives and senate committees with jurisdiction over Minnesota Management
38.2 and Budget on the status of the program required by this section. The report must detail:

38.3 (1) the specific program guidelines established by the commissioner as required by
38.4 subdivision 1, if the guidelines have not been described in a previous report;

38.5 (2) any proposed modifications to the established guidelines under consideration by the
38.6 commissioner, including the reason for the proposed modifications;

38.7 (3) the methods used by the commissioner to promote the program to state employees,
38.8 if the methods have not been described in a previous report;

38.9 (4) a summary of the results of the program that includes the following, categorized by
38.10 agency:

38.11 (i) the number of state employees whose suggestions or involvement in a project were
38.12 considered for possible bonus compensation, and a description of each suggestion or project
38.13 that was considered;

38.14 (ii) the total amount of bonus compensation actually awarded, itemized by each suggestion
38.15 or project that resulted in an award and the amount awarded for that suggestion or project;
38.16 and

38.17 (iii) the total amount of documented cost-savings that accrued to the agency as a result
38.18 of each suggestion or project for which bonus compensation was granted; and

38.19 (5) any recommendations for legislation that, in the judgment of the commissioner,
38.20 would improve the effectiveness of the bonus compensation program established by this
38.21 section or which would otherwise increase opportunities for state employees to actively
38.22 participate in the development and implementation of strategies for reducing the costs of
38.23 operating state government or for providing better or more efficient state services.

38.24 Sec. 20. Minnesota Statutes 2016, section 16B.04, subdivision 2, is amended to read:

38.25 Subd. 2. **Powers and duties, generally.** Subject to other provisions of this chapter, the
38.26 commissioner is authorized to:

38.27 (1) supervise, control, review, and approve all state contracts and purchasing, provided
38.28 that the commissioner may not approve a state contract with, or the purchase of goods from,
38.29 a vendor who intentionally refuses to do business, or who intentionally discriminates in the
38.30 basic terms, conditions, or performance of a contract or sale, on the basis of a person's
38.31 national origin;

38.32 (2) provide agencies with supplies and equipment;

39.1 (3) investigate and study the management and organization of agencies, and reorganize
39.2 them when necessary to ensure their effective and efficient operation;

39.3 (4) manage and control state property, real and personal;

39.4 (5) maintain and operate all state buildings, as described in section 16B.24, subdivision
39.5 1;

39.6 (6) supervise, control, review, and approve all capital improvements to state buildings
39.7 and the capitol building and grounds;

39.8 (7) provide central mail facilities;

39.9 (8) oversee publication of official documents and provide for their sale;

39.10 (9) manage and operate parking facilities for state employees and a central motor pool
39.11 for travel on state business;

39.12 (10) provide rental space within the capitol complex for a private day care center for
39.13 children of state employees. The commissioner shall contract for services as provided in
39.14 this chapter;

39.15 (11) settle state employee workers' compensation claims;

39.16 (12) purchase, accept, transfer, warehouse, sell, distribute, or dispose of surplus property
39.17 in accordance with state and federal rules and regulations. The commissioner may charge
39.18 a fee to cover any expenses incurred in connection with any of these acts; and

39.19 (13) provide and manage a central distribution center for federal and state surplus personal
39.20 property, as defined in section 16B.2975, and may provide and manage a warehouse facility.

39.21 Sec. 21. Minnesota Statutes 2016, section 16B.055, subdivision 1, is amended to read:

39.22 Subdivision 1. **Federal Assistive Technology Act.** (a) The Department of Administration
39.23 is designated as the lead agency to carry out all the responsibilities under the Assistive
39.24 Technology Act of 1998, as provided by Public Law 108-364, as amended. The Minnesota
39.25 Assistive Technology Advisory Council is established to fulfill the responsibilities required
39.26 by the Assistive Technology Act, as provided by Public Law 108-364, as amended. Because
39.27 the existence of this council is required by federal law, this council does not expire.

39.28 (b) Except as provided in paragraph (c), the governor shall appoint the membership of
39.29 the council as required by the Assistive Technology Act of 1998, as provided by Public
39.30 Law 108-364, as amended. After the governor has completed the appointments required by
39.31 this subdivision, the commissioner of administration, or the commissioner's designee, shall

40.1 convene the first meeting of the council following the appointments. Members shall serve
 40.2 two-year terms commencing July 1 of each odd-numbered year, and receive the compensation
 40.3 specified by the Assistive Technology Act of 1998, as provided by Public Law 108-364, as
 40.4 amended. The members of the council shall select their chair at the first meeting following
 40.5 their appointment.

40.6 (c) After consulting with the appropriate commissioner, the commissioner of
 40.7 administration shall appoint a representative from:

40.8 (1) State Services for the Blind who has assistive technology expertise;

40.9 (2) vocational rehabilitation services who has assistive technology expertise;

40.10 (3) the Workforce Development Council; and

40.11 (4) the Department of Education who has assistive technology expertise.

40.12 Sec. 22. Minnesota Statutes 2016, section 16B.335, subdivision 1, is amended to read:

40.13 Subdivision 1. **Construction and major remodeling.** (a) The commissioner, or any
 40.14 other recipient to whom an appropriation is made to acquire or better public lands or buildings
 40.15 or other public improvements of a capital nature, must not prepare final plans and
 40.16 specifications for any construction, major remodeling, or land acquisition in anticipation
 40.17 of which the appropriation was made until the agency that will use the project has presented
 40.18 the program plan and cost estimates for all elements necessary to complete the project to
 40.19 the chair of the senate Finance Committee and the chair of the house of representatives
 40.20 Ways and Means Committee and the chairs have made their recommendations, and the
 40.21 chair and ranking minority member of the senate Capital Investment Committee and the
 40.22 chair and ranking minority member of the house of representatives Capital Investment
 40.23 Committee are notified. "Construction or major remodeling" means construction of a new
 40.24 building, a substantial addition to an existing building, or a substantial change to the interior
 40.25 configuration of an existing building. The presentation must note any significant changes
 40.26 in the work that will be done, or in its cost, since the appropriation for the project was
 40.27 enacted or from the predesign submittal. The program plans and estimates must be presented
 40.28 for review at least two weeks before a recommendation is needed. The recommendations
 40.29 are advisory only. Failure or refusal to make a recommendation is considered a negative
 40.30 recommendation.

40.31 (b) The chairs and ranking minority members of the senate Finance and Capital
 40.32 Investment Committees and, the house of representatives Capital Investment and Ways and
 40.33 Means Committees, and the house of representatives and senate budget committees or

41.1 divisions with jurisdiction over the agency that will use the project must also be notified
 41.2 whenever there is a substantial change in a construction or major remodeling project, or in
 41.3 its cost. This notice must include the nature and reason for the change and the anticipated
 41.4 cost of the change. The notice must be given no later than ten days after signing a change
 41.5 order or other document authorizing a change in the project, or if there is not a change order
 41.6 or other document, no later than ten days after the project owner becomes aware of a
 41.7 substantial change in the project or its cost.

41.8 ~~(b)~~ (c) Capital projects exempt from the requirements of ~~this subdivision~~ in paragraph
 41.9 (a) to seek recommendations before preparing final plans and specifications include
 41.10 demolition or decommissioning of state assets, hazardous material projects, utility
 41.11 infrastructure projects, environmental testing, parking lots, parking structures, park and ride
 41.12 facilities, bus rapid transit stations, light rail lines, passenger rail projects, exterior lighting,
 41.13 fencing, highway rest areas, truck stations, storage facilities not consisting primarily of
 41.14 offices or heated work areas, roads, bridges, trails, pathways, campgrounds, athletic fields,
 41.15 dams, floodwater retention systems, water access sites, harbors, sewer separation projects,
 41.16 water and wastewater facilities, port development projects for which the commissioner of
 41.17 transportation has entered into an assistance agreement under section 457A.04, ice centers,
 41.18 a local government project with a construction cost of less than \$1,500,000, or any other
 41.19 capital project with a construction cost of less than \$750,000. The requirements in paragraph
 41.20 (b) to give notice of changes applies to these projects.

41.21 Sec. 23. Minnesota Statutes 2016, section 16B.371, is amended to read:

41.22 **16B.371 ASSISTANCE TO SMALL AGENCIES.**

41.23 (a) The commissioner may provide administrative support services to small agencies.
 41.24 To promote efficiency and cost-effective use of state resources, and to improve financial
 41.25 controls, the commissioner may require a small agency to receive administrative support
 41.26 services through the Department of Administration or through another agency designated
 41.27 by the commissioner. Services subject to this section include finance, accounting, payroll,
 41.28 purchasing, human resources, and other services designated by the commissioner. The
 41.29 commissioner may determine what constitutes a small agency for purposes of this section.
 41.30 The commissioner, in consultation with the commissioner of management and budget and
 41.31 small agencies, shall evaluate small agencies' needs for administrative support services. If
 41.32 the commissioner provides administrative support services to a small agency, the
 41.33 commissioner must enter into a service level agreement with the agency, specifying the
 41.34 services to be provided and the costs and anticipated outcomes of the services.

42.1 (b) The Minnesota Council on Latino Affairs, the Council for Minnesotans of African
42.2 Heritage, the Council on Asian-Pacific Minnesotans, the Indian Affairs Council, and the
42.3 Minnesota State Council on Disability ~~must~~ may use the services specified in paragraph
42.4 (a).

42.5 (c) The commissioner of administration ~~may~~ must assess agencies for services it provides
42.6 under this section. The amounts assessed are appropriated to the commissioner.

42.7 (d) For agencies covered in this section, the commissioner has the authority to require
42.8 the agency to comply with applicable state finance, accounting, payroll, purchasing, and
42.9 human resources policies. The agencies served retain the ownership and responsibility for
42.10 spending decisions and for ongoing implementation of appropriate business operations.

42.11 Sec. 24. Minnesota Statutes 2016, section 16B.4805, subdivision 2, is amended to read:

42.12 Subd. 2. **Reimbursement for making reasonable accommodation.** The commissioner
42.13 of administration shall reimburse state agencies for up to 50 percent of the cost of expenses
42.14 incurred in making reasonable accommodations eligible for reimbursement for agency
42.15 employees and applicants for employment to the extent that funds are available in the
42.16 accommodation account established under subdivision 3 for this purpose.

42.17 Sec. 25. Minnesota Statutes 2016, section 16B.4805, subdivision 4, is amended to read:

42.18 Subd. 4. **Administration costs.** The commissioner may use up to ~~15 percent~~ \$5,000 of
42.19 the biennial appropriation for administration of this section.

42.20 Sec. 26. Minnesota Statutes 2016, section 16B.97, is amended by adding a subdivision to
42.21 read:

42.22 Subd. 6. **Commerce grants.** The office must monitor grants made by the Department
42.23 of Commerce.

42.24 Sec. 27. **[16B.991] TERMINATION OF GRANT.**

42.25 Each grant agreement subject to sections 16B.97 and 16B.98 must provide that the
42.26 agreement will immediately be terminated if:

42.27 (1) the recipient is convicted of a criminal offense relating to a state grant agreement;
42.28 or

43.1 (2) the agency entering into the grant agreement or the commissioner of administration
43.2 determines that the grant recipient is under investigation by a federal agency, a state agency,
43.3 or a local law enforcement agency for matters relating to administration of a state grant.

43.4 Sec. 28. Minnesota Statutes 2016, section 16E.016, is amended to read:

43.5 **16E.016 RESPONSIBILITY FOR INFORMATION TECHNOLOGY SERVICES**
43.6 **AND EQUIPMENT.**

43.7 (a) The chief information officer is responsible for providing or entering into managed
43.8 services contracts for the provision, improvement, and development of the following
43.9 information technology systems and services to state agencies:

43.10 (1) state data centers;

43.11 (2) mainframes including system software;

43.12 (3) servers including system software;

43.13 (4) desktops including system software;

43.14 (5) laptop computers including system software;

43.15 (6) a data network including system software;

43.16 (7) database, electronic mail, office systems, reporting, and other standard software
43.17 tools;

43.18 (8) business application software and related technical support services;

43.19 (9) help desk for the components listed in clauses (1) to (8);

43.20 (10) maintenance, problem resolution, and break-fix for the components listed in clauses
43.21 (1) to (8);

43.22 (11) regular upgrades and replacement for the components listed in clauses (1) to (8);

43.23 and

43.24 (12) network-connected output devices.

43.25 (b) All state agency employees whose work primarily involves functions specified in
43.26 paragraph (a) are employees of the Office of MN.IT Services. This includes employees who
43.27 directly perform the functions in paragraph (a), as well as employees whose work primarily
43.28 involves managing, supervising, or providing administrative services or support services
43.29 to employees who directly perform these functions. The chief information officer may assign
43.30 employees of the office to perform work exclusively for another state agency.

44.1 (c) Subject to sections 16C.08 and 16C.09, the chief information officer may allow a
44.2 state agency to obtain services specified in paragraph (a) through a contract with an outside
44.3 vendor when the chief information officer and the agency head agree that a contract would
44.4 provide best value, as defined in section 16C.02, under the service-level agreement. The
44.5 chief information officer must require that agency contracts with outside vendors ensure
44.6 that systems and services are compatible with standards established by the Office of MN.IT
44.7 Services.

44.8 (d) The Minnesota State Retirement System, the Public Employees Retirement
44.9 Association, the Teachers Retirement Association, and the State Board of Investment, ~~the~~
44.10 ~~Campaign Finance and Public Disclosure Board, the State Lottery, and the Statewide Radio~~
44.11 ~~Board~~ are not state agencies for purposes of this section.

44.12 (e) Effective upon certification by the chief information officer that the information
44.13 technology systems and services provided under this section meet all professional and
44.14 technical standards necessary for the entity to perform its functions, the following are state
44.15 agencies for purposes of this section: the Campaign Finance and Public Disclosure Board,
44.16 the State Lottery, and the Statewide Radio Board.

44.17 Sec. 29. Minnesota Statutes 2016, section 16E.0466, is amended to read:

44.18 **16E.0466 STATE AGENCY TECHNOLOGY PROJECTS.**

44.19 Subdivision 1. Consultation required. (a) Every state agency with an information or
44.20 telecommunications project must consult with the Office of MN.IT Services to determine
44.21 the information technology cost of the project. Upon agreement between the commissioner
44.22 of a particular agency and the chief information officer, the agency must transfer the
44.23 information technology cost portion of the project to the Office of MN.IT Services. Service
44.24 level agreements must document all project-related transfers under this section. Those
44.25 agencies specified in section 16E.016, paragraph (d), are exempt from the requirements of
44.26 this section.

44.27 (b) Notwithstanding section 16A.28, subdivision 3, any unexpended operating balance
44.28 appropriated to a state agency may be transferred to the information and telecommunications
44.29 technology systems and services account for the information technology cost of a specific
44.30 project, subject to the review of the Legislative Advisory Commission, under section 16E.21,
44.31 subdivision 3.

44.32 Subd. 2. Legislative report. No later than October 1, 2017, and quarterly thereafter, the
44.33 state chief information officer must submit a comprehensive project portfolio report to the

45.1 chairs and ranking minority members of the house of representatives and senate committees
 45.2 with jurisdiction over state government finance on projects requiring consultation under
 45.3 subdivision 1. The report must itemize:

45.4 (1) each project presented to the office for consultation in the time since the last report;

45.5 (2) the information technology cost associated with the project, including the information
 45.6 technology cost as a percentage of the project's complete budget;

45.7 (3) the status of the information technology components of the project's development;

45.8 (4) the date the information technology components of the project are expected to be
 45.9 completed; and

45.10 (5) the projected costs for ongoing support and maintenance of the information technology
 45.11 components after the project is complete.

45.12 **Sec. 30. [43A.035] LIMIT ON NUMBER OF FULL-TIME EQUIVALENT**
 45.13 **EMPLOYEES; USE OF AGENCY SAVINGS.**

45.14 Subdivision 1. **Number of full-time equivalent employees limited.** The total number
 45.15 of full-time equivalent employees employed in all executive branch agencies may not exceed
 45.16 31,691. The commissioner of management and budget may forbid an executive agency from
 45.17 hiring a new employee or from filling a vacancy as the commissioner determines necessary
 45.18 to ensure compliance with this section. Any reductions in staff should prioritize protecting
 45.19 client-facing health care workers, corrections officers, public safety workers, and mental
 45.20 health workers. As a means of achieving compliance with this subdivision, the commissioner
 45.21 may authorize an agency to provide an early retirement incentive to an executive branch
 45.22 employee, under which the state will continue to make the employer contribution for health
 45.23 insurance after the employee has terminated state service. The commissioner must prescribe
 45.24 eligibility requirements and the maximum duration of the payments.

45.25 Subd. 2. **Use of savings resulting from vacant positions.** To the extent that an executive
 45.26 branch agency accrues savings in personnel costs resulting from the departure of an agency
 45.27 employee or the maintenance of a vacant position, those savings may only be used to support
 45.28 a new employee in that position at an equal or lesser rate of compensation, and for an equal
 45.29 or lesser full-time equivalent work status. Savings accrued from departed personnel or
 45.30 maintenance of a vacant position may not be transferred or reallocated to another program
 45.31 or activity within the executive branch agency, or used to increase the number of full-time
 45.32 equivalent employees at the agency, unless expressly authorized by law.

46.1 Subd. 3. **Definition.** For purposes of this section, an "executive branch agency" does
46.2 not include the Minnesota State Colleges and Universities or statewide pension plans.

46.3 Sec. 31. Minnesota Statutes 2016, section 43A.17, subdivision 11, is amended to read:

46.4 Subd. 11. **Severance pay for certain employees.** (a) For purposes of this subdivision,
46.5 "highly compensated employee" means an employee of the state whose estimated annual
46.6 compensation is greater than 60 percent of the governor's annual salary, and who is not
46.7 covered by a collective bargaining agreement negotiated under chapter 179A or a
46.8 compensation plan authorized under section 43A.18, subdivision 3a.

46.9 (b) Severance pay for a highly compensated employee includes benefits or compensation
46.10 with a quantifiable monetary value, that are provided for an employee upon termination of
46.11 employment and are not part of the employee's annual wages and benefits and are not
46.12 specifically excluded by this subdivision. Severance pay does not include payments for
46.13 accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to
46.14 cover the cost of group term insurance. Severance pay for a highly compensated employee
46.15 does not include payments of periodic contributions by an employer toward premiums for
46.16 group insurance policies. The severance pay for a highly compensated employee must be
46.17 excluded from retirement deductions and from any calculations of retirement benefits.
46.18 Severance pay for a highly compensated employee must be paid in a manner mutually
46.19 agreeable to the employee and the employee's appointing authority over a period not to
46.20 exceed five years from retirement or termination of employment. If a retired or terminated
46.21 employee dies before all or a portion of the severance pay has been disbursed, the balance
46.22 due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except
46.23 as provided in paragraph (c), severance pay provided for a highly compensated employee
46.24 leaving employment may not exceed ~~an amount equivalent to six months of pay~~ the lesser
46.25 of:

46.26 (1) six months pay; or

46.27 (2) the highly compensated employee's regular rate of pay multiplied by 35 percent of
46.28 the highly compensated employee's accumulated but unused sick leave hours.

46.29 (c) Severance pay for a highly compensated employee may exceed ~~an amount equivalent~~
46.30 ~~to six months of pay~~ the limit prescribed in paragraph (b) if the severance pay is part of an
46.31 early retirement incentive offer approved by the state and the same early retirement incentive
46.32 offer is also made available to all other employees of the appointing authority who meet
46.33 generally defined criteria relative to age or length of service.

47.1 (d) An appointing authority may make severance payments to a highly compensated
47.2 employee, up to the limits prescribed in this subdivision, only if doing so is authorized by
47.3 a compensation plan under section 43A.18 that governs the employee, provided that the
47.4 following highly compensated employees are not eligible for severance pay:

47.5 (1) a commissioner, deputy commissioner, or assistant commissioner of any state
47.6 department or agency as listed in section 15.01 or 15.06, including the state chief information
47.7 officer; and

47.8 (2) any unclassified employee who is also a public official, as defined in section 10A.01,
47.9 subdivision 35.

47.10 (e) Severance pay shall not be paid to a highly compensated employee who has been
47.11 employed by the appointing authority for less than six months or who voluntarily terminates
47.12 employment.

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

47.14 Sec. 32. Minnesota Statutes 2016, section 43A.24, is amended by adding a subdivision to
47.15 read:

47.16 Subd. 1a. **Opt out.** (a) An individual eligible for state-paid hospital, medical, and dental
47.17 benefits under this section has the right to decline those benefits, provided the individual
47.18 declining the benefits can prove health insurance coverage from another source. Any
47.19 individual declining benefits must do so in writing, signed and dated, on a form provided
47.20 by the commissioner.

47.21 (b) The commissioner must create, and make available in hard copy and online a form
47.22 for individuals to use in declining state-paid hospital, medical, and dental benefits. The form
47.23 must, at a minimum, include notice to the declining individual of the next available
47.24 opportunity and procedure to re-enroll in the benefits.

47.25 (c) No later than January 15 of each year, the commissioner of management and budget
47.26 must provide a report to the chairs and ranking minority members of the legislative
47.27 committees with jurisdiction over state government finance on the number of employees
47.28 choosing to opt-out of state employee group insurance coverage under this section. The
47.29 report must provide itemized statistics, by agency, and include the total amount of savings
47.30 accrued to each agency resulting from the opt-outs.

48.1 Sec. 33. [118A.09] ADDITIONAL LONG-TERM EQUITY INVESTMENT

48.2 AUTHORITY.

48.3 Subdivision 1. **Definition; qualifying government.** "Qualifying government" means:

48.4 (1) a county or statutory or home rule charter city with a population of more than 100,000;

48.5 (2) a county or statutory or home rule charter city which had its most recently issued
48.6 general obligation bonds rated in the highest category by a national bond rating agency; or

48.7 (3) a self-insurance pool listed in section 471.982, subdivision 3.

48.8 A county or statutory or home rule charter city with a population of 100,000 or less that is
48.9 a qualifying government, but is subsequently rated less than the highest category by a
48.10 national bond rating agency on a general obligation bond issue, may not invest additional
48.11 funds under this section but may continue to manage funds previously invested under
48.12 subdivision 2.

48.13 Subd. 2. **Additional investment authority.** Qualifying governments may invest the
48.14 amount described in subdivision 3:

48.15 (1) in index mutual funds based in the United States and indexed to a broad market
48.16 United States equity index; or

48.17 (2) with the Minnesota State Board of Investment subject to such terms and minimum
48.18 amounts as may be adopted by the board. Index mutual fund investments must be made
48.19 directly with the main sales office of the fund.

48.20 Subd. 3. **Funds.** (a) Qualifying governments may only invest under subdivision 2
48.21 according to the limitations in this subdivision. A qualifying government under subdivision
48.22 1, clause (1) or (2), may only invest its funds that are held for long-term capital plans
48.23 authorized by the city council or county board, or long-term obligations of the qualifying
48.24 government. Long-term obligations of the qualifying government include long-term capital
48.25 plan reserves, funds held to offset long-term environmental exposure, other postemployment
48.26 benefit liabilities, compensated absences, and other long-term obligations established by
48.27 applicable accounting standards.

48.28 (b) Qualifying governments under subdivision 1, clause (1) or (2), may invest up to 15
48.29 percent of the sum of:

48.30 (1) unassigned cash;

48.31 (2) cash equivalents;

48.32 (3) deposits; and

49.1 (4) investments.

49.2 This calculation must be based on the qualifying government's most recent audited statement
49.3 of net position, which must be compliant and audited pursuant to governmental accounting
49.4 and auditing standards. Once the amount invested reaches 15 percent of the sum of
49.5 unassigned cash, cash equivalents, deposits, and investments, no further funds may be
49.6 invested under this section; however, a qualifying government may continue to manage the
49.7 funds previously invested under this section even if the total amount subsequently exceeds
49.8 15 percent of the sum of unassigned cash, cash equivalents, deposits, and investments.

49.9 (c) A qualified government under subdivision 1, clause (3), may invest up to the lesser
49.10 of:

49.11 (1) 15 percent of the sum of its cash, cash equivalents, deposits, and investments; or

49.12 (2) 25 percent of its net assets as reported on the pool's most recent audited statement
49.13 of net position, which must be compliant and audited pursuant to governmental accounting
49.14 and auditing standards.

49.15 Subd. 4. **Approval.** Before investing pursuant to this section, the governing body of the
49.16 qualifying government must adopt a resolution that includes the following statements:

49.17 (1) the governing body understands that investments under subdivision 2 have a risk of
49.18 loss;

49.19 (2) the governing body understands the type of funds that are being invested and the
49.20 specific investment itself; and

49.21 (3) the governing body certifies that all funds designated for investment through the
49.22 State Board of Investment meet the requirements of this section and the policies and
49.23 procedures established by the State Board of Investment.

49.24 Subd. 5. **Public Employees Retirement Association to act as account administrator.**
49.25 A qualifying government exercising authority under this section to invest amounts with the
49.26 State Board of Investment shall establish an account with the Public Employees Retirement
49.27 Association (PERA), which shall act as the account administrator.

49.28 Subd. 6. **Purpose of account.** The account established under subdivision 5 may only
49.29 be used for the purposes provided under subdivision 3. PERA may rely on representations
49.30 made by the qualifying government in exercising its duties as account administrator and
49.31 has no duty to further verify qualifications, use, or intended use of the funds that are invested
49.32 or withdrawn.

50.1 Subd. 7. **Account maintenance.** (a) A qualifying government may establish an account
 50.2 to be held under the supervision of PERA for the purposes of investing funds with the State
 50.3 Board of Investment under subdivision 2. PERA shall establish a separate account for each
 50.4 qualifying government. PERA may charge participating qualifying governments a fee for
 50.5 reasonable administrative costs. The amount of any fee charged by PERA is annually
 50.6 appropriated to the association from the account. PERA may establish other reasonable
 50.7 terms and conditions for creation and maintenance of these accounts.

50.8 (b) PERA must report to the qualifying government on the investment returns of invested
 50.9 funds and on all investment fees or costs incurred by the account.

50.10 Subd. 8. **Investment.** (a) The assets of an account shall be invested and held as required
 50.11 by this subdivision.

50.12 (b) PERA must certify all money in the accounts for which it is account administrator
 50.13 to the State Board of Investment for investment under section 11A.14, subject to the policies
 50.14 and procedures established by the State Board of Investment. Investment earnings must be
 50.15 credited to the account of the individual qualifying government.

50.16 (c) For accounts invested by the State Board of Investment, the investment restrictions
 50.17 shall be the same as those generally applicable to the State Board of Investment.

50.18 (d) A qualifying government may provide investment direction to PERA, subject to the
 50.19 policies and procedures established by the State Board of Investment.

50.20 Subd. 9. **Withdrawal of funds and termination of account.** (a) A government may
 50.21 withdraw some or all of its money or terminate the account.

50.22 (b) A government requesting withdrawal of money from an account created under this
 50.23 section must do so at a time and in the manner required by the executive director of PERA,
 50.24 subject to the policies and procedures established by the State Board of Investment.

50.25 Sec. 34. Minnesota Statutes 2016, section 138.69, is amended to read:

50.26 **138.69 PUBLIC AREAS OF THE CAPITOL.**

50.27 The Minnesota State Historical Society is designated the research agency and is
 50.28 responsible for the interpretation of the public areas for visitors to the Capitol. This involves
 50.29 conducting or approving public programs and tours in the Capitol and State Office Building,
 50.30 including exhibits held in the Capitol, providing informational services, acting as advisor
 50.31 on preservation, recommending appropriate custodial policies, and maintaining and repairing
 50.32 all works of art. Notwithstanding section 138.668, the society may not charge a fee for

51.1 general tours at the Capitol but may charge fees for special programs other than general
51.2 tours.

51.3 Sec. 35. Minnesota Statutes 2016, section 155A.30, subdivision 5, is amended to read:

51.4 Subd. 5. **Conditions precedent to issuance.** A license must not be issued unless the
51.5 board first determines that the applicant has met the requirements in clauses (1) to ~~(8)~~ (9):

51.6 (1) the applicant must have a sound financial condition with sufficient resources available
51.7 to meet the school's financial obligations; to refund all tuition and other charges, within a
51.8 reasonable period of time, in the event of dissolution of the school or in the event of any
51.9 justifiable claims for refund against the school; to provide adequate service to its students
51.10 and prospective students; and to maintain proper use and support of the school;

51.11 (2) the applicant must have satisfactory training facilities with sufficient tools and
51.12 equipment and the necessary number of work stations to adequately train the students
51.13 currently enrolled, and those proposed to be enrolled;

51.14 (3) the applicant must employ a sufficient number of qualified instructors trained by
51.15 experience and education to give the training contemplated;

51.16 (4) the premises and conditions under which the students work and study must be sanitary,
51.17 healthful, and safe according to modern standards;

51.18 (5) each occupational course or program of instruction or study must be of such quality
51.19 and content as to provide education and training that will adequately prepare enrolled
51.20 students for testing, licensing, and entry level positions ~~as a cosmetologist, esthetician, or~~
51.21 ~~nail technician~~;

51.22 (6) the school must have coverage by professional liability insurance of at least \$25,000
51.23 per incident and an accumulation of \$150,000 for each premium year;

51.24 (7) the applicant shall provide evidence of the school's compliance with section 176.182;

51.25 (8) the applicant, except the state and its political subdivisions as described in section
51.26 ~~471.617~~ 13.02, subdivision ~~4~~ 11, ~~shall~~ must file with the board a continuous corporate surety
51.27 bond in the amount of no less than ten percent of the preceding year's gross income from
51.28 student tuition, fees, and other required institutional charges, but in no event less than
51.29 \$10,000, conditioned upon the faithful performance of all contracts and agreements with
51.30 students made by the applicant. New schools must base the bond amount on the anticipated
51.31 gross income from student tuition, fees, and other required institutional charges for the third
51.32 year of operation, but in no event less than \$10,000. The applicant must compute the amount

52.1 of the surety bond and verify that the amount of the surety bond complies with this
 52.2 subdivision. The bond shall run to the ~~state of Minnesota~~ board and to any person who may
 52.3 have a cause of action against the applicant arising at any time after the bond is filed and
 52.4 before it is canceled for breach of any contract or agreement made by the applicant with
 52.5 any student. ~~The aggregate liability of the surety for all breaches of the conditions of the~~
 52.6 ~~bond shall not exceed \$10,000.~~ The surety of the bond may cancel it upon giving 60 days'
 52.7 notice in writing to the board and shall be relieved of liability for any breach of condition
 52.8 occurring after the effective date of cancellation; and

52.9 (9) the applicant must, ~~at all times during the term of the license, employ~~ appoint a
 52.10 designated ~~licensed~~ school manager ~~who maintains a cosmetology salon manager license.~~

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

52.12 Sec. 36. Minnesota Statutes 2016, section 179A.20, is amended by adding a subdivision
 52.13 to read:

52.14 **Subd. 2b. Limited by appropriation.** The commissioner of management and budget
 52.15 may not contract to pay more to employees in compensation and benefits in a biennium
 52.16 than is permitted under an approved spending plan as provided in section 16A.14.

52.17 Sec. 37. Minnesota Statutes 2016, section 270C.13, subdivision 1, is amended to read:

52.18 Subdivision 1. **Biennial report.** The commissioner shall report to the legislature by
 52.19 March 1 of each odd-numbered year on the overall incidence of the income tax, sales and
 52.20 excise taxes, and property tax. The report shall present information on the distribution of
 52.21 the tax burden as follows: (1) for the overall income distribution, using a systemwide
 52.22 incidence measure such as the Suits index or other appropriate measures of equality and
 52.23 inequality; (2) by income classes, including at a minimum deciles of the income distribution;
 52.24 and (3) by other appropriate taxpayer characteristics. The report must also include information
 52.25 on the distribution of the burden of federal taxes borne by Minnesota residents.

52.26 Sec. 38. Minnesota Statutes 2016, section 353.27, subdivision 3c, is amended to read:

52.27 Subd. 3c. **Former MERF members; member and employer contributions.** (a) For
 52.28 the period July 1, 2015, through December 31, 2031, the member contributions for former
 52.29 members of the Minneapolis Employees Retirement Fund and by the former Minneapolis
 52.30 Employees Retirement Fund-covered employing units are governed by this subdivision.

53.1 (b) The member contribution for a public employee who was a member of the former
53.2 Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of
53.3 the employee.

53.4 (c) The employer regular contribution with respect to a public employee who was a
53.5 member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75
53.6 percent of the salary of the employee.

53.7 (d) ~~For calendar years 2015 and 2016, The annual employer supplemental contribution~~
53.8 ~~is the employing unit's share of \$31,000,000. For calendar years 2017 through 2031, the~~
53.9 ~~employer supplemental contribution is the employing unit's share of \$21,000,000.~~

53.10 (e) Each employing unit's share under paragraph (d) is the amount determined from an
53.11 allocation between each employing unit in the portion equal to the unit's employer
53.12 supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50,
53.13 during calendar year 2014.

53.14 (f) The employer supplemental contribution amount under paragraph (d) for calendar
53.15 year 2015 must be invoiced by the executive director of the Public Employees Retirement
53.16 Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount
53.17 on or before September 30, 2015. For subsequent calendar years, the employer supplemental
53.18 contribution under paragraph (d) must be invoiced on January 31 of each year and is payable
53.19 in two parts, with the first half payable on or before July 31 and with the second half payable
53.20 on or before December 15. Late payments are payable with compound interest at the rate
53.21 of 0.71 percent per month for each month or portion of a month that has elapsed after the
53.22 due date.

53.23 (g) The employer supplemental contribution under paragraph (d) terminates on December
53.24 31, 2031.

53.25 Sec. 39. Minnesota Statutes 2016, section 353.505, is amended to read:

53.26 **353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.**

53.27 (a) On September 15, 2015, ~~and~~ September 15, 2016, and annually thereafter, the state
53.28 shall pay to the general employees retirement plan of the Public Employees Retirement
53.29 Association, with respect to the former MERF division, \$6,000,000. ~~By September 15 of~~
53.30 ~~each year after 2016, the state shall pay to the general employees retirement plan of the~~
53.31 ~~Public Employees Retirement Association, with respect to the former MERF division,~~
53.32 ~~\$16,000,000.~~

53.33 (b) State contributions under this section end on September 15, 2031.

54.1 Sec. 40. Minnesota Statutes 2016, section 471.6161, subdivision 8, is amended to read:

54.2 Subd. 8. **School districts; group health insurance coverage.** (a) Any entity providing
54.3 group health insurance coverage to a school district must provide the school district with
54.4 school district-specific nonidentifiable aggregate claims records for the most recent 24
54.5 months within 30 days of the request.

54.6 (b) School districts shall request proposals for group health insurance coverage as
54.7 provided in subdivision 2 from a minimum of three potential sources of coverage. ~~One of~~
54.8 ~~these requests must go to an administrator governed by chapter 43A.~~ Entities referenced in
54.9 subdivision 1 must respond to requests for proposals received directly from a school district.
54.10 School districts that are self-insured must also follow these provisions, except as provided
54.11 in paragraph (f). School districts must make requests for proposals at least 150 days prior
54.12 to the expiration of the existing contract but not more frequently than once every 24 months.
54.13 The request for proposals must include the most recently available 24 months of
54.14 nonidentifiable aggregate claims data. The request for proposals must be publicly released
54.15 at or prior to its release to potential sources of coverage.

54.16 (c) School district contracts for group health insurance must not be longer than ~~two~~ four
54.17 years ~~unless the exclusive representative of the largest employment group and the school~~
54.18 ~~district agree otherwise.~~

54.19 (d) All initial proposals shall be sealed upon receipt until they are all opened no less
54.20 than 90 days prior to the plan's renewal date in the presence of up to three representatives
54.21 selected by the exclusive representative of the largest group of employees. Section 13.591,
54.22 subdivision 3, paragraph (b), applies to data in the proposals. The representatives of the
54.23 exclusive representative must maintain the data according to this classification and are
54.24 subject to the remedies and penalties under sections 13.08 and 13.09 for a violation of this
54.25 requirement.

54.26 (e) A school district, in consultation with the same representatives referenced in paragraph
54.27 (d), may continue to negotiate with any entity that submitted a proposal under paragraph
54.28 (d) in order to reduce costs or improve services under the proposal. Following the negotiations
54.29 any entity that submitted an initial proposal may submit a final proposal incorporating the
54.30 negotiations, which is due no less than 75 days prior to the plan's renewal date. All the final
54.31 proposals submitted must be opened at the same time in the presence of up to three
54.32 representatives selected by the exclusive representative of the largest group of employees.
54.33 Notwithstanding section 13.591, subdivision 3, paragraph (b), following the opening of the
54.34 final proposals, all the proposals, including any made under paragraph (d), and other data

55.1 submitted in connection with the proposals are public data. The school district may choose
55.2 from any of the initial or final proposals without further negotiations and in accordance
55.3 with subdivision 5, but not sooner than 15 days after the proposals become public data.

55.4 (f) School districts that are self-insured shall follow all of the requirements of this section,
55.5 except that:

55.6 (1) their requests for proposals may be for third-party administrator services, where
55.7 applicable;

55.8 (2) these requests for proposals must be from a minimum of three different sources,
55.9 which may include both entities referenced in subdivision 1 and providers of third-party
55.10 administrator services;

55.11 ~~(3) for purposes of fulfilling the requirement to request a proposal for group insurance~~
55.12 ~~coverage from an administrator governed by chapter 43A, self-insured districts are not~~
55.13 ~~required to include in the request for proposal the coverage to be provided;~~

55.14 ~~(4) a district that is self-insured on or before the date of enactment, or that is self-insured~~
55.15 ~~with more than 1,000 insured lives, or a district in which the school board adopted a motion~~
55.16 ~~on or before May 14, 2014, to approve a self-insured health care plan to be effective July~~
55.17 ~~1, 2014, may, but need not, request a proposal from an administrator governed by chapter~~
55.18 ~~43A;~~

55.19 ~~(5)~~ (3) requests for proposals must be sent to providers no less than 90 days prior to the
55.20 expiration of the existing contract; and

55.21 ~~(6)~~ (4) proposals must be submitted at least 60 days prior to the plan's renewal date and
55.22 all proposals shall be opened at the same time and in the presence of the exclusive
55.23 representative, where applicable.

55.24 (g) Nothing in this section shall restrict the authority granted to school district boards
55.25 of education by section 471.59, ~~except that districts will not be considered self-insured for~~
55.26 ~~purposes of this subdivision solely through participation in a joint powers arrangement.~~

55.27 (h) An entity providing group health insurance to a school district under a multiyear
55.28 contract must give notice of any rate or plan design changes applicable under the contract
55.29 at least 90 days before the effective date of any change. The notice must be given to the
55.30 school district and to the exclusive representatives of employees.

55.31 (i) The exclusive representative of the largest group of employees shall comply with
55.32 this subdivision and must not exercise any of their abilities under section 43A.316,

56.1 subdivision 5, notwithstanding anything contained in that section, or any other law to the
 56.2 contrary.

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

56.4 Sec. 41. Minnesota Statutes 2016, section 471.617, subdivision 2, is amended to read:

56.5 Subd. 2. **Jointly.** Any two or more statutory or home rule charter cities, counties, school
 56.6 districts, or instrumentalities thereof which together have more than 100 employees may
 56.7 jointly self-insure for any employee health benefits including long-term disability, but not
 56.8 for employee life benefits, subject to the same requirements as an individual self-insurer
 56.9 under subdivision 1. Self-insurance pools under this section are subject to section 62L.045.
 56.10 A self-insurance pool established and operated by one or more service cooperatives governed
 56.11 by section 123A.21 to provide coverage described in this subdivision qualifies under this
 56.12 subdivision, ~~but the individual school district members of such a pool shall not be considered~~
 56.13 ~~to be self-insured for purposes of section 471.6161, subdivision 8, paragraph (f).~~ The
 56.14 commissioner of commerce may adopt rules pursuant to chapter 14, providing standards or
 56.15 guidelines for the operation and administration of self-insurance pools.

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

56.17 Sec. 42. Minnesota Statutes 2016, section 508.12, subdivision 1, is amended to read:

56.18 Subdivision 1. **Examiner and deputy examiner.** The judges of the district court shall
 56.19 appoint a competent attorney in each county within their respective districts to be an examiner
 56.20 of titles and legal adviser to the registrar in said county, to which examiner all applications
 56.21 to register title to land are referred without further order, and may appoint attorneys to serve
 56.22 as deputy examiners who shall act in the name of the examiner and under the examiner's
 56.23 supervision and control, and the deputy's acts shall be the acts of the examiners. The examiner
 56.24 of titles and deputy examiners shall hold office subject to the will and discretion of the
 56.25 district court by whom appointed. The examiner's compensation and that of the examiner's
 56.26 deputies shall be fixed and determined by the court and paid in the same manner as the
 56.27 compensation of other county employees is paid except that in all counties having fewer
 56.28 than 75,000 inhabitants, and in Stearns, Dakota, Scott, Wright, Sherburne, and Olmsted
 56.29 Counties the fees and compensation of the examiners for services as legal adviser to the
 56.30 registrar shall be determined by the judges of the district court and paid in the same manner
 56.31 as the compensation of other county employees is paid, but in every other instance shall be
 56.32 paid by the person applying to have the person's title registered or for other action or relief
 56.33 which requires the services, certification or approval of the examiner.

57.1 Sec. 43. Minnesota Statutes 2016, section 518A.79, is amended by adding a subdivision
57.2 to read:

57.3 Subd. 3a. **Open meetings.** Except as otherwise provided in this section, the task force
57.4 is subject to chapter 13D. A meeting of the task force occurs when a quorum is present and
57.5 the members receive information, discuss, or take action on any matter relating to the duties
57.6 of the task force. The task force may conduct meetings as provided in section 13D.015 or
57.7 13D.02. The task force may conduct meetings at any location in the state that is appropriate
57.8 for the purposes of the task force as long as the location is open and accessible to the public.
57.9 For legislative members of the task force, enforcement of this subdivision is governed by
57.10 section 3.055, subdivision 2. For nonlegislative members of the task force, enforcement of
57.11 this subdivision is governed by section 13D.06, subdivisions 1 and 2.

57.12 **EFFECTIVE DATE.** This section is effective January 1, 2018.

57.13 Sec. 44. Laws 2016, chapter 127, section 8, is amended to read:

57.14 **Sec. 8. EFFECTIVE DATE; APPLICATION.**

57.15 Sections 1 to 7 are effective the day following final enactment. With respect to eyelash
57.16 technicians, the Board of Cosmetologist Examiners must not enforce sections 1 to 7 until
57.17 ~~July 1, 2017~~ February 1, 2018. Any educational or training requirements developed by the
57.18 board regarding eyelash technicians must be 14 hours.

57.19 **Sec. 45. COMMISSIONER OF REVENUE TO DETERMINE ADEQUACY OF**
57.20 **CURRENT RULES AND VALUATION PRACTICES FOR STATE-ASSESSED**
57.21 **PIPELINES.**

57.22 The commissioner of revenue must review all current rules and practices relating to the
57.23 valuation of pipeline companies that are assessed by the state. The commissioner must
57.24 determine whether current rules and practices provide accurate estimates of market value.
57.25 By February 1, 2018, the commissioner must prepare testimony for the house of
57.26 representatives and senate committees having jurisdiction over property taxes recommending
57.27 changes to the rules and practices to provide more accurate assessments and reduce the
57.28 number and amount of judgments against the state and counties for state-assessed pipeline
57.29 property. Costs associated with conducting the review required by this section must be paid
57.30 from existing funds appropriated to the commissioner by law.

58.1 Sec. 46. **OFFICE OF MN.IT SERVICES; PERFORMANCE OUTCOMES**

58.2 **REQUIRED.**

58.3 **Subdivision 1. Completion of agency consolidation.** No later than December 31, 2018,
58.4 the state chief information officer must complete the executive branch information technology
58.5 consolidation required by Laws 2011, First Special Session chapter 10, article 4. The head
58.6 of any state agency subject to consolidation must assist the state chief information officer
58.7 as necessary to implement the requirements of this subdivision.

58.8 **Subd. 2. Information technology efficiencies and solutions.** No later than December
58.9 31, 2018, the state chief information officer shall:

58.10 (1) host at least 25 percent of all state agency servers on a public cloud solution;

58.11 (2) store at least 35 percent of all state agency data on a public cloud solution; and

58.12 (3) operate no more than six data centers statewide.

58.13 **Subd. 3. Enterprise services; personnel efficiencies.** No later than June 30, 2019, the
58.14 state chief information officer shall reduce the Office of MN.IT Services' total cost for
58.15 enterprise services personnel by at least \$3,000,000.

58.16 **Subd. 4. Legislative report; application consolidation.** No later than January 1, 2018,
58.17 the state chief information officer must submit a report to the chairs and ranking minority
58.18 members of the house of representatives and senate committees with jurisdiction over state
58.19 government finance on the status of business application software consolidation across state
58.20 agencies. At a minimum, the report must describe the outcomes achieved to date, a plan
58.21 and timeline for continued consolidation of business application software with measurable
58.22 outcome goals, and recommendations, if any, on legislation necessary to facilitate
58.23 achievement of these goals.

58.24 Sec. 47. **INITIAL TRANSIT FINANCIAL ACTIVITY REPORTING.**

58.25 **(a) The first transit financial activity review and report submitted under Minnesota**
58.26 Statutes, section 3.972, subdivision 4, must include financial information from the period
58.27 beginning on January 1, 2016, and through the end of the fiscal quarter immediately preceding
58.28 the date of the report.

58.29 **(b) The legislative auditor must provide a copy of the review under paragraph (a) to**
58.30 each county that is party to the joint powers agreement under Minnesota Statutes, section
58.31 297A.992.

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

59.1 **Sec. 48. LIMIT ON EXPENDITURES FOR ADVERTISING.**

59.2 During the fiscal years ending June 30, 2018, and June 30, 2019, an executive branch
59.3 agency's spending on advertising and promotions may not exceed 90 percent of the amount
59.4 the agency spent on advertising and promotions during the fiscal year ending June 30, 2016.
59.5 The commissioner of management and budget must ensure compliance with this limit and
59.6 may issue guidelines and policies to executive agencies. The commissioner may forbid an
59.7 agency from engaging in advertising as the commissioner determines necessary to ensure
59.8 compliance with this section. This section does not apply to the Minnesota Lottery, Explore
59.9 Minnesota Tourism, or the Minnesota State Colleges and Universities. Spending during the
59.10 biennium ending June 30, 2019, on advertising relating to a declared emergency, an
59.11 emergency, or a disaster, as those terms are defined in Minnesota Statutes, section 12.03,
59.12 is excluded for purposes of this section.

59.13 **Sec. 49. TRANSITION; STATE AUDITOR ENTERPRISE FUND.**

59.14 Notwithstanding any law to the contrary, receipts received by the state auditor on or
59.15 after July 1, 2017, from examinations conducted by the state auditor under Minnesota
59.16 Statutes, chapter 6, must be credited to the general fund. Amounts in the state auditor
59.17 enterprise fund at the end of fiscal year 2017 are transferred to the general fund.

59.18 **Sec. 50. REIMBURSEMENT OF LEGAL COSTS FOR WRIGHT, BECKER, AND**
59.19 **RAMSEY COUNTIES.**

59.20 The state auditor shall reimburse Wright, Becker, and Ramsey Counties for legal fees
59.21 incurred and costs and disbursements made as a result of defending against the state auditor's
59.22 lawsuit against them.

59.23 **Sec. 51. LIMIT ON INCREASE IN MANAGERIAL COMPENSATION.**

59.24 (a) Except as provided in paragraph (b), during the biennium ending June 30, 2019, an
59.25 employee covered by the managerial plan in Minnesota Statutes, section 43A.18, subdivision
59.26 3, may not be granted a percentage increase in annual salary that exceeds the lesser of:

59.27 (1) the percentage increase in Minnesota median household income, as determined by
59.28 the American Community Survey compiled by the United States Bureau of the Census, for
59.29 the most recent 12-month period for which data is available; or

59.30 (2) the percentage increase in the Consumer Price Index, as determined by the United
59.31 States Bureau of Labor Statistics, for the most recent 12-month period for which data is
59.32 available.

60.1 (b) This section does not apply to an employee whose salary is established according to
60.2 Minnesota Statutes, section 15A.083.

60.3 **Sec. 52. SALARY LIMIT.**

60.4 (a) During the fiscal year ending June 30, 2018, the aggregate amount spent by all
60.5 executive branch agencies on employee salaries may not exceed 101 percent of the aggregate
60.6 amount these agencies spent on employee salaries in the fiscal year ending June 30, 2017.

60.7 (b) During the fiscal year ending June 30, 2019, the aggregate amount spent by all
60.8 executive branch agencies on employee salaries may not exceed 103 percent of the aggregate
60.9 amount these agencies spent on employee salaries in the fiscal year ending June 30, 2017.

60.10 (c) For purposes of this section, "executive branch" has the meaning given in Minnesota
60.11 Statutes, section 43A.02, subdivision 22, and includes the Minnesota State Colleges and
60.12 Universities but not constitutional offices.

60.13 **Sec. 53. ICE PALACE ON CAPITOL GROUNDS AUTHORIZED.**

60.14 Subdivision 1. **Use agreement; terms required.** The commissioner of administration
60.15 may enter a use agreement with the St. Paul Festival and Heritage Foundation for the
60.16 construction, operation, and removal of an ice palace and related temporary structures on
60.17 the grounds of the State Capitol complex. If a use agreement for this purpose is entered, the
60.18 terms must include the following:

60.19 (1) mutually agreed upon beginning and end dates for access to the grounds for
60.20 construction, operation, and removal of the ice palace and related temporary structures;

60.21 (2) notwithstanding Minnesota Rules, part 7525.0400, an allowance for the St. Paul
60.22 Festival and Heritage Foundation to establish fees for admission to the ice palace and for
60.23 participation in related activities, and for vendors to sell concessions subject to terms
60.24 negotiated in the use agreement. Any fees established must allow a reasonable opportunity
60.25 for all Minnesotans, regardless of income, to access the palace and participate in related
60.26 activities, and must allow free or discounted admission to members of the military, military
60.27 veterans, and their families. A fee may not be charged for general admission to the Capitol
60.28 grounds or, to the extent practicable, for access to public memorials and monuments located
60.29 on the Capitol grounds;

60.30 (3) notwithstanding Minnesota Statutes, section 15B.28, and related rules of the Capitol
60.31 Area Architectural and Planning Board, an allowance for the St. Paul Festival and Heritage

61.1 Foundation to erect advertising devices promoting the ice palace and its sponsors and donors,
61.2 subject to terms negotiated in the use agreement;

61.3 (4) a restriction on private events that limit public access to the ice palace or surrounding
61.4 Capitol grounds, without prior approval of the commissioner of administration; and

61.5 (5) a requirement that, following removal of the ice palace and related temporary
61.6 structures, the St. Paul Festival and Heritage Foundation restore the Capitol grounds to the
61.7 same condition as existed prior to their construction.

61.8 Subd. 2. **Additional terms.** In addition to the terms required by subdivision 1, a use
61.9 agreement authorized by this section may include additional terms as necessary to preserve
61.10 the integrity, dignity, and security of the State Capitol building, the Capitol grounds, and
61.11 the surrounding public buildings, memorials, and monuments, and to ensure compliance
61.12 with other applicable laws governing commercial activity on public property.

61.13 Subd. 3. **Costs, expenses, and liabilities.** Unless expressly provided in the use agreement,
61.14 any costs or expenses incurred by the state or the city of St. Paul in implementing a use
61.15 agreement entered under this section must be paid or reimbursed by the St. Paul Festival
61.16 and Heritage Foundation. Notwithstanding Minnesota Statutes, section 3.736, subdivision
61.17 1, and Minnesota Statutes, section 466.02, the state, the city of St. Paul, and their employees
61.18 are not liable for losses incurred during the construction, operation, or removal of an ice
61.19 palace or related temporary structures, or losses incurred by a person while visiting the ice
61.20 palace or participating in related activities.

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

61.22 Sec. 54. **WAITE PARK; HOTEL INSPECTION.**

61.23 (a) Notwithstanding any other law to the contrary and in addition to any other requirement
61.24 in law, the city of Waite Park may adopt an ordinance to require a hotel, motel, or lodging
61.25 establishment operating within the city's jurisdiction to have a valid license issued by the
61.26 city. The license may prohibit the licensee from:

61.27 (1) knowingly allowing a room to be occupied for purposes of sex trafficking;

61.28 (2) knowingly allowing a room to be occupied for the purposes of illegal drug activity;

61.29 (3) knowingly allowing a room to be occupied by a minor for the consumption of
61.30 alcoholic beverages;

61.31 (4) prohibiting the inspection of the licensed premises;

62.1 (5) failing to report observed or suspected illegal activity to the police in a reasonable
62.2 period of time; and

62.3 (6) failure to maintain the licensed premises to all building, fire, mechanical, zoning or
62.4 licensing codes.

62.5 The ordinance may provide for inspections related to the activities the license addresses.

62.6 The city may collect a reasonable fee related to the cost of issuing the license and conducting
62.7 inspections.

62.8 (b) "Hotel," "motel," and "lodging establishment" are as defined in Minnesota Statutes,
62.9 section 157.15.

62.10 (c) The authority in this section does not replace or diminish the authority of the
62.11 community health board to inspect and license any hotel, motel, or lodging establishment
62.12 in the city.

62.13 **EFFECTIVE DATE.** This section is effective the day following final enactment without
62.14 local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, paragraph
62.15 (a).

62.16 Sec. 55. **EYELASH TECHNICIAN GRANDFATHERING.**

62.17 (a) The board must issue grandfathered eyelash technician licenses no later than February
62.18 1, 2018, under the conditions in this section.

62.19 (b) A complete grandfathering application for an eyelash technician license must be
62.20 received in the board office between August 1, 2017, and January 31, 2018, and must contain:

62.21 (1) proof of a high school diploma or equivalent;

62.22 (2) proof of completion of an eyelash extension training course before July 1, 2017;

62.23 (3) proof of completion of a six-hour board-approved public health and safety course
62.24 provided by a board-licensed school or a board-recognized professional association organized
62.25 under Minnesota Statutes, chapter 317A. Four hours must be related to health, safety, and
62.26 infection control and two hours must be related to Minnesota laws and rules governing
62.27 cosmetology;

62.28 (4) original passing results no more than one year old of board-approved laws and rules
62.29 test and theory tests; and

62.30 (5) the practitioner fees required under Minnesota Statutes, section 155A.25.

63.1 (c) A complete grandfathering application for an eyelash salon manager license must
63.2 be received in the board office between August 1, 2017, and January 31, 2018, and must
63.3 contain:

63.4 (1) proof of a high school diploma or equivalent;

63.5 (2) proof of completion of an eyelash extension training course before July 1, 2017;

63.6 (3) documentation of at least 2,700 hours of experience performing eyelash extensions
63.7 within the last three years;

63.8 (4) original passing results no more than one year old of board-approved laws and rules
63.9 test and theory tests;

63.10 (5) original passing results no more than one year old of board-approved salon manager
63.11 test;

63.12 (6) proof of a six-hour board-approved public health and safety course provided by a
63.13 board-licensed school or a board-recognized professional association organized under
63.14 Minnesota Statutes, chapter 317A. Four hours must be related to infection control and two
63.15 hours must be related to Minnesota laws and rules; and

63.16 (7) the practitioner fees required under Minnesota Statutes, section 155A.25.

63.17 (d) Grandfathered licenses must not be expedited under Minnesota Statutes, section
63.18 155A.25, subdivision 7. The application timelines under Minnesota Statutes, section 155A.25,
63.19 subdivisions 5, 6, and 8, do not apply to grandfathered licenses.

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

63.21 **Sec. 56. EYELASH TECHNICIAN RULEMAKING.**

63.22 The Board of Cosmetologist Examiners shall adopt rules governing the eyelash technician
63.23 and salon licenses, which must include scope of practice, the conditions and process of
63.24 issuing and renewing the license, requirements related to education and testing, and 14 hours
63.25 of training regarding application of eyelash extensions in a board-licensed school. The board
63.26 may use the expedited rule process in Minnesota Statutes, section 14.389. The grant of
63.27 rulemaking authority under this section expires May 31, 2019.

63.28 **Sec. 57. EYELASH TECHNICIAN LICENSING.**

63.29 The Board of Cosmetologist Examiners must not issue an eyelash practitioner license
63.30 before February 1, 2018, except for grandfathered licenses issued under section 39. The

64.1 Board of Cosmetologist Examiners must not require a person to have an eyelash practitioner
 64.2 license for eyelash extensions before February 1, 2018.

64.3 Sec. 58. REPEALER.

64.4 Subdivision 1. State auditor enterprise fund. Minnesota Statutes 2016, section 6.581,
 64.5 subdivision 1, is repealed.

64.6 Subd. 2. Washington, D.C. office. Minnesota Statutes 2016, section 4.46, is repealed.

64.7 **ARTICLE 3**

64.8 **STATE BUDGETING TECHNICAL**

64.9 Section 1. Minnesota Statutes 2016, section 15.0596, is amended to read:

64.10 **15.0596 ADDITIONAL COMPENSATION FROM CONTINGENT FUND**
 64.11 **PROHIBITED.**

64.12 In all cases where the compensation of an officer of the state is fixed by law at a specified
 64.13 sum, it shall be unlawful for any such officer or employee to receive additional compensation
 64.14 for the performance of official services out of the contingent fund of the officer or the
 64.15 department, and it shall be unlawful for the head of any department of the state government
 64.16 to direct the payment of such additional compensation out of the contingent fund; and the
 64.17 commissioner of management and budget is hereby prohibited from issuing a ~~warrant~~
 64.18 payment upon such contingent fund in payment of such additional compensation.

64.19 Every person offending against the provisions of this section shall be guilty of a
 64.20 misdemeanor.

64.21 Sec. 2. Minnesota Statutes 2016, section 15.191, subdivision 1, is amended to read:

64.22 Subdivision 1. **Emergency disbursements.** Imprest cash funds for the purpose of making
 64.23 minor disbursements, providing for change, and providing employees with travel advances
 64.24 or a portion or all of their payroll ~~warrant~~ where the ~~warrant~~ payment has not been received
 64.25 through the payroll system, may be established by state departments or agencies from
 64.26 existing appropriations in the manner prescribed by this section.

64.27 Sec. 3. Minnesota Statutes 2016, section 15.191, subdivision 3, is amended to read:

64.28 Subd. 3. ~~Warrant~~ Payment against designated appropriation. Imprest cash funds
 64.29 established under this section shall be created by ~~warrant drawn~~ payment issued against the
 64.30 appropriation designated by the commissioner of management and budget.

65.1 Sec. 4. Minnesota Statutes 2016, section 16A.065, is amended to read:

65.2 **16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES**
65.3 **DOCUMENTS.**

65.4 Notwithstanding section 16A.41, subdivision 1, the commissioner may allow an agency
65.5 to make advance deposits or payments for software or software maintenance services for
65.6 state-owned or leased electronic data processing equipment, for information technology
65.7 hosting services, for sole source maintenance agreements where it is not cost-effective to
65.8 pay in arrears, for exhibit booth space or boat slip rental when required by the renter to
65.9 guarantee the availability of space, for registration fees where advance payment is required
65.10 or advance payment discount is provided, ~~and~~ for newspaper, magazine, and other
65.11 subscription fees, and other costs where advance payment discount is provided or are
65.12 customarily paid for in advance. The commissioner may also allow advance deposits by
65.13 any department with the Library of Congress and federal Supervisor of Documents for items
65.14 to be purchased from those federal agencies.

65.15 Sec. 5. Minnesota Statutes 2016, section 16A.13, subdivision 2a, is amended to read:

65.16 Subd. 2a. **Procedure.** The commissioner shall see that the deduction for the withheld
65.17 tax is made from an employee's pay on the payroll abstract. The commissioner shall approve
65.18 one ~~warrant payable~~ payment to the commissioner for the total amount deducted on the
65.19 abstract. Deductions from the pay of an employee paid direct by an agency shall be made
65.20 by the employee's payroll authority. A later deduction must correct an error made on an
65.21 earlier deduction. The paying authority shall see that a ~~warrant or check~~ payment for the
65.22 deductions is promptly sent to the commissioner. The commissioner shall deposit the amount
65.23 of the ~~warrant or check~~ payment to the credit of the proper federal authority or other person
65.24 authorized by federal law to receive it.

65.25 Sec. 6. Minnesota Statutes 2016, section 16A.134, is amended to read:

65.26 **16A.134 CHARITABLE ORGANIZATIONS PAYROLL DEDUCTIONS.**

65.27 An employee's contribution to a registered combined charitable organization defined in
65.28 section 43A.50 may be deducted from the employee's pay. On the employee's written request,
65.29 the commissioner shall deduct a requested amount from the pay of the employee for each
65.30 pay period. The commissioner shall issue a ~~warrant~~ payment in that amount to the specified
65.31 organization.

66.1 Sec. 7. Minnesota Statutes 2016, section 16A.15, subdivision 3, is amended to read:

66.2 Subd. 3. **Allotment and encumbrance.** (a) A payment may not be made without prior
66.3 obligation. An obligation may not be incurred against any fund, allotment, or appropriation
66.4 unless the commissioner has certified a sufficient unencumbered balance or the accounting
66.5 system shows sufficient allotment or encumbrance balance in the fund, allotment, or
66.6 appropriation to meet it. The commissioner shall determine when the accounting system
66.7 may be used to incur obligations without the commissioner's certification of a sufficient
66.8 unencumbered balance. An expenditure or obligation authorized or incurred in violation of
66.9 this chapter is invalid and ineligible for payment until made valid. A payment made in
66.10 violation of this chapter is illegal. An employee authorizing or making the payment, or
66.11 taking part in it, and a person receiving any part of the payment, are jointly and severally
66.12 liable to the state for the amount paid or received. If an employee knowingly incurs an
66.13 obligation or authorizes or makes an expenditure in violation of this chapter or takes part
66.14 in the violation, the violation is just cause for the employee's removal by the appointing
66.15 authority or by the governor if an appointing authority other than the governor fails to do
66.16 so. In the latter case, the governor shall give notice of the violation and an opportunity to
66.17 be heard on it to the employee and to the appointing authority. A claim presented against
66.18 an appropriation without prior allotment or encumbrance may be made valid on investigation,
66.19 review, and approval by the agency head in accordance with the commissioner's policy, if
66.20 the services, materials, or supplies to be paid for were actually furnished in good faith
66.21 without collusion and without intent to defraud. The commissioner may then ~~draw a warrant~~
66.22 ~~to~~ pay the claim just as properly allotted and encumbered claims are paid.

66.23 (b) The commissioner may approve payment for materials and supplies in excess of the
66.24 obligation amount when increases are authorized by section 16C.03, subdivision 3.

66.25 (c) To minimize potential construction delay claims, an agency with a project funded
66.26 by a building appropriation may allow a contractor to proceed with supplemental work
66.27 within the limits of the appropriation before money is encumbered. Under this circumstance,
66.28 the agency may requisition funds and allow contractors to expeditiously proceed with a
66.29 construction sequence. While the contractor is proceeding, the agency shall immediately
66.30 act to encumber the required funds.

66.31 Sec. 8. Minnesota Statutes 2016, section 16A.17, subdivision 5, is amended to read:

66.32 Subd. 5. **Payroll duties.** When the department prepares the payroll for an agency, the
66.33 commissioner assumes the agency head's duties to make authorized or required deductions

67.1 from, or employer contributions on, the pay of the agency's employees and to prepare and
67.2 issue the necessary ~~warrants~~ payments.

67.3 Sec. 9. Minnesota Statutes 2016, section 16A.272, subdivision 3, is amended to read:

67.4 Subd. 3. **Section 7.19 16A.271 to apply.** The provisions of Minnesota Statutes 1941,
67.5 section 7.19 16A.271, shall apply to deposits of securities made pursuant to this section.

67.6 Sec. 10. Minnesota Statutes 2016, section 16A.40, is amended to read:

67.7 **16A.40 WARRANTS AND ELECTRONIC FUND TRANSFERS.**

67.8 Money must not be paid out of the state treasury except upon the warrant of the
67.9 commissioner or an electronic fund transfer approved by the commissioner. Warrants must
67.10 be drawn on printed blanks that are in numerical order. The commissioner shall enter, in
67.11 numerical order in a ~~warrant~~ warrant payment register, the number, amount, date, and payee for
67.12 every ~~warrant~~ warrant payment issued.

67.13 The commissioner may require payees to supply their bank routing information to enable
67.14 the payments to be made through an electronic fund transfer.

67.15 Sec. 11. Minnesota Statutes 2016, section 16A.42, subdivision 2, is amended to read:

67.16 Subd. 2. **Approval.** If the claim is approved, the commissioner shall ~~complete and sign~~
67.17 ~~a warrant~~ issue a payment in the amount of the claim.

67.18 Sec. 12. Minnesota Statutes 2016, section 16A.42, subdivision 4, is amended to read:

67.19 Subd. 4. **Register.** The commissioner shall enter a ~~warrant~~ warrant payment in the ~~warrant~~
67.20 warrant payment register as if it were a cash payment.

67.21 Sec. 13. Minnesota Statutes 2016, section 16A.42, is amended by adding a subdivision to
67.22 read:

67.23 Subd. 5. **Invalid claims.** If the commissioner determines that a claim is invalid after
67.24 issuing a warrant, the commissioner may void an unpaid warrant. The commissioner is not
67.25 liable to any holder who took the void warrant for value.

67.26 Sec. 14. Minnesota Statutes 2016, section 16A.56, is amended to read:

67.27 **16A.56 COMMISSIONER'S RECEIPT AND CLAIM DUTIES.**

68.1 The commissioner or a designee shall examine every receipt and claim, and if proper,
68.2 approve them, name the account to be charged or credited, and issue ~~warrants~~ payments to
68.3 pay claims.

68.4 Sec. 15. Minnesota Statutes 2016, section 16A.671, subdivision 1, is amended to read:

68.5 Subdivision 1. **Authority; advisory recommendation.** To ensure that cash is available
68.6 when needed to ~~pay warrants~~ make payments drawn on the general fund under appropriations
68.7 and allotments, the commissioner may (1) issue certificates of indebtedness in anticipation
68.8 of the collection of taxes levied for and other revenues appropriated to the general fund for
68.9 expenditure during each biennium; and (2) issue additional certificates to refund outstanding
68.10 certificates and interest on them, under the Constitution, article XI, section 6.

68.11 Sec. 16. Minnesota Statutes 2016, section 16B.37, subdivision 4, is amended to read:

68.12 Subd. 4. **Work of department for another.** To avoid duplication and improve efficiency,
68.13 the commissioner may direct an agency to do work for another agency or may direct a
68.14 division or section of an agency to do work for another division or section within the same
68.15 agency and shall require reimbursement for the work. Reimbursements received by an
68.16 agency are reappropriated to the account making the original expenditure in accordance
68.17 with the transfer ~~warrant~~ procedure established by the commissioner of management and
68.18 budget.

68.19 Sec. 17. Minnesota Statutes 2016, section 16D.03, subdivision 2, is amended to read:

68.20 Subd. 2. **State agency reports.** State agencies shall report quarterly to the commissioner
68.21 of management and budget the debts owed to them. The commissioner of management and
68.22 budget, ~~in consultation with the commissioners of revenue and human services, and the~~
68.23 ~~attorney general,~~ shall establish internal guidelines for the recognition, tracking, and
68.24 ~~reporting, and collection~~ of debts owed the state. The internal guidelines must include
68.25 accounting standards, performance measurements, and uniform reporting requirements
68.26 applicable to all state agencies. The commissioner of management and budget shall require
68.27 a state agency to recognize, track, report, and attempt to collect debts according to the
68.28 internal guidelines. The commissioner, in consultation with the commissioner of management
68.29 and budget and the attorney general, shall establish internal guidelines for the collection of
68.30 debt owed to the state.

69.1 Sec. 18. Minnesota Statutes 2016, section 16D.09, subdivision 1, is amended to read:

69.2 Subdivision 1. **Generally.** When a debt is determined by a state agency to be
69.3 uncollectible, the debt may be written off by the state agency from the state agency's financial
69.4 accounting records and no longer recognized as an account receivable for financial reporting
69.5 purposes. A debt is considered to be uncollectible when (1) all reasonable collection efforts
69.6 have been exhausted, (2) the cost of further collection action will exceed the amount
69.7 recoverable, (3) the debt is legally without merit or cannot be substantiated by evidence,
69.8 (4) the debtor cannot be located, (5) the available assets or income, current or anticipated,
69.9 that may be available for payment of the debt are insufficient, (6) the debt has been
69.10 discharged in bankruptcy, (7) the applicable statute of limitations for collection of the debt
69.11 has expired, or (8) it is not in the public interest to pursue collection of the debt. ~~The~~
69.12 ~~determination of the uncollectibility of a~~ Uncollectible debt must be reported by the state
69.13 agency ~~along with the basis for that decision~~ as part of its quarterly reports to the
69.14 commissioner of management and budget. The basis for the determination of the
69.15 uncollectibility of the debt must be maintained by the state agency. Determining that the
69.16 debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt.

69.17 Sec. 19. Minnesota Statutes 2016, section 21.116, is amended to read:

69.18 **21.116 EXPENSES.**

69.19 All necessary expenses incurred in carrying out the provisions of sections 21.111 to
69.20 21.122 and the compensation of officers, inspectors, and employees appointed, designated,
69.21 or employed by the commissioner, as provided in such sections, together with their necessary
69.22 traveling expenses, together with the traveling expenses of the members of the advisory
69.23 seed potato certification committee, and other expenses necessary in attending committee
69.24 meetings, shall be paid from, and only from, the seed potato inspection account, on order
69.25 of the commissioner and commissioner of management and ~~budget's voucher warrant~~ budget.

69.26 Sec. 20. Minnesota Statutes 2016, section 43A.30, subdivision 2, is amended to read:

69.27 Subd. 2. **Payroll deduction.** If an eligible person who is on any payroll of the state or
69.28 an eligible person's dependents is enrolled for any of the optional coverages made available
69.29 by the commissioner pursuant to section 43A.26 the commissioner of management and
69.30 budget, upon the person's written order, shall deduct from the salary or wages of the person
69.31 those amounts required from time to time to maintain the optional coverages in force, and
69.32 issue a ~~warrant~~ payment therefor to the appropriate carrier.

70.1 Sec. 21. Minnesota Statutes 2016, section 43A.49, is amended to read:

70.2 **43A.49 VOLUNTARY UNPAID LEAVE OF ABSENCE.**

70.3 (a) Appointing authorities in state government may allow each employee to take unpaid
70.4 leaves of absence for up to 1,040 hours in each two-year period beginning July 1 of each
70.5 odd-numbered year. Each appointing authority approving such a leave shall allow the
70.6 employee to continue accruing vacation and sick leave, be eligible for paid holidays and
70.7 insurance benefits, accrue seniority, and accrue service credit and credited salary in retirement
70.8 plans as if the employee had actually been employed during the time of leave. An employee
70.9 covered by the unclassified plan may voluntarily make the employee contributions to the
70.10 unclassified plan during the leave of absence. If the employee makes these contributions,
70.11 the appointing authority must make the employer contribution. If the leave of absence is
70.12 for one full pay period or longer, any holiday pay shall be included in the first payroll ~~warrant~~
70.13 payment after return from the leave of absence. The appointing authority shall attempt to
70.14 grant requests for the unpaid leaves of absence consistent with the need to continue efficient
70.15 operation of the agency. However, each appointing authority shall retain discretion to grant
70.16 or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject
70.17 to the applicable provisions of collective bargaining agreements and compensation plans.

70.18 (b) To receive eligible service credit and credited salary in a defined benefit plan, the
70.19 member shall pay an amount equal to the applicable employee contribution rates. If an
70.20 employee pays the employee contribution for the period of the leave under this section, the
70.21 appointing authority must pay the employer contribution. The appointing authority may, at
70.22 its discretion, pay the employee contributions. Contributions must be made in a time and
70.23 manner prescribed by the executive director of the applicable retirement system.

70.24 Sec. 22. Minnesota Statutes 2016, section 49.24, subdivision 13, is amended to read:

70.25 Subd. 13. **Disposition of unclaimed dividends.** Upon the liquidation of any financial
70.26 institution liquidated by the commissioner as statutory liquidator, if any dividends or other
70.27 moneys set apart for the payment of claims remain unpaid, and the places of residence of
70.28 the owners thereof are unknown to the commissioner, the commissioner may pay same into
70.29 the state treasury as hereinafter provided. Whenever the commissioner shall be satisfied
70.30 that the process of liquidation should not be further continued the commissioner may make
70.31 and certify triplicate lists of any such unclaimed dividends or other moneys, specifying the
70.32 name of each owner, the amount due, and the last known address. Upon one of such lists,
70.33 to be retained by the commissioner shall be endorsed the commissioner's order that such
70.34 unclaimed moneys be forthwith deposited in the state treasury. When so deposited, one of

71.1 said lists shall be delivered to the commissioner of management and budget and the
71.2 commissioner shall retain in the commissioner's office such records and proofs concerning
71.3 said claims as the commissioner may have, which shall thereafter remain on file in the
71.4 office. The commissioner of management and budget shall execute upon the list retained
71.5 by the commissioner a receipt for such money, which shall operate as a full discharge of
71.6 the commissioner on account of such claims. At any time within six years after such receipt,
71.7 but not afterward, the claimant may apply to the commissioner for the amount so deposited
71.8 for the claimant's benefit, and upon proof satisfactory to the governor, the attorney general
71.9 and the commissioner, or to a majority of them, they shall give an order to the commissioner
71.10 of management and budget to issue a ~~warrant~~ payment for such amount, and such ~~warrant~~
71.11 payment shall thereupon be issued. If no such claim be presented within six years, the
71.12 commissioner shall so note upon the commissioner's copy of said list and certify the fact
71.13 to the commissioner of management and budget who shall make like entries upon the
71.14 commissioner of management and budget's corresponding lists; and all further claims to
71.15 said money shall be barred. Provided, that the commissioner of management and budget
71.16 shall transfer to the commissioner of commerce's liquidation fund created by this section
71.17 not to exceed 50 percent of the amount so turned over by the commissioner, to be used to
71.18 partially defray expenses in connection with the liquidation of closed banks and the conduct
71.19 of the liquidation division, in such amounts and at such times as the commissioner shall
71.20 request.

71.21 There is hereby appropriated to the persons entitled to such amounts, from such moneys
71.22 in the state treasury not otherwise appropriated, an amount sufficient to make such payment.

71.23 Sec. 23. Minnesota Statutes 2016, section 49.24, subdivision 16, is amended to read:

71.24 Subd. 16. **Transfers to liquidation fund.** The following moneys shall be transferred to
71.25 and deposited in the commissioner of commerce's liquidation fund:

71.26 (1) All moneys paid to the commissioner of management and budget by the commissioner
71.27 out of funds of any financial institution in the commissioner's hands as reimbursement for
71.28 services and expenses pursuant to the provisions of subdivision 7.

71.29 (2) All moneys in the possession of the commissioner set aside for the purpose of meeting
71.30 unforeseen and contingent expenses incident to the liquidation of closed financial institutions,
71.31 which funds have been or shall be hereafter established by withholding portions of final
71.32 liquidating dividends in such cases.

71.33 (3) All moneys which the commissioner shall request the commissioner of management
71.34 and budget to transfer to such fund pursuant to the provisions of subdivision 13.

72.1 (4) All moneys in the possession of the commissioner now carried on the commissioner's
72.2 books in "stamp account," "suspense account," and "unclaimed deposit account."

72.3 (5) All moneys in the possession of the commissioner which the commissioner may be
72.4 authorized by order of any district court having jurisdiction of any liquidation proceedings
72.5 to transfer to such fund, or to use for any of the purposes for which the fund is established.

72.6 (6) All moneys in the possession of the commissioner carried on the commissioner's
72.7 books in the "unclaimed bonds account." At any time within six years after any bond the
72.8 proceeds of the sale of which constitute a portion of the moneys in this paragraph referred
72.9 to came into the possession of the commissioner as liquidator of any financial institution,
72.10 any claimant thereto may apply to the commissioner for the proceeds of the sale of such
72.11 bond, and, upon proof satisfactory to the governor, the attorney general, and the
72.12 commissioner, or a majority of them, they shall give an order to the commissioner of
72.13 management and budget to issue a ~~warrant~~ warrant payment for such amount, without interest, and
72.14 such ~~warrant~~ warrant payment shall thereupon be issued and the amount thereof paid out of the
72.15 commissioner of commerce's liquidation fund. If no such claim be presented within such
72.16 period, all further claims to the proceeds of any such bond shall be barred.

72.17 (7) All sums which the commissioner may receive from the sale of personal property of
72.18 liquidated financial institutions where the final dividend has been paid and no disposition
72.19 of said property made by any order of the court, and the proceeds of sales of any personal
72.20 property used by the liquidation division which have been purchased with funds of financial
72.21 institutions in liquidation.

72.22 Sec. 24. Minnesota Statutes 2016, section 69.031, subdivision 1, is amended to read:

72.23 Subdivision 1. **Commissioner's ~~warrant~~ warrant payment.** (a) The commissioner of management
72.24 and budget shall issue to the Public Employees Retirement Association on behalf of a
72.25 municipality or independent nonprofit firefighting corporation that is a member of the
72.26 voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to
72.27 the Department of Natural Resources, the Department of Public Safety, or the county,
72.28 municipality, or independent nonprofit firefighting corporation certified to the commissioner
72.29 of management and budget by the commissioner a ~~warrant~~ warrant payment for an amount equal
72.30 to the amount of fire state aid or police state aid, whichever applies, certified for the
72.31 applicable state aid recipient by the commissioner under section 69.021.

72.32 (b) Fire state aid and police state aid is payable on October 1 annually. The amount of
72.33 state aid due and not paid by October 1 accrues interest payable to the state aid recipient at

73.1 the rate of one percent for each month or part of a month that the amount remains unpaid
73.2 after October 1.

73.3 Sec. 25. Minnesota Statutes 2016, section 80A.65, subdivision 9, is amended to read:

73.4 Subd. 9. **Generally.** No filing for which a fee is required shall be deemed to be filed or
73.5 given any effect until the proper fee is paid. All fees and charges collected by the
73.6 administrator shall be covered into the state treasury. When any person is entitled to a refund
73.7 under this section, the administrator shall certify to the commissioner of management and
73.8 budget the amount of the fee to be refunded to the applicant, and the commissioner of
73.9 management and budget shall issue a ~~warrant~~ in payment thereof out of the fund to which
73.10 such fee was credited in the manner provided by law. There is hereby appropriated to the
73.11 person entitled to such refunds from the fund in the state treasury to which such fees were
73.12 credited an amount to make such refunds and payments.

73.13 Sec. 26. Minnesota Statutes 2016, section 84A.23, subdivision 4, is amended to read:

73.14 Subd. 4. **Drainage ditch bonds; reports.** (a) Immediately after a project is approved
73.15 and accepted and then after each distribution of the tax collections on the June and November
73.16 tax settlements, the county auditor shall certify to the commissioner of management and
73.17 budget the following information relating to bonds issued to finance or refinance public
73.18 drainage ditches wholly or partly within the projects, and the collection of assessments
73.19 levied on account of the ditches:

73.20 (1) the amount of principal and interest to become due on the bonds before the next tax
73.21 settlement and distribution;

73.22 (2) the amount of money collected from the drainage assessments and credited to the
73.23 funds of the ditches; and

73.24 (3) the amount of the deficit in the ditch fund of the county chargeable to the ditches.

73.25 (b) On approving the certificate, the commissioner of management and budget shall
73.26 ~~draw a warrant~~ issue a payment, payable out of the fund pertaining to the project, for the
73.27 amount of the deficit in favor of the county.

73.28 (c) As to public drainage ditches wholly within a project, the amount of money paid to
73.29 or for the benefit of the county under paragraph (b) must never exceed the principal and
73.30 interest of the bonds issued to finance or refinance the ditches outstanding at the time of
73.31 the passage and approval of sections 84A.20 to 84A.30, less money on hand in the county
73.32 ditch fund to the credit of the ditches. The liabilities must be reduced from time to time by

74.1 the amount of all payments of assessments after April 25, 1931, made by the owners of
74.2 lands assessed before that date for benefits on account of the ditches.

74.3 (d) As to public drainage ditches partly within and partly outside a project, the amount
74.4 paid from the fund pertaining to the project to or for the benefit of the county must never
74.5 exceed a certain percentage of bonds issued to finance and refinance the ditches so
74.6 outstanding, less money on hand in the county ditch fund to the credit of the ditches on
74.7 April 25, 1931. The percentage must bear the same proportion to the whole amount of these
74.8 bonds as the original benefits assessed against lands within the project bear to the original
74.9 total benefits assessed to the entire system of the ditches. This liability shall be reduced
74.10 from time to time by the payments of all assessments extended after April 25, 1931, made
74.11 by the owners of lands within the project of assessments for benefits assessed before that
74.12 date on account of a ditch.

74.13 (e) The commissioner of management and budget may provide and prescribe forms for
74.14 reports required by sections 84A.20 to 84A.30 and require any additional information from
74.15 county officials that the commissioner of management and budget considers necessary for
74.16 the proper administration of sections 84A.20 to 84A.30.

74.17 Sec. 27. Minnesota Statutes 2016, section 84A.33, subdivision 4, is amended to read:

74.18 Subd. 4. **Ditch bonds; funds; payments to counties.** (a) Upon the approval and
74.19 acceptance of a project and after each distribution of the tax collections for the June and
74.20 November tax settlements, the county auditor shall certify to the commissioner of
74.21 management and budget the following information about bonds issued to finance or refinance
74.22 public drainage ditches wholly or partly within the projects, and the collection of assessments
74.23 levied for the ditches:

74.24 (1) the amount of principal and interest to become due on the bonds before the next tax
74.25 settlement and distribution;

74.26 (2) the amount of money collected from the drainage assessments and credited to the
74.27 funds of the ditches, not already sent to the commissioner of management and budget as
74.28 provided in sections 84A.31 to 84A.42; and

74.29 (3) the amount of the deficit in the ditch fund of the county chargeable to the ditches.

74.30 (b) On approving this certificate of the county auditor, the commissioner of management
74.31 and budget shall ~~draw a warrant~~ issue a payment, payable out of the fund provided for in
74.32 sections 84A.31 to 84A.42, and send it to the county treasurer of the county. These funds
74.33 must be credited to the proper ditch of the county and placed in the ditch bond fund of the

75.1 county, which is created, and used only to pay the ditch bonded indebtedness of the county
75.2 assumed by the state under sections 84A.31 to 84A.42. The total amount of ~~warrants drawn~~
75.3 payments issued must not exceed in any one year the total amount of the deficit provided
75.4 for under this section.

75.5 (c) The state is subrogated to all title, right, interest, or lien of the county in or on the
75.6 lands so certified within these projects.

75.7 (d) As to public drainage ditches wholly within a project, the amount paid to, or for the
75.8 benefit of, the county under this subdivision must never exceed the principal and interest
75.9 of the bonds issued to finance or refinance a ditch outstanding on April 22, 1933, less money
75.10 on hand in the county ditch fund to the credit of a ditch. These liabilities must be reduced
75.11 from time to time by the amount of any payments of assessments extended after April 22,
75.12 1933, made by the owners of lands assessed before that date for benefits on account of the
75.13 ditches.

75.14 As to public drainage ditches partly within and partly outside a project the amount paid
75.15 from the fund pertaining to the project to or for the benefit of the county must never exceed
75.16 a certain percentage of bonds issued to finance and refinance a ditch so outstanding, less
75.17 money on hand in the county ditch fund to the credit of a ditch on April 22, 1932. The
75.18 percentage must bear the same proportion to the whole amount of the bonds as the original
75.19 benefits assessed against these lands within the project bear to the original total benefits
75.20 assessed to the entire system for a ditch. This liability must be reduced from time to time
75.21 by the payments of all assessments extended after April 22, 1933, made by the owners of
75.22 lands within the project of assessments for benefits assessed before that date on account of
75.23 a ditch.

75.24 Sec. 28. Minnesota Statutes 2016, section 84A.40, is amended to read:

75.25 **84A.40 COUNTY MAY ASSUME BONDS.**

75.26 Any county where a project or portion of it is located may voluntarily assume, in the
75.27 manner specified in this section, the obligation to pay a portion of the principal and interest
75.28 of the bonds issued before the approval and acceptance of the project and remaining unpaid
75.29 at maturity, of any school district or town in the county and wholly or partly within the
75.30 project. The portion must bear the same proportion to the whole of the unpaid principal and
75.31 interest as the last net tax capacity, before the acceptance of the project, of lands then
75.32 acquired by the state under sections 84A.31 to 84A.42 in the school districts or towns bears
75.33 to the total net tax capacity for the same year of the school district or town. This assumption
75.34 must be evidenced by a resolution of the county board of the county. A copy of the resolution

76.1 must be certified to the commissioner of management and budget within one year after the
76.2 acceptance of the project.

76.3 Later, if any of the bonds remains unpaid at maturity, the county board shall, upon
76.4 demand of the governing body of the school district or town or of a bondholder, provide
76.5 for the payment of the portion assumed. The county shall levy general taxes on all the taxable
76.6 property of the county for that purpose, or issue its bonds to raise the sum needed, conforming
76.7 to law respecting the issuance of county refunding bonds. The proceeds of taxes or bonds
76.8 must be paid by the county treasurer to the treasurer of the school district or town. No
76.9 payments shall be made by the county to the school district or town until the money in the
76.10 treasury of the school district or town, together with the money to be paid by the county, is
76.11 sufficient to pay in full each of the bonds as it becomes due.

76.12 If a county fails to adopt and certify the resolution, the commissioner of management
76.13 and budget shall withhold from the payments to be made to the county under section 84A.32
76.14 a sum equal to that portion of the principal and interest of the outstanding bonds that bears
76.15 the same proportion to the whole of the bonds as the above determined net tax capacity of
76.16 lands acquired by the state within the project bears to the total net tax capacity for the same
76.17 year of the school district or town. Money withheld from the county must be set aside in
76.18 the state treasury and not paid to the county until the full principal and interest of the school
76.19 district and town bonds have been paid.

76.20 If any bonds remain unpaid at maturity, upon the demand of the governing body of the
76.21 school district or town, or a bondholder, the commissioner of management and budget shall
76.22 issue to the treasurer of the school district or town a ~~warrant~~ payment for that portion of the
76.23 past due principal and interest computed as in the case of the county's liability authorized
76.24 in this section to be voluntarily assumed. Money received by a school district or town under
76.25 this section must be applied to the payment of past-due bonds and interest.

76.26 Sec. 29. Minnesota Statutes 2016, section 84A.52, is amended to read:

76.27 **84A.52 ACCOUNTS; EXAMINATION, APPROPRIATION, PAYMENT.**

76.28 As a part of the examination provided for by section 6.481, of the accounts of the several
76.29 counties within a game preserve, area, or project established under section 84A.01, 84A.20,
76.30 or 84A.31, the state auditor shall segregate the audit of the accounts reflecting the receipt
76.31 and disbursement of money collected or disbursed under this chapter or from the sale of
76.32 tax-forfeited lands held by the state under section 84A.07, 84A.26, or 84A.36. The auditor
76.33 shall also include in the reports required by section 6.481 summary statements as of
76.34 December 31 before the examination that set forth the proportionate amount of principal

77.1 and interest due from the state to the individual county and any money due the state from
 77.2 the county remaining unpaid under this chapter, or from the sale of any tax-forfeited lands
 77.3 referred to in this section, and other information required by the commissioner of management
 77.4 and budget. On receiving a report, the commissioner of management and budget shall
 77.5 determine the net amount due to the county for the period covered by the report and shall
 77.6 ~~draw a warrant~~ issue a payment upon the state treasury payable out of the consolidated fund
 77.7 for that amount. It must be paid to and received by the county as payment in full of all
 77.8 amounts due for the period stated on the ~~warrants~~ payments from the state under any
 77.9 provision of this chapter.

77.10 Money to ~~pay the warrants~~ make the payments is appropriated to the counties entitled
 77.11 to payment from the consolidated fund in the state treasury.

77.12 Sec. 30. Minnesota Statutes 2016, section 88.12, subdivision 1, is amended to read:

77.13 Subdivision 1. **Limitation.** The compensation and expenses of persons temporarily
 77.14 employed in emergencies in suppression or control of wildfires shall be fixed by the
 77.15 commissioner of natural resources or an authorized agent and paid as provided by law. Such
 77.16 compensation shall not exceed the maximum rate for comparable labor established as
 77.17 provided by law or rules, but shall not be subject to any minimum rate so established. The
 77.18 commissioner is authorized to draw and expend from money appropriated for the purposes
 77.19 of sections 88.03 to 88.22 a reasonable sum and through forest officers or other authorized
 77.20 agent be used in paying emergency expenses, including just compensation for services
 77.21 rendered by persons summoned and for private property used, damaged, or appropriated
 77.22 under sections 88.03 to 88.22. The commissioner of management and budget is authorized
 77.23 to ~~draw a warrant~~ issue a payment for this sum when duly approved by the commissioner.
 77.24 The commissioner or agent in charge shall take proper subvouchers or receipts from all
 77.25 persons to whom these moneys are paid, and after these subvouchers have been approved
 77.26 they shall be filed with the commissioner of management and budget. Authorized funds as
 77.27 herein provided at any time shall be deposited, subject to withdrawal or disbursement by
 77.28 check or otherwise for the purposes herein prescribed, in a bank authorized and bonded to
 77.29 receive state deposits; and the bond of this bank to the state shall cover and include this
 77.30 deposit.

77.31 Sec. 31. Minnesota Statutes 2016, section 94.522, is amended to read:

77.32 **94.522 TRANSMISSION OF ~~WARRANTS~~ PAYMENTS TO COUNTY**
 77.33 **TREASURERS; USE OF PROCEEDS.**

78.1 It shall be the duty of the commissioner of management and budget to transmit ~~warrants~~
 78.2 ~~on payments from~~ the state treasury to the county treasurer of the respective counties for
 78.3 the sums that may be due in accordance with section 94.521, which sums are hereby
 78.4 appropriated out of the state treasury from the amounts received from the United States
 78.5 government pursuant to the aforesaid acts of Congress, and such money shall be used by
 78.6 the counties receiving the same for the purposes and in the proportions herein provided.

78.7 Sec. 32. Minnesota Statutes 2016, section 94.53, is amended to read:

78.8 **94.53 ~~WARRANT~~ WARRANT PAYMENT TO COUNTY TREASURERS; FEDERAL LOANS**
 78.9 **TO COUNTIES.**

78.10 It shall be the duty of the commissioner of management and budget to transmit ~~warrants~~
 78.11 ~~on payments from~~ the state treasury to the county treasurers of the respective counties for
 78.12 the sum that may be due in accordance with sections 94.52 to 94.54, which sum or sums
 78.13 are hereby appropriated out of the state treasury from the amounts received from the United
 78.14 States government pursuant to the aforesaid act of Congress. The commissioner of
 78.15 management and budget, upon being notified by the federal government or any agencies
 78.16 thereof that a loan has been made to any such county the repayment of which is to be made
 78.17 from such fund, is authorized to transmit a ~~warrant or warrants~~ payment to the federal
 78.18 government or any agency thereof sufficient to repay such loan out of any money apportioned
 78.19 or due to such county under the provisions of such act of Congress, approved May 23, 1908
 78.20 (Statutes at Large, volume 35, page 260).

78.21 Sec. 33. Minnesota Statutes 2016, section 116J.64, subdivision 7, is amended to read:

78.22 Subd. 7. **Processing.** (a) An Indian desiring a loan for the purpose of starting a business
 78.23 enterprise or expanding an existing business shall make application to the appropriate tribal
 78.24 government. The application shall be forwarded to the appropriate eligible organization, if
 78.25 it is participating in the program, for consideration in conformity with the plans submitted
 78.26 by said tribal governments. The tribal government may approve the application if it
 78.27 determines that the loan would advance the goals of the Indian business loan program. If
 78.28 the tribal government is not participating in the program, the agency may directly approve
 78.29 or deny the loan application.

78.30 (b) If the application is approved, the tribal government shall forward the application,
 78.31 together with all relevant documents pertinent thereto, to the commissioner of the agency,
 78.32 who shall ~~cause a warrant~~ request a payment to be drawn in favor of issued to the applicant

79.1 or the applicable tribal government, or the agency, if it is administering the loan, with
79.2 appropriate notations identifying the borrower.

79.3 (c) The tribal government, eligible organization, or the agency, if it is administering the
79.4 loan, shall maintain records of transactions for each borrower in a manner consistent with
79.5 good accounting practice. The interest rate on a loan shall be established by the tribal
79.6 government or the agency, but may be no less than two percent per annum nor more than
79.7 ten percent per annum. When any portion of a debt is repaid, the tribal government, eligible
79.8 organization, or the agency, if it is administering the loan, shall remit the amount so received
79.9 plus interest paid thereon to the commissioner of management and budget through the
79.10 agency. The amount so received shall be credited to the Indian business loan account.

79.11 (d) On the placing of a loan, additional money equal to ten percent of the total amount
79.12 made available to any tribal government, eligible organization, or the agency, if it is
79.13 administering the loan, for loans during the fiscal year shall be paid to the tribal government,
79.14 eligible organization, or the agency, prior to December 31 for the purpose of financing
79.15 administrative costs.

79.16 Sec. 34. Minnesota Statutes 2016, section 126C.55, subdivision 2, is amended to read:

79.17 Subd. 2. **Notifications; payment; appropriation.** (a) If a school district or intermediate
79.18 school district believes that it may be unable to make a principal or interest payment on any
79.19 outstanding debt obligation on the date that payment is due, it must notify the commissioner
79.20 as soon as possible, but not less than 15 working days before the date that principal or
79.21 interest payment is due. The notice must include the name of the school district or
79.22 intermediate school district, an identification of the debt obligation issue in question, the
79.23 date the payment is due, the amount of principal and interest due on the payment date, the
79.24 amount of principal or interest that the school district or intermediate school district will be
79.25 unable to repay on that date, the paying agent for the debt obligation, the wire transfer
79.26 instructions to transfer funds to that paying agent, and an indication as to whether a payment
79.27 is being requested by the school district or intermediate school district under this section.
79.28 If a paying agent becomes aware of a potential default, it shall inform the commissioner of
79.29 that fact. After receipt of a notice which requests a payment under this section, after
79.30 consultation with the school district or intermediate school district and the paying agent,
79.31 and after verification of the accuracy of the information provided, the commissioner shall
79.32 notify the commissioner of management and budget of the potential default. The notice
79.33 must include a final figure as to the amount due that the school district or intermediate
79.34 school district will be unable to repay on the date due.

80.1 (b) Except as provided in subdivision 9, upon receipt of this notice from the
80.2 commissioner, the commissioner of management and budget shall issue a ~~warrant~~ payment
80.3 and authorize the commissioner of education to pay to the paying agent for the debt obligation
80.4 the specified amount on or before the date due. The amounts needed for the purposes of
80.5 this subdivision are annually appropriated to the department from the state general fund.

80.6 (c) The Departments of Education and Management and Budget must jointly develop
80.7 detailed procedures for school districts and intermediate school districts to notify the state
80.8 that they have obligated themselves to be bound by the provisions of this section, procedures
80.9 for school districts or intermediate school districts and paying agents to notify the state of
80.10 potential defaults and to request state payment under this section, and procedures for the
80.11 state to expedite payments to prevent defaults. The procedures are not subject to chapter
80.12 14.

80.13 Sec. 35. Minnesota Statutes 2016, section 126C.55, subdivision 9, is amended to read:

80.14 Subd. 9. **State bond rating.** If the commissioner of management and budget determines
80.15 that the credit rating of the state would be adversely affected thereby, the commissioner of
80.16 management and budget shall not issue ~~warrants~~ payments under subdivision 2 for the
80.17 payment of principal or interest on any debt obligations for which a district did not, prior
80.18 to their issuance, obligate itself to be bound by the provisions of this section.

80.19 Sec. 36. Minnesota Statutes 2016, section 126C.68, subdivision 3, is amended to read:

80.20 Subd. 3. **Warrant Payment.** The commissioner shall issue to each district whose note
80.21 has been so received a ~~warrant~~ payment on the debt service loan account of the maximum
80.22 effort school loan fund, payable on presentation to the commissioner of management and
80.23 budget out of any money in such account. The ~~warrant~~ payment shall be issued by the
80.24 commissioner in sufficient time to coincide with the next date on which the district is
80.25 obligated to make principal or interest payments on its bonded debt in the ensuing year.
80.26 Interest must accrue from the date such ~~warrant~~ payment is issued. The proceeds thereof
80.27 must be used by the district to pay principal or interest on its bonded debt falling due in the
80.28 ensuing year.

80.29 Sec. 37. Minnesota Statutes 2016, section 126C.69, subdivision 14, is amended to read:

80.30 Subd. 14. **Participation by county auditor; record of contract; payment of loan.** The
80.31 district must file a copy of the capital loan contract with the county auditor of each county
80.32 in which any part of the district is situated. The county auditor shall enter the capital loan,

81.1 evidenced by the contract, in the auditor's bond register. The commissioner shall keep a
 81.2 record of each capital loan and contract showing the name and address of the district, the
 81.3 date of the contract, and the amount of the loan initially approved. On receipt of the resolution
 81.4 required in subdivision 12, the commissioner shall issue ~~warrants~~ payments, which may be
 81.5 dispersed in accordance with the schedule in the contract, on the capital loan account for
 81.6 the amount that may be disbursed under subdivision 1. Interest on each disbursement of the
 81.7 capital loan amount accrues from the date on which the commissioner of management and
 81.8 budget issues the ~~warrant~~ payment.

81.9 Sec. 38. Minnesota Statutes 2016, section 127A.34, subdivision 1, is amended to read:

81.10 Subdivision 1. **Copy to commissioner of management and budget; appropriation.**
 81.11 The commissioner shall furnish a copy of the apportionment of the school endowment fund
 81.12 to the commissioner of management and budget, who thereupon shall ~~draw warrants on~~
 81.13 issue payments from the state treasury, payable to the several districts, for the amount due
 81.14 each district. There is hereby annually appropriated from the school endowment fund the
 81.15 amount of such apportionments.

81.16 Sec. 39. Minnesota Statutes 2016, section 127A.40, is amended to read:

81.17 **127A.40 MANNER OF PAYMENT OF STATE AIDS.**

81.18 It shall be the duty of the commissioner to deliver to the commissioner of management
 81.19 and budget a certificate for each district entitled to receive state aid under the provisions of
 81.20 this chapter. Upon the receipt of such certificate, it shall be the duty of the commissioner
 81.21 of management and budget to ~~draw a warrant in favor of~~ issue a payment to the district for
 81.22 the amount shown by each certificate to be due to the district. The commissioner of
 81.23 management and budget shall transmit such ~~warrants~~ payments to the district together with
 81.24 a copy of the certificate prepared by the commissioner.

81.25 Sec. 40. Minnesota Statutes 2016, section 136F.46, subdivision 1, is amended to read:

81.26 Subdivision 1. **Request; ~~warrant~~ payment.** The commissioner of management and
 81.27 budget, upon the written request of an employee of the board, may deduct from an employee's
 81.28 salary or wages the amount requested for payment to a nonprofit state college or university
 81.29 foundation meeting the requirements in subdivision 2. The commissioner shall issue a
 81.30 ~~warrant~~ payment for the deducted amount to the nonprofit foundation. The Penny Fellowship
 81.31 and the Nellie Stone Johnson Scholarship Program of the Minnesota State University Student

82.1 Association shall be considered nonprofit state college and university foundations for
82.2 purposes of this section.

82.3 Sec. 41. Minnesota Statutes 2016, section 136F.70, subdivision 3, is amended to read:

82.4 Subd. 3. **Refunds.** The board may make refunds to students for tuition, activity fees,
82.5 union fees, and any other fees from imprest cash funds. The imprest cash fund shall be
82.6 reimbursed periodically by ~~checks or warrants drawn on~~ payments issued from the funds
82.7 and accounts to which the refund should ultimately be charged. The amounts necessary to
82.8 pay the refunds are appropriated from the funds and accounts to which they are charged.

82.9 Sec. 42. Minnesota Statutes 2016, section 162.08, subdivision 10, is amended to read:

82.10 Subd. 10. **Project approval, reports.** When the county board of any county determines
82.11 to do any construction work on a county state-aid highway or other road eligible for the
82.12 expenditure of state aid funds within the county, and desires to expend on such work a
82.13 portion of the money apportioned or allocated to it out of the county state-aid highway fund,
82.14 the county shall first obtain approval of the project by the commissioner. Thereafter the
82.15 county engineer shall make such reports in such manner as the commissioner requires under
82.16 rules of the commissioner. Upon receipt of satisfactory reports, the commissioner shall
82.17 certify to the commissioner of management and budget the amount of money that is eligible
82.18 to be paid from the county's apportionment or allocation for the work under contract or
82.19 actually completed. The commissioner of management and budget shall thereupon issue a
82.20 ~~warrant payment~~ payment in that amount payable to the county treasurer. In no event shall the ~~warrant~~
82.21 payment with all other ~~warrants payments~~ payments issued exceed the amount apportioned and
82.22 allocated to the county.

82.23 Sec. 43. Minnesota Statutes 2016, section 162.08, subdivision 11, is amended to read:

82.24 Subd. 11. **Certification required to issue ~~warrants~~ payment.** The commissioner of
82.25 management and budget shall not issue any ~~warrants payments~~ payments without the certification of
82.26 the commissioner.

82.27 Sec. 44. Minnesota Statutes 2016, section 162.14, subdivision 4, is amended to read:

82.28 Subd. 4. **Project approval and reports.** When the governing body of any such city
82.29 determines to do any construction work on any municipal state-aid street or other streets
82.30 within the city upon which money apportioned out of the municipal state-aid street fund
82.31 may be used as provided in subdivision 2, the governing body shall first obtain the approval

83.1 of the commissioner. Thereafter, the engineer of the city shall make reports in such manner
83.2 as the commissioner requires in accordance with the commissioner's rules. Upon receipt of
83.3 satisfactory reports the commissioner shall certify to the commissioner of management and
83.4 budget the amount of money that is eligible to be paid from the city's apportionment for the
83.5 work under contract or actually completed. The commissioner of management and budget
83.6 shall thereupon issue a ~~warrant~~ warrant payment in that amount payable to the fiscal officers of the
83.7 city. In no event shall the ~~warrant~~ warrant payment with all other ~~warrants~~ warrant payments issued exceed
83.8 the amount apportioned to the city.

83.9 Sec. 45. Minnesota Statutes 2016, section 162.14, subdivision 5, is amended to read:

83.10 Subd. 5. **Certification required to issue ~~warrant~~ warrant payment.** The commissioner of
83.11 management and budget shall not issue any ~~warrants~~ warrant payments as provided for in subdivision
83.12 4 without the prior certification of the commissioner.

83.13 Sec. 46. Minnesota Statutes 2016, section 162.18, subdivision 4, is amended to read:

83.14 Subd. 4. **Certification to commissioner of money required.** Any municipality issuing
83.15 and selling bonds pursuant to this section shall certify to the commissioner the amount of
83.16 money required annually for the payment of principal and interest on the obligation. Upon
83.17 receipt thereof, the commissioner shall certify to the commissioner of management and
83.18 budget the sum of money needed annually by the municipality for the principal and interest,
83.19 provided that the amount certified by the commissioner shall not exceed the limit heretofore
83.20 specified. The commissioner of management and budget shall thereafter, until said bonds
83.21 are retired, issue a ~~warrant~~ warrant payment annually in the amount certified payable to the fiscal
83.22 officer of the municipality, and the amount thereof shall be deposited by the fiscal officer
83.23 in the sinking fund from which the obligations are payable.

83.24 Sec. 47. Minnesota Statutes 2016, section 162.181, subdivision 4, is amended to read:

83.25 Subd. 4. **Certification to commissioner of money required.** Any county issuing and
83.26 selling bonds pursuant to this section shall certify to the commissioner the amount of money
83.27 required annually for the payment of principal and interest on the obligation. Upon receipt
83.28 thereof, the commissioner shall certify to the commissioner of management and budget the
83.29 sum of money needed annually by the county for the principal and interest, provided that
83.30 the amount certified by the commissioner shall not exceed the limit heretofore specified.
83.31 The commissioner of management and budget shall thereafter, until said bonds are retired,
83.32 issue a ~~warrant~~ warrant payment annually in the amount certified payable to the county treasurer of

84.1 the county, and the amount thereof shall be deposited by the county treasurer in the sinking
84.2 fund from which the obligations are payable.

84.3 Sec. 48. Minnesota Statutes 2016, section 163.051, subdivision 3, is amended to read:

84.4 Subd. 3. **Distribution to county; appropriation.** On a monthly basis, the registrar of
84.5 motor vehicles shall issue a ~~warrant~~ payment in favor of the treasurer of each county for
84.6 which the registrar has collected a wheelage tax in the amount of such tax then on hand in
84.7 the county wheelage tax account. There is hereby appropriated from the county wheelage
84.8 tax account each year, to each county entitled to payments authorized by this section,
84.9 sufficient moneys to make such payments.

84.10 Sec. 49. Minnesota Statutes 2016, section 176.181, subdivision 2, is amended to read:

84.11 Subd. 2. **Compulsory insurance; self-insurers.** (a) Every employer, except the state
84.12 and its municipal subdivisions, liable under this chapter to pay compensation shall insure
84.13 payment of compensation with some insurance carrier authorized to insure workers'
84.14 compensation liability in this state, or obtain a written order from the commissioner of
84.15 commerce exempting the employer from insuring liability for compensation and permitting
84.16 self-insurance of the liability. The terms, conditions and requirements governing
84.17 self-insurance shall be established by the commissioner pursuant to chapter 14. The
84.18 commissioner of commerce shall also adopt, pursuant to paragraph (d), rules permitting
84.19 two or more employers, whether or not they are in the same industry, to enter into agreements
84.20 to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers.
84.21 With the approval of the commissioner of commerce, any employer may exclude medical,
84.22 chiropractic and hospital benefits as required by this chapter. An employer conducting
84.23 distinct operations at different locations may either insure or self-insure the other portion
84.24 of operations as a distinct and separate risk. An employer desiring to be exempted from
84.25 insuring liability for compensation shall make application to the commissioner of commerce,
84.26 showing financial ability to pay the compensation, whereupon by written order the
84.27 commissioner of commerce, on deeming it proper, may make an exemption. An employer
84.28 may establish financial ability to pay compensation by providing financial statements of
84.29 the employer to the commissioner of commerce. Upon ten days' written notice the
84.30 commissioner of commerce may revoke the order granting an exemption, in which event
84.31 the employer shall immediately insure the liability. As a condition for the granting of an
84.32 exemption the commissioner of commerce may require the employer to furnish security the
84.33 commissioner of commerce considers sufficient to insure payment of all claims under this
84.34 chapter, consistent with subdivision 2b. If the required security is in the form of currency

85.1 or negotiable bonds, the commissioner of commerce shall deposit it with the commissioner
85.2 of management and budget. In the event of any default upon the part of a self-insurer to
85.3 abide by any final order or decision of the commissioner of labor and industry directing and
85.4 awarding payment of compensation and benefits to any employee or the dependents of any
85.5 deceased employee, then upon at least ten days' notice to the self-insurer, the commissioner
85.6 of commerce may by written order to the commissioner of management and budget require
85.7 the commissioner of management and budget to sell the pledged and assigned securities or
85.8 a part thereof necessary to pay the full amount of any such claim or award with interest
85.9 thereon. This authority to sell may be exercised from time to time to satisfy any order or
85.10 award of the commissioner of labor and industry or any judgment obtained thereon. When
85.11 securities are sold the money obtained shall be deposited in the state treasury to the credit
85.12 of the commissioner of commerce and awards made against any such self-insurer by the
85.13 commissioner of commerce shall be paid to the persons entitled thereto by the commissioner
85.14 of management and budget upon ~~warrants prepared~~ payments requested by the commissioner
85.15 of commerce out of the proceeds of the sale of securities. Where the security is in the form
85.16 of a surety bond or personal guaranty the commissioner of commerce, at any time, upon at
85.17 least ten days' notice and opportunity to be heard, may require the surety to pay the amount
85.18 of the award, the payments to be enforced in like manner as the award may be enforced.

85.19 (b) No association, corporation, partnership, sole proprietorship, trust or other business
85.20 entity shall provide services in the design, establishment or administration of a group
85.21 self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed, or
85.22 exempt from licensure, pursuant to section 60A.23, subdivision 8, to do so by the
85.23 commissioner of commerce. An applicant for a license shall state in writing the type of
85.24 activities it seeks authorization to engage in and the type of services it seeks authorization
85.25 to provide. The license shall be granted only when the commissioner of commerce is satisfied
85.26 that the entity possesses the necessary organization, background, expertise, and financial
85.27 integrity to supply the services sought to be offered. The commissioner of commerce may
85.28 issue a license subject to restrictions or limitations, including restrictions or limitations on
85.29 the type of services which may be supplied or the activities which may be engaged in. The
85.30 license is for a two-year period.

85.31 (c) To assure that group self-insurance plans are financially solvent, administered in a
85.32 fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and
85.33 equitable manner, entities licensed to engage in such business are subject to supervision
85.34 and examination by the commissioner of commerce.

86.1 (d) To carry out the purposes of this subdivision, the commissioner of commerce may
86.2 promulgate administrative rules pursuant to sections 14.001 to 14.69. These rules may:

86.3 (1) establish reporting requirements for administrators of group self-insurance plans;

86.4 (2) establish standards and guidelines consistent with subdivision 2b to assure the
86.5 adequacy of the financing and administration of group self-insurance plans;

86.6 (3) establish bonding requirements or other provisions assuring the financial integrity
86.7 of entities administering group self-insurance plans;

86.8 (4) establish standards, including but not limited to minimum terms of membership in
86.9 self-insurance plans, as necessary to provide stability for those plans;

86.10 (5) establish standards or guidelines governing the formation, operation, administration,
86.11 and dissolution of self-insurance plans; and

86.12 (6) establish other reasonable requirements to further the purposes of this subdivision.

86.13 Sec. 50. Minnesota Statutes 2016, section 176.581, is amended to read:

86.14 **176.581 PAYMENT TO STATE EMPLOYEES.**

86.15 Upon a ~~warrant~~ request prepared by the commissioner of administration, and in
86.16 accordance with the terms of the order awarding compensation, the commissioner of
86.17 management and budget shall pay compensation to the employee or the employee's
86.18 dependent. These payments shall be made from money appropriated for this purpose.

86.19 Sec. 51. Minnesota Statutes 2016, section 176.591, subdivision 3, is amended to read:

86.20 Subd. 3. **Compensation payments upon ~~warrants~~ request.** The commissioner of
86.21 management and budget shall make compensation payments from the fund only as authorized
86.22 by this chapter upon ~~warrants~~ request of the commissioner of administration.

86.23 Sec. 52. Minnesota Statutes 2016, section 192.55, is amended to read:

86.24 **192.55 PAYMENTS TO BE MADE THROUGH ADJUTANT GENERAL.**

86.25 All pay and allowances and necessary expenses for any of the military forces shall, when
86.26 approved by the adjutant general, be paid by the commissioner of management and budget's
86.27 ~~warrants issued~~ budget to the several officers and enlisted members entitled thereto; provided,
86.28 that upon the request of the adjutant general, approved by the governor, the sum required
86.29 for any such pay or allowances and necessary expenses shall be paid by the commissioner
86.30 of management and budget's ~~warrant~~ budget to the adjutant general, who shall immediately

87.1 pay and distribute the same to the several officers or enlisted members entitled thereto or
87.2 to their commanding officers or to a finance officer designated by the adjutant general. The
87.3 receipt of any such commanding officer or finance officer for any such payment shall
87.4 discharge the adjutant general from liability therefor. Every commanding officer or finance
87.5 officer receiving any such payment shall, as soon as practicable, pay and distribute the same
87.6 to the several officers or enlisted members entitled thereto. The officer making final payment
87.7 shall, as evidence thereof, secure the signature of the person receiving the same upon a
87.8 payroll or other proper voucher.

87.9 Sec. 53. Minnesota Statutes 2016, section 196.052, is amended to read:

87.10 **196.052 GIFT ACCEPTANCE AND INVESTMENT.**

87.11 On the behalf of the state, the commissioner may accept any gift, grant, bequest, or
87.12 devise made for the purposes of this chapter and chapter 197. The commissioner must
87.13 administer the funds as directed by the donor. All funds must be deposited in the state
87.14 treasury and credited to the veterans affairs endowment, bequest, and devises fund. The
87.15 balance of the fund is annually appropriated to the commissioner of veterans affairs to
87.16 accomplish the purposes of this chapter and chapter 197. Funds received by the commissioner
87.17 under this section in excess of current needs must be invested by the State Board of
87.18 Investment in accordance with section 11A.24. Disbursements from this fund must be in
87.19 the manner provided for the issuance of other state ~~warrants~~ payments. The commissioner
87.20 may refuse to accept any gift, grant, bequest, or devise if acceptance would not be in the
87.21 best interest of the state or Minnesota's veterans.

87.22 Sec. 54. Minnesota Statutes 2016, section 198.16, is amended to read:

87.23 **198.16 PLANNED GIVING.**

87.24 The commissioner is authorized to accept on behalf of the state any gift, grant, bequest,
87.25 or devise made for the purposes of this chapter, and administer the same as directed by the
87.26 donor. All proceeds therefrom including money derived from the sale of any real or personal
87.27 property must be deposited in the state treasury, invested by the State Board of Investment
87.28 in accordance with sections 11A.24 and 11A.25, and credited to the Minnesota veterans
87.29 home endowment, bequest, and devises fund. That fund consists of separate accounts for
87.30 investing general and restricted gifts, money, and donations received and for any currently
87.31 expendable proceeds.

87.32 The commissioner shall maintain records of all gifts received, clearly showing the identity
87.33 of the donor, the purpose of the donation, and the ultimate disposition of the donation. Each

88.1 donation must be duly receipted and must be expended or used by the commissioner as
88.2 nearly in accordance with the condition of the gift or donation as is compatible with the
88.3 best interests of the residents of the homes. Money in the fund is appropriated to the
88.4 commissioner for the purposes for which it was received. Disbursements from this fund
88.5 shall be made in the manner provided for the issuance of other state ~~warrants~~ payments.

88.6 Whenever the commissioner shall deem it advisable, in accordance with law, to sell or
88.7 otherwise dispose of any real or personal property thus acquired, the commissioner of
88.8 administration upon the request of the commissioner shall sell or otherwise dispose of said
88.9 property in the manner provided by law for the sale or disposition of other state property
88.10 by the commissioner of administration.

88.11 Sec. 55. Minnesota Statutes 2016, section 237.30, is amended to read:

88.12 **237.30 TELEPHONE INVESTIGATION FUND; APPROPRIATION.**

88.13 A Minnesota Telephone Investigation Fund shall exist for the use of the Department of
88.14 Commerce and of the attorney general in investigations, valuations, and revaluations under
88.15 section 237.295. All sums paid by the telephone companies to reimburse the department
88.16 for its expenses pursuant to section 237.295 shall be credited to the revolving fund and shall
88.17 be deposited in a separate bank account and not commingled with any other state funds or
88.18 moneys, but any balance in excess of \$25,000 in the revolving fund at the end of each fiscal
88.19 year shall be paid into the state treasury and credited to the general fund. All subsequent
88.20 credits to said revolving fund shall be paid ~~upon the warrant of~~ by the commissioner of
88.21 management and budget upon application of the department or of the attorney general to
88.22 an aggregate amount of not more than one-half of such sums to each of them, which
88.23 proportion shall be constantly maintained in all credits and withdrawals from the revolving
88.24 fund.

88.25 Sec. 56. Minnesota Statutes 2016, section 241.13, subdivision 1, is amended to read:

88.26 Subdivision 1. **Contingent account.** The commissioner of corrections may permit a
88.27 contingent account to remain in the hands of the accounting officer of any such institution
88.28 from which expenditures may be made in case of actual emergency requiring immediate
88.29 payment to prevent loss or danger to the institution or its inmates and for the purpose of
88.30 paying freight, purchasing produce, livestock and other commodities requiring a cash
88.31 settlement, and for the purpose of discounting bills incurred, but in all cases subject to
88.32 revision by the commissioner of corrections. An itemized statement of every expenditure
88.33 made during the month from such account shall be submitted to the commissioner under

89.1 rules established by the commissioner. If necessary, the commissioner shall make proper
89.2 requisition upon the commissioner of management and budget for a ~~warrant~~ payment to
89.3 secure the contingent account for each institution.

89.4 Sec. 57. Minnesota Statutes 2016, section 244.19, subdivision 7, is amended to read:

89.5 Subd. 7. **Certificate of counties entitled to state aid.** On or before January 1 of each
89.6 year, until 1970 and on or before April 1 thereafter, the commissioner of corrections shall
89.7 deliver to the commissioner of management and budget a certificate in duplicate for each
89.8 county of the state entitled to receive state aid under the provisions of this section. Upon
89.9 the receipt of such certificate, the commissioner of management and budget shall ~~draw a~~
89.10 ~~warrant in favor of~~ issue a payment to the county treasurer for the amount shown by each
89.11 certificate to be due to the county specified. The commissioner of management and budget
89.12 shall transmit such ~~warrant~~ payment to the county treasurer together with a copy of the
89.13 certificate prepared by the commissioner of corrections.

89.14 Sec. 58. Minnesota Statutes 2016, section 256B.20, is amended to read:

89.15 **256B.20 COUNTY APPROPRIATIONS.**

89.16 The providing of funds necessary to carry out the provisions hereof on the part of the
89.17 counties and the manner of administering the funds of the counties and the state shall be as
89.18 follows:

89.19 (1) The board of county commissioners of each county shall annually set up in its budget
89.20 an item designated as the county medical assistance fund and levy taxes and fix a rate
89.21 therefor sufficient to produce the full amount of such item, in addition to all other tax levies
89.22 and tax rate, however fixed or determined, sufficient to carry out the provisions hereof and
89.23 sufficient to pay in full the county share of assistance and administrative expense for the
89.24 ensuing year; and annually on or before October 10 shall certify the same to the county
89.25 auditor to be entered by the auditor on the tax rolls. Such tax levy and tax rate shall make
89.26 proper allowance and provision for shortage in tax collections.

89.27 (2) Any county may transfer surplus funds from any county fund, except the sinking or
89.28 ditch fund, to the general fund or to the county medical assistance fund in order to provide
89.29 money necessary to pay medical assistance awarded hereunder. The money so transferred
89.30 shall be used for no other purpose, but any portion thereof no longer needed for such purpose
89.31 shall be transferred back to the fund from which taken.

90.1 (3) Upon the order of the county agency the county auditor shall draw a warrant on the
90.2 proper fund in accordance with the order, and the county treasurer shall pay out the amounts
90.3 ordered to be paid out as medical assistance hereunder. When necessary by reason of failure
90.4 to levy sufficient taxes for the payment of the medical assistance in the county, the county
90.5 auditor shall carry any such payments as an overdraft on the medical assistance funds of
90.6 the county until sufficient tax funds shall be provided for such assistance payments. The
90.7 board of county commissioners shall include in the tax levy and tax rate in the year following
90.8 the year in which such overdraft occurred, an amount sufficient to liquidate such overdraft
90.9 in full.

90.10 (4) Claims for reimbursement and reports shall be presented to the state agency by the
90.11 respective counties as required under section 256.01, subdivision 2, paragraph (p). The state
90.12 agency shall audit such claims and certify to the commissioner of management and budget
90.13 the amounts due the respective counties without delay. The amounts so certified shall be
90.14 paid within ten days after such certification, from the state treasury upon ~~warrant~~ payment
90.15 of the commissioner of management and budget from any money available therefor. The
90.16 money available to the state agency to carry out the provisions hereof, including all federal
90.17 funds available to the state, shall be kept and deposited by the commissioner of management
90.18 and budget in the revenue fund and disbursed ~~upon warrants~~ in the same manner as other
90.19 state funds.

90.20 Sec. 59. Minnesota Statutes 2016, section 260B.331, subdivision 2, is amended to read:

90.21 Subd. 2. **Cost of group foster care.** Whenever a child is placed in a group foster care
90.22 facility as provided in section 260B.198, subdivision 1, clause (2) or (3), item (v), the cost
90.23 of providing the care shall, upon certification by the juvenile court, be paid from the welfare
90.24 fund of the county in which the proceedings were held. To reimburse the counties for the
90.25 costs of providing group foster care for delinquent children and to promote the establishment
90.26 of suitable group foster homes, the state shall quarterly, from funds appropriated for that
90.27 purpose, reimburse counties 50 percent of the costs not paid by federal and other available
90.28 state aids and grants. Reimbursement shall be prorated if the appropriation is insufficient.

90.29 The commissioner of corrections shall establish procedures for reimbursement and certify
90.30 to the commissioner of management and budget each county entitled to receive state aid
90.31 under the provisions of this subdivision. Upon receipt of a certificate the commissioner of
90.32 management and budget shall issue a state ~~warrant~~ payment to the county treasurer for the
90.33 amount due, together with a copy of the certificate prepared by the commissioner of
90.34 corrections.

91.1 Sec. 60. Minnesota Statutes 2016, section 260C.331, subdivision 2, is amended to read:

91.2 Subd. 2. **Cost of group foster care.** Whenever a child is placed in a group foster care
91.3 facility as provided in section 260C.201, subdivision 1, paragraph (b), clause (2) or (3), the
91.4 cost of providing the care shall, upon certification by the juvenile court, be paid from the
91.5 welfare fund of the county in which the proceedings were held. To reimburse the counties
91.6 for the costs of promoting the establishment of suitable group foster homes, the state shall
91.7 quarterly, from funds appropriated for that purpose, reimburse counties 50 percent of the
91.8 costs not paid by federal and other available state aids and grants. Reimbursement shall be
91.9 prorated if the appropriation is insufficient.

91.10 The commissioner of corrections shall establish procedures for reimbursement and certify
91.11 to the commissioner of management and budget each county entitled to receive state aid
91.12 under the provisions of this subdivision. Upon receipt of a certificate the commissioner of
91.13 management and budget shall issue a state ~~warrant~~ payment to the county treasurer for the
91.14 amount due, together with a copy of the certificate prepared by the commissioner of
91.15 corrections.

91.16 Sec. 61. Minnesota Statutes 2016, section 273.121, subdivision 1, is amended to read:

91.17 Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a
91.18 county assessor, valuing or classifying taxable real property shall in each year notify those
91.19 persons whose property is to be included on the assessment roll that year if the person's
91.20 address is known to the assessor, otherwise the occupant of the property. The notice shall
91.21 be in writing and shall be sent by ordinary mail at least ten days before the meeting of the
91.22 local board of appeal and equalization under section 274.01 or the review process established
91.23 under section 274.13, subdivision 1c. Upon written request by the owner of the property,
91.24 the assessor may send the notice in electronic form or by electronic mail instead of on paper
91.25 or by ordinary mail. It shall contain: (1) the market value for the current and prior assessment,
91.26 (2) the qualifying amount of any improvements under section 273.11, subdivision 16, for
91.27 the current assessment, (3) the market value subject to taxation after subtracting the amount
91.28 of any qualifying improvements for the current assessment, (4) the classification of the
91.29 property for the current and prior assessment, (5) the assessor's office address, and (6) the
91.30 dates, places, and times set for the meetings of the local board of appeal and equalization,
91.31 the review process established under section 274.13, subdivision 1c, and the county board
91.32 of appeal and equalization. If the classification of the property has changed between the
91.33 current and prior assessments, a specific note to that effect shall be prominently listed on
91.34 the statement. The commissioner of revenue shall specify the form of the notice. The assessor

92.1 shall attach to the assessment roll a statement that the notices required by this section have
 92.2 been mailed. Any assessor who is not provided sufficient funds from the assessor's governing
 92.3 body to provide such notices, may make application to the commissioner of revenue to
 92.4 finance such notices. The commissioner of revenue shall conduct an investigation and, if
 92.5 satisfied that the assessor does not have the necessary funds, issue a certification to the
 92.6 commissioner of management and budget of the amount necessary to provide such notices.
 92.7 The commissioner of management and budget shall issue a ~~warrant~~ payment for such amount
 92.8 and shall deduct such amount from any state payment to such county or municipality. The
 92.9 necessary funds to make such payments are hereby appropriated. Failure to receive the
 92.10 notice shall in no way affect the validity of the assessment, the resulting tax, the procedures
 92.11 of any board of review or equalization, or the enforcement of delinquent taxes by statutory
 92.12 means.

92.13 Sec. 62. Minnesota Statutes 2016, section 287.08, is amended to read:

92.14 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

92.15 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any
 92.16 county in this state in which the real property or some part is located at or before the time
 92.17 of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and
 92.18 the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes
 92.19 any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall
 92.20 be "registration tax hereon of dollars paid." If the mortgage is exempt from
 92.21 taxation the endorsement shall, in substance, be "exempt from registration tax." In either
 92.22 case the receipt must be signed by the treasurer. In case the treasurer is unable to determine
 92.23 whether a claim of exemption should be allowed, the tax must be paid as in the case of a
 92.24 taxable mortgage. For documents submitted electronically, the endorsements and tax amount
 92.25 shall be affixed electronically and no signature by the treasurer will be required. The actual
 92.26 payment method must be arranged in advance between the submitter and the receiving
 92.27 county.

92.28 (b) The county treasurer may refund in whole or in part any mortgage registry tax
 92.29 overpayment if a written application by the taxpayer is submitted to the county treasurer
 92.30 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial
 92.31 of the application, the taxpayer may bring an action in Tax Court in the county in which
 92.32 the tax was paid at any time after the expiration of six months from the time that the
 92.33 application was submitted. A denial of refund may be appealed within 60 days from the
 92.34 date of the denial by bringing an action in Tax Court in the county in which the tax was

93.1 paid. The action is commenced by the serving of a petition for relief on the county treasurer,
93.2 and by filing a copy with the court. The county attorney shall defend the action. The county
93.3 treasurer shall notify the treasurer of each county that has or would receive a portion of the
93.4 tax as paid.

93.5 (c) If the county treasurer determines a refund should be paid, or if a refund is ordered
93.6 by the court, the county treasurer of each county that actually received a portion of the tax
93.7 shall immediately pay a proportionate share of three percent of the refund using any available
93.8 county funds. The county treasurer of each county that received, or would have received,
93.9 a portion of the tax shall also pay their county's proportionate share of the remaining 97
93.10 percent of the court-ordered refund on or before the 20th day of the following month using
93.11 solely the mortgage registry tax funds that would be paid to the commissioner of revenue
93.12 on that date under section 287.12. If the funds on hand under this procedure are insufficient
93.13 to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in
93.14 which the action was brought shall file a claim with the commissioner of revenue under
93.15 section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the
93.16 remaining portion upon receipt of a ~~warrant~~ payment from the state issued pursuant to the
93.17 claim.

93.18 (d) When any mortgage covers real property located in more than one county in this
93.19 state the total tax must be paid to the treasurer of the county where the mortgage is first
93.20 presented for recording, and the payment must be receipted as provided in paragraph (a).
93.21 If the principal debt or obligation secured by such a multiple county mortgage exceeds
93.22 \$10,000,000, the nonstate portion of the tax must be divided and paid over by the county
93.23 treasurer receiving it, on or before the 20th day of each month after receipt, to the county
93.24 or counties entitled in the ratio that the estimated market value of the real property covered
93.25 by the mortgage in each county bears to the estimated market value of all the real property
93.26 in this state described in the mortgage. In making the division and payment the county
93.27 treasurer shall send a statement giving the description of the real property described in the
93.28 mortgage and the estimated market value of the part located in each county. For this purpose,
93.29 the treasurer of any county may require the treasurer of any other county to certify to the
93.30 former the estimated market value of any tract of real property in any mortgage.

93.31 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee
93.32 may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee
93.33 collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee
93.34 has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax

94.1 collected for that purpose and the mortgagor is relieved of any further obligation to pay the
94.2 tax as to the amount collected by the mortgagee for this purpose.

94.3 Sec. 63. Minnesota Statutes 2016, section 297I.10, subdivision 1, is amended to read:

94.4 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a
94.5 surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross
94.6 premiums, less return premiums, on all direct business received by any licensed foreign or
94.7 domestic fire insurance company on property in a city of the first class, or by its agents for
94.8 it, in cash or otherwise.

94.9 (b) By July 31 and December 31 of each year, the commissioner of management and
94.10 budget shall ~~pay~~ issue to each city of the first class a ~~warrant~~ payment for an amount equal
94.11 to the total amount of the surcharge on the premiums collected within that city since the
94.12 previous payment.

94.13 (c) The treasurer of the city shall place the money received under this subdivision in a
94.14 special account or fund to defray all or a portion of the employer contribution requirement
94.15 of public employees police and fire plan coverage for city firefighters.

94.16 Sec. 64. Minnesota Statutes 2016, section 299C.21, is amended to read:

94.17 **299C.21 PENALTY ON LOCAL OFFICER REFUSING INFORMATION.**

94.18 If any public official charged with the duty of furnishing to the bureau fingerprint records,
94.19 biological specimens, reports, or other information required by sections 299C.06, 299C.10,
94.20 299C.105, 299C.11, 299C.17, shall neglect or refuse to comply with such requirement, the
94.21 bureau, in writing, shall notify the state, county, or city officer charged with the issuance
94.22 of ~~a warrant~~ for the payment of the salary of such official. Upon the receipt of the notice
94.23 the state, county, or city official shall withhold the issuance of ~~a warrant~~ for the payment
94.24 of the salary or other compensation accruing to such officer for the period of 30 days
94.25 thereafter until notified by the bureau that such suspension has been released by the
94.26 performance of the required duty.

94.27 Sec. 65. Minnesota Statutes 2016, section 348.05, is amended to read:

94.28 **348.05 COMMISSIONER OF MANAGEMENT AND BUDGET TO ISSUE**
94.29 **WARRANT PAYMENT.**

94.30 The commissioner of management and budget shall audit all such claims, and, on the
94.31 first Monday of October, in each year, shall issue a ~~warrant~~ payment to the several claimants

95.1 for the amount to which each is entitled; but, if the aggregate of compensation due to all
 95.2 such claimants shall exceed the appropriation therefor, the commissioner shall distribute
 95.3 the available amount amongst them pro rata, which distribution shall relieve the state from
 95.4 further obligation to such claimants for the year.

95.5 Sec. 66. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

95.6 Subd. 9. **Erroneous deductions, canceled ~~warrants~~ payments.** (a) Deductions taken
 95.7 from the salary of an employee for the retirement fund in excess of required amounts must,
 95.8 upon discovery and verification by the department making the deduction, be refunded to
 95.9 the employee.

95.10 (b) If a deduction for the retirement fund is taken from a salary ~~warrant or check~~ payment,
 95.11 and the ~~check~~ payment is canceled or the amount of the ~~warrant or check~~ payment returned
 95.12 to the funds of the department making the payment, the sum deducted, or the part of it
 95.13 required to adjust the deductions, must be refunded to the department or institution if the
 95.14 department applies for the refund on a form furnished by the director. The department's
 95.15 payments must likewise be refunded to the department.

95.16 (c) If erroneous employee deductions and employer contributions are caused by an error
 95.17 in plan coverage involving the plan and any other plans specified in section 356.99, that
 95.18 section applies. If the employee should have been covered by the plan governed by chapter
 95.19 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken
 95.20 in error must be directly transferred to the applicable employee's account in the correct
 95.21 retirement plan, with interest at the rate of 0.71 percent per month until June 30, 2015, and
 95.22 0.667 percent per month thereafter, compounded annually, from the first day of the month
 95.23 following the month in which coverage should have commenced in the correct defined
 95.24 contribution plan until the end of the month in which the transfer occurs.

95.25 Sec. 67. Minnesota Statutes 2016, section 352.05, is amended to read:

95.26 **352.05 COMMISSIONER OF MANAGEMENT AND BUDGET TO BE**
 95.27 **TREASURER OF SYSTEM.**

95.28 The commissioner of management and budget is ex officio treasurer of the retirement
 95.29 funds of the system. The general bond to the state shall cover all liability for actions as
 95.30 treasurer of these funds. Funds of the system received by the commissioner of management
 95.31 and budget must be set aside in the state treasury to the credit of the proper fund. The
 95.32 commissioner of management and budget shall deliver to the director copies of all payroll
 95.33 abstracts of the state together with the commissioner of management and budget's ~~warrants~~

96.1 payments covering the deductions made on these payroll abstracts for the retirement fund.
96.2 The director shall have a list made of the commissioner of management and budget's ~~warrants~~
96.3 payments. These ~~warrants~~ payments must then be credited to the retirement fund. The
96.4 commissioner of management and budget shall pay out of this fund only upon abstracts
96.5 signed by the director, or by the finance officer designated by the director during the disability
96.6 or the absence of the director from the city of St. Paul, Minnesota. Abstracts for investments
96.7 may be signed by the executive director of the State Board of Investment.

96.8 Sec. 68. Minnesota Statutes 2016, section 352.115, subdivision 12, is amended to read:

96.9 Subd. 12. **Death, return of ~~warrants~~ payments.** If at the time of death a retired
96.10 employee, a disabled employee, or a survivor has in possession the commissioner of
96.11 management and budget's ~~warrants~~ payments covering a retirement annuity, disability
96.12 benefit, or survivor benefit from the retirement fund, in the absence of probate proceedings,
96.13 and upon the return of the ~~warrants~~ payments for cancellation, payment of the accrued
96.14 annuity or benefit, shall be made as provided in subdivision 11, or 352.12, subdivision 4.
96.15 Payments made under this subdivision shall be a bar to recovery by any other person or
96.16 persons.

96.17 Sec. 69. Minnesota Statutes 2016, section 352.12, subdivision 13, is amended to read:

96.18 Subd. 13. **Refund, beneficiary.** If upon death a former employee has in possession a
96.19 commissioner of management and budget's ~~warrant~~ payment which does not exceed \$1,000
96.20 covering a refund of accumulated contributions in the retirement fund, in the absence of
96.21 probate proceedings the commissioner of management and budget's ~~warrant~~ payment may
96.22 be returned for cancellation, and then upon application made by the last designated
96.23 beneficiary of the deceased former employee, refund of the accumulated contributions must
96.24 be paid to the last designated beneficiary. Payments made under this subdivision are a bar
96.25 to recovery by any other person or persons.

96.26 Sec. 70. Minnesota Statutes 2016, section 353.05, is amended to read:

96.27 **353.05 CUSTODIAN OF FUNDS.**

96.28 The commissioner of management and budget shall be ex officio treasurer of the
96.29 retirement funds of the association and the general bond of the commissioner of management
96.30 and budget to the state must be so conditioned as to cover all liability for acts as treasurer
96.31 of these funds. All money of the association received by the commissioner of management
96.32 and budget must be set aside in the state treasury to the credit of the proper fund or account.

97.1 The commissioner of management and budget shall transmit monthly to the executive
97.2 director a detailed statement of all amounts so received and credited to the funds. Payments
97.3 out of the funds may only be made ~~on warrants~~ as payments issued by the commissioner of
97.4 management and budget, upon abstracts signed by the executive director; provided that
97.5 abstracts for investment may be signed by the executive director of the State Board of
97.6 Investment.

97.7 Sec. 71. Minnesota Statutes 2016, section 353.27, subdivision 7, is amended to read:

97.8 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except as provided
97.9 in paragraph (b), erroneous employee deductions and erroneous employer contributions and
97.10 additional employer contributions to the general employees retirement plan of the Public
97.11 Employees Retirement Association or to the public employees police and fire retirement
97.12 plan for a person who otherwise does not qualify for membership under this chapter, are
97.13 considered:

97.14 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
97.15 determination of the error by the association, the person may continue membership in the
97.16 association while employed in the same position for which erroneous deductions were taken,
97.17 or file a written election to terminate membership and apply for a refund upon termination
97.18 of public service or defer an annuity under section 353.34; or

97.19 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
97.20 1990. Upon determination of the error, the association shall refund all erroneous employee
97.21 deductions and all erroneous employer contributions as specified in paragraph (e). No person
97.22 may claim a right to continued or past membership in the association based on erroneous
97.23 deductions which began on or after January 1, 1990.

97.24 (b) Erroneous deductions taken from the salary of a person who did not qualify for
97.25 membership in the general employees retirement plan of the Public Employees Retirement
97.26 Association or in the public employees police and fire retirement plan by virtue of concurrent
97.27 employment before July 1, 1978, which required contributions to another retirement fund
97.28 or relief association established for the benefit of officers and employees of a governmental
97.29 subdivision, are invalid. Upon discovery of the error, allowable service credit for all invalid
97.30 service is forfeited and, upon termination of public service, the association shall refund all
97.31 erroneous employee deductions to the person, with interest as determined under section
97.32 353.34, subdivision 2, and all erroneous employer contributions without interest to the
97.33 employer. This paragraph has both retroactive and prospective application.

98.1 (c) Adjustments to correct employer contributions and employee deductions taken in
98.2 error from amounts which are not salary under section 353.01, subdivision 10, must be
98.3 made as specified in paragraph (e). The period of adjustment must be limited to the fiscal
98.4 year in which the error is discovered by the association and the immediate two preceding
98.5 fiscal years.

98.6 (d) If there is evidence of fraud or other misconduct on the part of the employee or the
98.7 employer, the board of trustees may authorize adjustments to the account of a member or
98.8 former member to correct erroneous employee deductions and employer contributions on
98.9 invalid salary and the recovery of any overpayments for a period longer than provided for
98.10 under paragraph (c).

98.11 (e) Upon discovery of the receipt of erroneous employee deductions and employer
98.12 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
98.13 the employer to discontinue the erroneous employee deductions and erroneous employer
98.14 contributions reported on behalf of a member. Upon discontinuation, the association must:

98.15 (1) for a member, provide a refund in the amount of the invalid employee deductions
98.16 with interest on the invalid employee deductions at the rate specified under section 353.34,
98.17 subdivision 2, from the received date of each invalid salary transaction through the date the
98.18 credit or refund is made;

98.19 (2) for a former member who:

98.20 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
98.21 deductions to the former member through a refund with interest at the rate specified under
98.22 section 353.34, subdivision 2, from the received date of each invalid salary transaction
98.23 through the date the credit or refund is made; or

98.24 (ii) is receiving a retirement annuity or disability benefit, or a person who is receiving
98.25 an optional annuity or survivor benefit, for whom it has been determined an overpayment
98.26 must be recovered, adjust the payment amount and recover the overpayments as provided
98.27 under this section; and

98.28 (3) return the invalid employer contributions reported on behalf of a member or former
98.29 member to the employer by providing a credit against future contributions payable by the
98.30 employer.

98.31 (f) In the event that a salary ~~warrant or check~~ payment from which a deduction for the
98.32 retirement fund was taken has been canceled or the amount of the ~~warrant or check~~ payment
98.33 returned to the funds of the department making the payment, a refund of the sum deducted,

99.1 or any portion of it that is required to adjust the deductions, must be made to the department
99.2 or institution.

99.3 (g) If the association discovers that a retirement annuity, survivor benefit, or disability
99.4 benefit has been incorrectly calculated by using invalid service or salary, or due to any
99.5 erroneous calculation procedure, the association must recalculate the annuity or benefit
99.6 payable and begin payment of the corrected annuity or benefit effective the first of the month
99.7 following discovery of the error. Any overpayment resulting from the incorrect calculation
99.8 must be recovered as provided under subdivision 7b, if the accrual date, or any adjustment
99.9 in the amount of the annuity or benefit calculated after the accrual date, except adjustments
99.10 required under section 353.656, subdivision 4, falls within the current fiscal year and the
99.11 two immediate previous fiscal years.

99.12 (h) Notwithstanding the provisions of this subdivision, the association may apply the
99.13 Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
99.14 Compliance Resolution System and not issue a refund of erroneous employee deductions
99.15 and employer contributions or not recover a small overpayment of benefits if the cost to
99.16 correct the error would exceed the amount of the member refund or overpayment.

99.17 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any failure
99.18 by an employer to follow the statutory requirements for reporting eligible members and
99.19 salary must be paid by the employer.

99.20 Sec. 72. Minnesota Statutes 2016, section 354.42, subdivision 7, is amended to read:

99.21 Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions taken
99.22 from the salary of an employee for the retirement fund in excess of amounts required must
99.23 be refunded to the employee upon the discovery of the error and after the verification of
99.24 the error by the employing unit making the deduction. The corresponding excess employer
99.25 contribution and excess additional employer contribution amounts attributable to the
99.26 erroneous salary deduction must be refunded to the employing unit.

99.27 (b) If salary deductions and employer contributions were erroneously transmitted to the
99.28 retirement fund and should have been transmitted to the plan covered by chapter 352D,
99.29 353D, 354B, or 354D, the executive director must transfer these salary deductions and
99.30 employer contributions to the account of the appropriate person under the applicable plan.
99.31 The transfer to the applicable defined contribution plan account must include interest at the
99.32 rate of 0.71 percent per month, compounded annually, from the first day of the month
99.33 following the month in which coverage should have commenced in the defined contribution
99.34 plan until the end of the month in which the transfer occurs.

100.1 (c) A potential transfer under paragraph (b) that would cause the plan to fail to be a
100.2 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
100.3 made by the executive director. Within 30 days after being notified by the Teachers
100.4 Retirement Association of an unmade potential transfer under this paragraph, the employer
100.5 of the affected person must transmit an amount representing the applicable salary deductions
100.6 and employer contributions, without interest, to the account of the applicable person under
100.7 the appropriate plan. The retirement association must provide a credit for the amount of the
100.8 erroneous salary deductions and employer contributions against future contributions from
100.9 the employer.

100.10 (d) If a salary ~~warrant or check~~ payment from which a deduction for the retirement fund
100.11 was taken has been canceled or the amount of the ~~warrant or if a check~~ payment has been
100.12 returned to the funds of the employing unit making the payment, a refund of the amount
100.13 deducted, or any portion of it that is required to adjust the salary deductions, must be made
100.14 to the employing unit.

100.15 (e) Erroneous direct payments of member-paid contributions or erroneous salary
100.16 deductions that were not refunded during the regular payroll cycle processing must be
100.17 refunded to the member, plus interest computed using the rate and method specified in
100.18 section 354.49, subdivision 2.

100.19 (f) Any refund under this subdivision that would cause the plan to fail to be a qualified
100.20 plan under section 401(a) of the Internal Revenue Code, as amended, may not be refunded
100.21 and instead must be credited against future contributions payable by the employer. The
100.22 employer is responsible for refunding to the applicable employee any amount that was
100.23 erroneously deducted from the salary of the employee, with interest as specified in paragraph
100.24 (e).

100.25 (g) If erroneous employee deductions and employer contributions are caused by an error
100.26 in plan coverage involving the plan and any other plan specified in section 356.99, that
100.27 section applies.

100.28 Sec. 73. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

100.29 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts
100.30 due to the association and furnish a statement indicating the amount due and transmitted
100.31 with any other information required by the executive director. If an amount due is not
100.32 received by the association within 14 calendar days of the payroll ~~warrant~~ payment, the
100.33 amount accrues interest at an annual rate of 8.5 percent compounded annually from the due
100.34 date until the amount is received by the association. All amounts due and other employer

101.1 obligations not remitted within 60 days of notification by the association must be certified
101.2 to the commissioner of management and budget who shall deduct the amount from any state
101.3 aid or appropriation amount applicable to the employing unit.

101.4 Sec. 74. Minnesota Statutes 2016, section 354.52, subdivision 4b, is amended to read:

101.5 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide the
101.6 following data to the association for payroll ~~warrant~~ payments on an ongoing basis within
101.7 14 calendar days after the date of the payroll ~~warrant~~ payments in a format prescribed by
101.8 the executive director:

101.9 (1) association member number;

101.10 (2) employer-assigned employee number;

101.11 (3) Social Security number;

101.12 (4) amount of each salary deduction;

101.13 (5) amount of salary as defined in section 354.05, subdivision 35, from which each
101.14 deduction was made;

101.15 (6) reason for payment;

101.16 (7) the beginning and ending dates of the payroll period covered and the date of actual
101.17 payment;

101.18 (8) fiscal year of salary earnings;

101.19 (9) total remittance amount including employee, employer, and additional employer
101.20 contributions;

101.21 (10) reemployed annuitant salary under section 354.44, subdivision 5; and

101.22 (11) other information as may be required by the executive director.

101.23 Sec. 75. Minnesota Statutes 2016, section 401.15, subdivision 1, is amended to read:

101.24 Subdivision 1. **Certified statements; determinations; adjustments.** Within 60 days
101.25 of the end of each calendar quarter, participating counties which have received the payments
101.26 authorized by section 401.14 shall submit to the commissioner certified statements detailing
101.27 the amounts expended and costs incurred in furnishing the correctional services provided
101.28 in sections 401.01 to 401.16. Upon receipt of certified statements, the commissioner shall,
101.29 in the manner provided in sections 401.10 and 401.12, determine the amount each
101.30 participating county is entitled to receive, making any adjustments necessary to rectify any

102.1 disparity between the amounts received pursuant to the estimate provided in section 401.14
102.2 and the amounts actually expended. If the amount received pursuant to the estimate is greater
102.3 than the amount actually expended during the quarter, the commissioner may withhold the
102.4 difference from any subsequent monthly payments made pursuant to section 401.14. Upon
102.5 certification by the commissioner of the amount a participating county is entitled to receive
102.6 under the provisions of section 401.14 or of this subdivision the commissioner of
102.7 management and budget shall thereupon issue a state warrant payment to the chief fiscal
102.8 officer of each participating county for the amount due together with a copy of the certificate
102.9 prepared by the commissioner.

102.10 Sec. 76. Minnesota Statutes 2016, section 446A.086, subdivision 4, is amended to read:

102.11 Subd. 4. **Notifications; payment; appropriation.** (a) After receipt of a notice of a
102.12 default or potential default in payment of principal or interest in debt obligations covered
102.13 by this section or an agreement under this section, and after consultation with the
102.14 governmental unit and the paying agent, and after verification of the accuracy of the
102.15 information provided, the authority shall notify the commissioner of the potential default.
102.16 The notice must include a final figure as to the amount due that the governmental unit will
102.17 be unable to repay on the date due.

102.18 (b) Upon receipt of this notice from the authority, the commissioner shall issue a ~~warrant~~
102.19 payment and authorize the authority to pay to the bond holders or paying agent for the debt
102.20 obligation the specified amount on or before the date due. The amounts needed for the
102.21 purposes of this subdivision are annually appropriated to the authority from the general
102.22 fund.

102.23 Sec. 77. Minnesota Statutes 2016, section 446A.16, subdivision 1, is amended to read:

102.24 Subdivision 1. **Functions of commissioner of management and budget.** Except as
102.25 otherwise provided in this section, money of the authority must be paid to the commissioner
102.26 of management and budget as agent of the authority and the commissioner shall not
102.27 commingle the money with other money. The money in the accounts of the authority must
102.28 be paid out only ~~on warrants drawn~~ by the commissioner of management and budget on
102.29 requisition of the chair of the authority or of another officer or employee as the authority
102.30 authorizes. Deposits of the authority's money must, if required by the commissioner or the
102.31 authority, be secured by obligations of the United States or of the state of a market value
102.32 equal at all times to the amount of the deposit and all banks and trust companies are
102.33 authorized to give security for the deposits.

103.1 Sec. 78. Minnesota Statutes 2016, section 462A.18, subdivision 1, is amended to read:

103.2 Subdivision 1. **Functions of commissioner of management and budget.** All moneys
103.3 of the agency, except as otherwise authorized or provided in this section, shall be paid to
103.4 the commissioner of management and budget as agent of the agency, who shall not
103.5 commingle such moneys with any other moneys. The moneys in such accounts shall be
103.6 paid out ~~on warrants drawn~~ by the commissioner on requisition of the chair of the agency
103.7 or of such other officer or employee as the agency shall authorize to make such requisition.
103.8 All deposits of such moneys shall, if required by the commissioner or the agency, be secured
103.9 by obligations of the United States or of the state of a market value equal at all times to the
103.10 amount of the deposit and all banks and trust companies are authorized to give such security
103.11 for such deposits.

103.12 Sec. 79. Minnesota Statutes 2016, section 475A.04, subdivision 1, is amended to read:

103.13 Subdivision 1. **Procedure.** In the event that funds sufficient to pay all of the principal
103.14 and interest due on any guaranteed bond are not in the hands of the municipal treasurer or
103.15 the paying agent at least 15 days before the due date, the treasurer or agent shall report the
103.16 amount of the deficiency to the paying agent and the auditor who shall grant a loan to the
103.17 issuer in this amount and shall certify to the issuer, the paying agent, and the auditor and
103.18 treasurer of each county in which property subject to taxation by the issuer is situated, the
103.19 amount of the loan and interest to accrue thereon to the due date of the loan, and the
103.20 commissioner of management and budget shall issue a ~~warrant~~ warrant payment for the principal
103.21 amount and shall remit it to the paying agent on or before the due date. If the municipal
103.22 treasurer fails to deposit funds with the paying agent sufficient to pay all principal and
103.23 interest due on any guaranteed bond on any date, without having previously given the notice
103.24 herein required, the paying agent may report the amount of the deficiency to the
103.25 commissioner of management and budget, who shall forthwith grant a loan to the issuer for
103.26 this amount plus interest to accrue thereon for one month at the rate represented by the
103.27 coupons then due, and the loan shall be certified and remitted as provided above. The paying
103.28 agent may advance its own funds for the payment of any guaranteed bonds and interest due
103.29 for which it has not received sufficient funds from the municipality, and may contract with
103.30 the municipality to make such advances, and shall be entitled to reimbursement therefor
103.31 from the proceeds of the loan, with interest at the rate represented by the coupons due. The
103.32 issuing municipality shall give a receipt to the commissioner of management and budget
103.33 for the amount of the loan and interest.

104.1 Sec. 80. Minnesota Statutes 2016, section 525.841, is amended to read:

104.2 **525.841 ESCHEAT RETURNED.**

104.3 In all such cases the commissioner of management and budget shall be furnished with
 104.4 a certified copy of the court's order assigning the escheated property to the persons entitled
 104.5 thereto, and upon notification of payment of the estate tax, the commissioner of management
 104.6 and budget shall ~~draw a warrant~~ issue a payment or execute a proper conveyance to the
 104.7 persons designated in such order. In the event any escheated property has been sold pursuant
 104.8 to sections 11A.04, clause (9), and 11A.10, subdivision 2, or 16B.281 to 16B.287, then the
 104.9 ~~warrant payment~~ payment shall be for the appraised value as established during the administration
 104.10 of the decedent's estate. There is hereby annually appropriated from any moneys in the state
 104.11 treasury not otherwise appropriated an amount sufficient to make payment to all such
 104.12 designated persons. No interest shall be allowed on any amount paid to such persons.

104.13 **ARTICLE 4**

104.14 **ADMINISTRATIVE RULEMAKING**

104.15 Section 1. Minnesota Statutes 2016, section 3.842, subdivision 4a, is amended to read:

104.16 Subd. 4a. **Objections to rules or proposed rules.** (a) For purposes of this subdivision,
 104.17 "committee" means the house of representatives policy committee or senate policy committee
 104.18 with primary jurisdiction over state governmental operations. The commission or a committee
 104.19 may object to a rule or proposed rule as provided in this subdivision. ~~If the commission or~~
 104.20 ~~a committee objects to all or some portion of a rule because the commission or committee~~
 104.21 ~~considers it to be~~ on the grounds that the rule or proposed rule:

104.22 (1) is beyond the procedural or substantive authority delegated to the agency, including
 104.23 ~~a proposed rule submitted under section 14.15, subdivision 4, or 14.26, subdivision 3,~~
 104.24 ~~paragraph (e);~~

104.25 (2) is inconsistent with the enabling statute;

104.26 (3) is unnecessary or redundant;

104.27 (4) has a substantial economic impact as defined in section 14.02, subdivision 5;

104.28 (5) is not based on sound, reasonably available scientific, technical, economic, or other
 104.29 information;

104.30 (6) is not cost-effective;

104.31 (7) is unduly burdensome; or

105.1 (8) is more restrictive than the standard, limitation, or requirement imposed by federal
105.2 law or rule pertaining to the same subject matter.

105.3 If the commission or committee objects to all or some portion of a rule or proposed rule,
105.4 the commission or committee ~~may~~ shall file that objection in the Office of the Secretary of
105.5 State. The filed objection must contain a concise statement of the commission's or
105.6 committee's reasons for its action. ~~An objection to a proposed rule submitted by the~~
105.7 ~~commission or a committee under section 14.15, subdivision 4, or 14.26, subdivision 3,~~
105.8 ~~paragraph (c), may not be filed before the rule is adopted~~ For a proposed rule, the objection
105.9 must be filed within 30 days of receipt of the notice under section 14.14, 14.22, 14.386,
105.10 14.388, 14.389, or 14.3895.

105.11 (b) The secretary of state shall affix to each objection a certification of the date and time
105.12 of its filing and as soon after the objection is filed as practicable shall electronically transmit
105.13 a ~~certified~~ copy of it to the agency issuing the rule in question and to the revisor of statutes.
105.14 The secretary of state shall also maintain a permanent register open to public inspection of
105.15 all objections by the commission or committee.

105.16 (c) The commission or committee shall publish and index an objection filed under this
105.17 section in the next issue of the State Register. The revisor of statutes shall indicate the
105.18 existence of the objection adjacent to the rule in question when that rule is published in
105.19 Minnesota Rules.

105.20 (d) Within 14 days after the filing of an objection by the commission or committee to a
105.21 rule or proposed rule, the issuing agency shall respond in writing to the objecting entity.
105.22 After receipt of the response, the commission or committee may withdraw or modify its
105.23 objection. After the filing of an objection that is not subsequently withdrawn, the agency
105.24 may not adopt the rule until the legislature adjourns the annual legislative session that began
105.25 after the objection was filed. If the commission files an objection that is not subsequently
105.26 withdrawn, the commission may, as soon as practical, make a recommendation on a bill
105.27 that approves the proposed rule, prohibits adoption of the proposed rule, or amends or repeals
105.28 the law governing a previously adopted rule for which an objection was filed.

105.29 (e) After the filing of an objection by the commission or committee that is not
105.30 subsequently withdrawn, the burden is upon the agency in any proceeding for judicial review
105.31 or for enforcement of the rule to establish that the whole or portion of the rule objected to
105.32 is valid and demonstrates that the objection raised under paragraph (a) is not justified, based
105.33 on the criteria for objecting to a rule under paragraph (a).

106.1 (f) The failure of the commission or a committee to object to a rule is not an implied
106.2 legislative authorization of its validity.

106.3 (g) In accordance with sections 14.44 and 14.45, the commission or a committee may
106.4 petition for a declaratory judgment to determine the validity of a rule objected to by the
106.5 commission or committee. The action must be started within two years after an objection
106.6 is filed in the Office of the Secretary of State.

106.7 (h) The commission or a committee may intervene in litigation arising from agency
106.8 action. For purposes of this paragraph, agency action means the whole or part of a rule, or
106.9 the failure to issue a rule.

106.10 Sec. 2. Minnesota Statutes 2016, section 14.002, is amended to read:

106.11 **14.002 STATE REGULATORY POLICY.**

106.12 The legislature recognizes the important and sensitive role for administrative rules in
106.13 implementing policies and programs created by the legislature. However, the legislature
106.14 finds that some regulatory rules and programs have become overly prescriptive and inflexible,
106.15 thereby increasing costs to the state, local governments, and the regulated community and
106.16 decreasing the effectiveness of the regulatory program. Therefore, ~~whenever feasible~~, state
106.17 agencies must develop rules and regulatory programs that emphasize superior achievement
106.18 in meeting the agency's regulatory objectives and maximum flexibility for the regulated
106.19 party and the agency in meeting those goals.

106.20 Sec. 3. Minnesota Statutes 2016, section 14.02, is amended by adding a subdivision to
106.21 read:

106.22 Subd. 5. **Substantial economic impact.** A rule has a "substantial economic impact" if
106.23 the rule would result in, or likely result in:

106.24 (1) an adverse effect or impact on the private-sector economy of the state of Minnesota
106.25 of \$5,000,000 or more in a single year;

106.26 (2) a significant increase in costs or prices for consumers, individual private-sector
106.27 industries, state agencies, local governments, individuals, or private-sector enterprises within
106.28 certain geographic regions inside the state of Minnesota;

106.29 (3) significant adverse impacts on the competitiveness of private-sector Minnesota-based
106.30 enterprises, or on private-sector employment, investment, productivity, or innovation within
106.31 the state of Minnesota; or

107.1 (4) compliance costs, in the first year after the rule takes effect, of more than \$25,000
 107.2 for any one business that has fewer than 50 full-time employees, or for any one statutory
 107.3 or home rule charter city that has fewer than ten full-time employees.

107.4 Sec. 4. Minnesota Statutes 2016, section 14.05, subdivision 1, is amended to read:

107.5 Subdivision 1. **Authority to adopt original rules restricted.** (a) Each agency shall
 107.6 adopt, amend, suspend, or repeal its rules:

107.7 (1) in accordance with the procedures specified in sections 14.001 to 14.69, and;

107.8 (2) only pursuant to authority delegated by law; and

107.9 (3) in full compliance with its duties and obligations.

107.10 (b) If a law authorizing rules is repealed, the rules adopted pursuant to that law are
 107.11 automatically repealed on the effective date of the law's repeal unless there is another law
 107.12 authorizing the rules.

107.13 (c) Except as provided in ~~section~~ sections 14.055, 14.06, 14.388, 14.389, and 14.3895,
 107.14 sections 14.001 to 14.69 shall not be authority for an agency to adopt, amend, suspend, or
 107.15 repeal rules.

107.16 Sec. 5. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to
 107.17 read:

107.18 Subd. 1a. **Limitation regarding certain policies, guidelines, and other interpretive**
 107.19 **statements.** An agency shall not seek to implement or enforce against any person a policy,
 107.20 guideline, or other interpretive statement that meets the definition of a rule under this chapter
 107.21 if the policy, guideline, or other interpretive statement has not been adopted as a rule in
 107.22 accordance with this chapter including but not limited to solid waste policy plan revisions
 107.23 authorized by other law. In any proceeding under chapter 14 challenging an agency action
 107.24 prohibited by this subdivision, the reviewing authority must independently and without
 107.25 deference to the agency determine if the agency has violated this subdivision. The agency
 107.26 must overcome the presumption that its action may not be enforced as a rule.

107.27 Sec. 6. Minnesota Statutes 2016, section 14.05, subdivision 2, is amended to read:

107.28 Subd. 2. **Authority to modify proposed rule.** (a) An agency may modify a proposed
 107.29 rule in accordance with the procedures of the Administrative Procedure Act. However, an
 107.30 agency may not modify a proposed rule so that it is substantially different from the proposed
 107.31 rule in the notice of intent to adopt rules or notice of hearing.

108.1 (b) A modification does not make a proposed rule substantially different if:

108.2 (1) the differences are within the scope of the matter announced in the notice of intent
108.3 to adopt or notice of hearing and are in character with the issues raised in that notice;

108.4 (2) the differences are a logical outgrowth of the contents of the notice of intent to adopt
108.5 or notice of hearing and the comments submitted in response to the notice; and

108.6 (3) the notice of intent to adopt or notice of hearing provided fair warning that the
108.7 outcome of that rulemaking proceeding could be the rule in question.

108.8 (c) In determining whether the notice of intent to adopt or notice of hearing provided
108.9 fair warning that the outcome of that rulemaking proceeding could be the rule in question
108.10 the following factors must be considered:

108.11 (1) the extent to which persons who will be affected by the rule should have understood
108.12 that the rulemaking proceeding on which it is based could affect their interests;

108.13 (2) the extent to which the subject matter of the rule or issues determined by the rule are
108.14 different from the subject matter or issues contained in the notice of intent to adopt or notice
108.15 of hearing; and

108.16 (3) the extent to which the effects of the rule differ from the effects of the proposed rule
108.17 contained in the notice of intent to adopt or notice of hearing.

108.18 (d) A modification makes a proposed rule substantially different if the modification
108.19 causes a rule that did not previously have a substantial economic impact to have a substantial
108.20 economic impact.

108.21 Sec. 7. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to
108.22 read:

108.23 Subd. 5a. **Review and repeal of rules.** By December 1 of each odd-numbered year,
108.24 beginning December 1, 2017, an agency must submit to the governor, the Legislative
108.25 Coordinating Commission, the policy and funding committees and divisions with jurisdiction
108.26 over the agency, and the revisor of statutes, a list of any rules or portions of rules that are
108.27 obsolete, unnecessary, or duplicative of other state or federal statutes or rules. The list must
108.28 also include an explanation of why the rule or portion of the rule is obsolete, unnecessary,
108.29 or duplicative of other state or federal statutes or rules. The agency must either report a
108.30 timetable for repeal of the rule or portion of the rule, or must develop a bill for submission
108.31 to the appropriate policy committee to repeal the obsolete, unnecessary, or duplicative rule.
108.32 A report submitted under this subdivision must be signed by the person in the agency who

109.1 is responsible for identifying and initiating repeal of obsolete rules. The report also must
109.2 identify the status of any rules identified in the prior report as obsolete, unnecessary, or
109.3 duplicative. If none of an agency's rules are obsolete, unnecessary, or duplicative, an agency's
109.4 report must state that conclusion.

109.5 Sec. 8. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to
109.6 read:

109.7 Subd. 5b. **Review and repeal of environmental assessment worksheets and impact**
109.8 **statements.** By December 1, 2017, and each odd-numbered year thereafter, the
109.9 Environmental Quality Board, Pollution Control Agency, Department of Natural Resources,
109.10 and Department of Transportation, after consultation with political subdivisions, shall submit
109.11 to the governor, the Legislative Coordinating Commission, the chairs and ranking minority
109.12 members of the house of representatives and senate committees having jurisdiction over
109.13 environment and natural resources, and the revisor of statutes a list of mandatory
109.14 environmental assessment worksheets or mandatory environmental impact statements for
109.15 which the agency or a political subdivision is designated as the responsible government
109.16 unit, and for each worksheet or statement, a document including:

109.17 (1) intended outcomes of the specific worksheet or statement;

109.18 (2) the cost to state and local government and the private sector;

109.19 (3) the relationship of the worksheet or statement to other local, state, and federal permits;

109.20 and

109.21 (4) a justification for why the mandatory worksheet or statement should not be eliminated
109.22 and its intended outcomes achieved through an existing permit or other federal, state, or
109.23 local law.

109.24 Sec. 9. Minnesota Statutes 2016, section 14.05, subdivision 6, is amended to read:

109.25 Subd. 6. **Veto of adopted rules.** The governor may veto all or a severable portion of a
109.26 rule of an agency as defined in section 14.02, subdivisions 2 and 4, by submitting notice of
109.27 the veto to the State Register within 14 days of receiving a copy of the rule from the secretary
109.28 of state under section 14.16, subdivision 3, 14.26, subdivision ~~3~~ 5, ~~or~~ 14.386₂, or the agency
109.29 under section 14.389, subdivision 3, or section 14.3895. The veto is effective when the veto
109.30 notice is submitted to the State Register. This authority applies only to the extent that the
109.31 agency itself would have authority, through rulemaking, to take such action. If the governor

110.1 vetoes a rule or portion of a rule under this section, the governor shall notify the chairs of
110.2 the legislative committees having jurisdiction over the agency whose rule was vetoed.

110.3 Sec. 10. Minnesota Statutes 2016, section 14.05, subdivision 7, is amended to read:

110.4 Subd. 7. **Electronic documents permitted.** (a) If sections 14.05 to 14.3895 require an
110.5 agency to provide notice or documents to the public, the legislature, or other state agency,
110.6 the agency may send the notice or document, or a link to the notice or document, using any
110.7 reliable method of electronic transmission.

110.8 (b) The agency must also send a paper copy of the notice or document if requested to
110.9 do so by a member of the public, legislature, or other state agency.

110.10 (c) An agency may file rule-related documents with the Office of Administrative Hearings
110.11 by electronic transmission in the manner approved by that office and the Office of the
110.12 Revisor of Statutes by electronic transmission in the manner approved by that office.

110.13 Sec. 11. Minnesota Statutes 2016, section 14.101, subdivision 1, is amended to read:

110.14 Subdivision 1. **Required notice.** In addition to seeking information by other methods
110.15 designed to reach persons or ~~classes~~ categories of persons who might be affected by the
110.16 proposal, an agency, at least 60 days before publication of a notice of intent to adopt or a
110.17 notice of hearing, shall solicit comments from the public on the subject matter of a possible
110.18 rulemaking proposal under active consideration within the agency by causing notice to be
110.19 published in the State Register. The notice must include a description of the subject matter
110.20 of the proposal and the types of groups and individuals likely to be affected, and must
110.21 indicate where, when, and how persons may comment on the proposal and whether and
110.22 how drafts of any proposal may be obtained from the agency.

110.23 This notice must be published within 60 days of the effective date of any new or
110.24 amendatory law requiring rules to be adopted, amended, or repealed.

110.25 An agency intending to adopt an expedited rule under section 14.389 is exempt from
110.26 the requirements of this section.

110.27 Sec. 12. **[14.105] RULE NOTIFICATION.**

110.28 Subdivision 1. **Rule notification list.** (a) Each agency shall maintain a list of all persons
110.29 who have registered with the agency for the purpose of receiving notice of rule proceedings.
110.30 A person may register to receive notice of rule proceedings by submitting to the agency:

110.31 (1) the person's electronic mail address; or

111.1 (2) the person's name and United States mail address, along with a request to receive
 111.2 copies of the notices by mail.

111.3 (b) The agency shall post information on its Web site describing the registration process.

111.4 (c) The agency may inquire as to whether those persons on the list in paragraph (a) wish
 111.5 to remain on it and may remove persons for whom there is a negative reply or no reply
 111.6 within 60 days.

111.7 Subd. 2. Additional notice. (a) Each agency shall make reasonable efforts to notify
 111.8 persons or categories of persons who may be significantly affected by the rule being proposed
 111.9 by giving notice of its rule proceedings in newsletters, newspapers, or other publications,
 111.10 or through other means of communication.

111.11 (b) For each rulemaking, the agency shall develop an additional notice plan describing
 111.12 its efforts to provide additional notification to persons or categories of persons who may be
 111.13 affected by the proposed rule or must explain why these efforts were not made. The additional
 111.14 notice plan must be submitted to the administrative law judge with the other submissions
 111.15 required by section 14.14, subdivision 2a, or 14.26. The agency also may seek prior approval
 111.16 of the additional notice plan under the rules of the Office of Administrative Hearings.

111.17 Sec. 13. Minnesota Statutes 2016, section 14.116, is amended to read:

111.18 **14.116 NOTICE TO LEGISLATURE.**

111.19 (a) By January 15 each year, each agency must submit its current rulemaking docket
 111.20 maintained under section 14.366, ~~and the official rulemaking record required under section~~
 111.21 ~~14.365 for any rule adopted during the preceding calendar year,~~ to the chairs and ranking
 111.22 minority members of the legislative policy and budget committees with jurisdiction over
 111.23 the subject matter of the proposed rule and to the Legislative Coordinating Commission.
 111.24 Each agency must post a link to its rulemaking docket on the agency Web site home page.

111.25 (b) When an agency ~~mails~~ sends a notice of ~~intent to adopt rules~~ hearing under section
 111.26 14.14 or a notice of intent to adopt rules or dual notice under section 14.22, the agency must
 111.27 send a copy of the same notice ~~and a copy of the statement of need and reasonableness~~ to
 111.28 the chairs and ranking minority party members of the legislative policy and budget
 111.29 committees with jurisdiction over the subject matter of the proposed rules and to the
 111.30 Legislative Coordinating Commission.

111.31 ~~(c) In addition, if the mailing of the notice is within two years of the effective date of~~
 111.32 ~~the law granting the agency authority to adopt the proposed rules, the agency shall make~~
 111.33 ~~reasonable efforts to send a copy of the notice and the statement to all sitting legislators~~

112.1 ~~who were chief house of representatives and senate authors of the bill granting the rulemaking~~
 112.2 ~~authority. If the bill was amended to include this rulemaking authority, the agency shall~~
 112.3 ~~make reasonable efforts to send the notice and the statement to the chief house of~~
 112.4 ~~representatives and senate authors of the amendment granting rulemaking authority, rather~~
 112.5 ~~than to the chief authors of the bill.~~

112.6 Sec. 14. Minnesota Statutes 2016, section 14.125, is amended to read:

112.7 **14.125 TIME LIMIT ON AUTHORITY TO ADOPT, AMEND, OR REPEAL**
 112.8 **RULES.**

112.9 An agency shall publish a ~~notice of intent to adopt rules or a notice of hearing under~~
 112.10 ~~section 14.14, or a notice of intent to adopt rules or dual notice under section 14.22,~~ within
 112.11 18 months of the effective date of the law authorizing or requiring rules to be adopted,
 112.12 amended, or repealed. If the notice is not published within the time limit imposed by this
 112.13 section, the ~~authority for the rules expires. The agency shall not use other law in existence~~
 112.14 ~~at the time of the expiration of rulemaking authority under this section as authority to adopt,~~
 112.15 ~~amend, or repeal these rules~~ agency shall report to the Legislative Coordinating Commission,
 112.16 other appropriate committees of the legislature, and the governor its failure to publish a
 112.17 notice and the reasons for that failure.

112.18 ~~An agency that publishes a notice of intent to adopt rules or a notice of hearing within~~
 112.19 ~~the time limit specified in this section may subsequently amend or repeal the rules without~~
 112.20 ~~additional legislative authorization.~~

112.21 Sec. 15. Minnesota Statutes 2016, section 14.127, is amended to read:

112.22 **14.127 LEGISLATIVE APPROVAL REQUIRED.**

112.23 Subdivision 1. ~~Cost thresholds~~ **Substantial economic impact.** An agency must
 112.24 determine if the cost of complying with a proposed rule in the first year after the rule takes
 112.25 effect will exceed \$25,000 for: (1) any one business that has less than 50 full-time employees;
 112.26 or (2) any one statutory or home rule charter city that has less than ten full-time employees.
 112.27 For purposes of this section, "business" means a business entity organized for profit or as
 112.28 a nonprofit, and includes an individual, partnership, corporation, joint venture, association,
 112.29 or cooperative has a substantial economic impact, as defined in section 14.02, subdivision
 112.30 5.

112.31 Subd. 2. **Agency determination.** An agency must make the determination required by
 112.32 subdivision 1 before the close of the hearing record, or before the agency submits the record

113.1 ~~to the administrative law judge if there is no hearing. The administrative law judge must~~
113.2 ~~review and approve or disapprove the agency determination under this section~~ agency gives
113.3 notice under section 14.14, 14.22, 14.225, or 14.389.

113.4 **Subd. 3. Legislative approval required.** (a) If the agency determines that a proposed
113.5 rule has a substantial economic impact, the agency must request the legislative auditor to
113.6 convene a five-person peer review advisory panel to conduct an impact analysis of the
113.7 proposed rule. Within 30 days of receipt of the agency's request, the legislative auditor shall
113.8 convene a peer review advisory panel. The advisory panel must be made up of individuals
113.9 who have not directly or indirectly been involved in the work conducted or contracted by
113.10 the agency and who are not employed by the agency. The agency must pay each panel
113.11 member for the costs of the person's service on the panel, as determined by the legislative
113.12 auditor. The agency shall transfer an amount from the agency's operating budget to the
113.13 legislative auditor to pay for costs for convening the peer review advisory panel process.
113.14 The panel may receive written and oral comments from the public during its review. The
113.15 panel must submit its report within 60 days of being convened. The agency must receive a
113.16 final report from the panel before the agency conducts a public hearing on a proposed rule
113.17 or, if no hearing is held, before the rule is submitted to the administrative law judge. The
113.18 panel's report must include its conclusions on the extent to which the proposed rule:

113.19 (1) is based on sound, reasonably available scientific, technical, economic, or other
113.20 information or rationale; and

113.21 (2) is more restrictive than a standard, limitation, or requirement imposed by federal law
113.22 or rule pertaining to the same subject matter, and a justification based on sound, reasonably
113.23 available scientific, technical, economic, or other information and rationale that the more
113.24 stringent standard is necessary to protect the public's health, safety, or welfare.

113.25 (b) If the agency determines that a rule does not have a substantial economic impact,
113.26 the administrative law judge must review this determination. If the administrative law judge
113.27 determines that a rule may have a substantial economic impact, the agency must have the
113.28 legislative auditor arrange for the analysis required by paragraph (a), and the agency must
113.29 give new notice of intent to adopt the proposed rule after receiving this analysis. The
113.30 administrative law judge may make this determination as part of the administrative law
113.31 judge's report on the proposed rule, or at any earlier time after the administrative law judge
113.32 is assigned to the rule proceeding.

113.33 (c) If the agency determines that the cost exceeds the threshold in subdivision 1 proposed
113.34 rule has a substantial economic impact, or if the administrative law judge disapproves the

114.1 agency's determination that the ~~cost~~ rule does not exceed the threshold in subdivision 1,
 114.2 any business that has less than 50 full-time employees or any statutory or home rule charter
 114.3 city that has less than ten full-time employees may file a written statement with the agency
 114.4 claiming a temporary exemption from the rules. Upon filing of such a statement with the
 114.5 agency, the rules do not apply to that business or that city until the rules are have a substantial
 114.6 economic impact, the agency or the administrative law judge shall deliver the determination
 114.7 and peer review advisory panel report to the Legislative Coordinating Commission and to
 114.8 the chairs and ranking minority members of the house of representatives and senate
 114.9 committees and divisions with jurisdiction over the subject matter of the rule, and the
 114.10 proposed rule does not take effect until the rule is approved by a law enacted after the agency
 114.11 determination or administrative law judge disapproval.

114.12 Subd. 4. **Exceptions.** ~~(a) Subdivision 3 does not apply if the administrative law judge~~
 114.13 ~~approves an agency's determination that the legislature has appropriated money to sufficiently~~
 114.14 ~~fund the expected cost of the rule upon the business or city proposed to be regulated by the~~
 114.15 ~~rule.~~

114.16 ~~(b)~~ (a) Subdivision 3 does not apply if the administrative law judge approves an agency's
 114.17 determination that the rule has been proposed pursuant to a specific federal statutory or
 114.18 regulatory mandate.

114.19 ~~(c)~~ (b) This section does not apply if the rule is adopted under section 14.388 or under
 114.20 another law specifying that the rulemaking procedures of this chapter do not apply.

114.21 ~~(d)~~ (c) This section does not apply to a rule adopted by the Public Utilities Commission.

114.22 ~~(e) Subdivision 3 does not apply if the governor waives application of subdivision 3.~~
 114.23 ~~The governor may issue a waiver at any time, either before or after the rule would take~~
 114.24 ~~effect, but for the requirement of legislative approval. As soon as possible after issuing a~~
 114.25 ~~waiver under this paragraph, the governor must send notice of the waiver to the speaker of~~
 114.26 ~~the house and the president of the senate and must publish notice of this determination in~~
 114.27 ~~the State Register.~~

114.28 Subd. 5. **Severability.** If an administrative law judge determines that part of a proposed
 114.29 rule ~~exceeds the threshold specified in subdivision 1~~ has a substantial economic impact, but
 114.30 that a severable portion of a proposed rule does not exceed the threshold in subdivision 1,
 114.31 have a substantial economic impact, the administrative law judge may provide that the
 114.32 severable portion of the rule that does not exceed the threshold have a substantial economic
 114.33 impact may take effect without legislative approval.

115.1 Sec. 16. [14.1275] RULES IMPACTING RESIDENTIAL CONSTRUCTION OR
115.2 REMODELING; LEGISLATIVE NOTICE AND REVIEW.

115.3 Subdivision 1. Definition. As used in this section, "residential construction" means the
115.4 new construction or remodeling of any building subject to the Minnesota Residential Code.

115.5 Subd. 2. Impact on housing cost; agency determination. An agency must determine
115.6 if implementation of a proposed rule, or any portion of a proposed rule, will, on average,
115.7 increase the cost of residential construction or remodeling by \$1,000 or more per unit. The
115.8 agency must make this determination before the close of the hearing record. Upon request
115.9 of a party affected by the proposed rule, an administrative law judge must review and
115.10 approve or disapprove an agency's determination that any portion of a proposed rule will
115.11 increase the cost of a dwelling unit by \$1,000 or more.

115.12 Subd. 3. Notice to legislature; legislative approval. (a) If the agency determines that
115.13 the impact of a proposed rule meets or exceeds the cost threshold provided in subdivision
115.14 2, or if the administrative law judge separately confirms the cost of any portion of a rule
115.15 exceeds the cost threshold provided in subdivision 2, the agency must notify, in writing,
115.16 the chairs and ranking minority members of the policy committees of the house of
115.17 representatives and the senate with jurisdiction over the subject matter of the proposed rule
115.18 within ten days of the determination.

115.19 (b) If a committee of either the house of representatives or senate with jurisdiction over
115.20 the subject matter of the proposed rule or a portion of a rule that meets or exceeds the
115.21 threshold in subdivision 2 votes to advise an agency that the rule should not be adopted as
115.22 proposed, the agency may not adopt the rule unless the rule is approved by a law enacted
115.23 after the vote of the committee. Section 14.126, subdivision 2, applies to a vote of a
115.24 committee under this subdivision.

115.25 Subd. 4. Severability. If the agency or an administrative law judge determines that part
115.26 of a proposed rule meets or exceeds the threshold provided in subdivision 2, but that a
115.27 severable portion of the proposed rule does not meet or exceed that threshold, the agency
115.28 may proceed to adopt the severable portions of the proposed rule regardless of whether a
115.29 legislative committee has voted under subdivision 3 to advise an agency that the rule should
115.30 not be adopted as proposed.

115.31 EFFECTIVE DATE. This section is effective August 1, 2017, and applies to
115.32 administrative rules proposed on or after that date.

116.1 **Sec. 17. [14.129] IMPACT ANALYSIS OF PROPOSED RULE.**

116.2 Subdivision 1. **Analysis.** (a) Within 30 days of receipt of the notice required under
116.3 section 14.116, paragraph (b), a standing committee with jurisdiction over the subject matter
116.4 of a proposed rule may request the legislative auditor to conduct an impact analysis of the
116.5 proposed rule. The request must be sent in writing to the legislative auditor and the agency.
116.6 Upon receipt of the request, the agency may not proceed to adopt the proposed rule until it
116.7 has received a positive declaration from the requesting standing committee. Within 60 days
116.8 of receipt of a request, the legislative auditor shall convene a five-person peer review panel
116.9 to review the proposed rule. The advisory panel must be made up of individuals who have
116.10 not directly or indirectly been involved in work conducted or contracted by the agency and
116.11 who are not employed by the agency. The panel may receive written and oral comments
116.12 from the public during its review of the proposed rule. The panel must prepare a report that
116.13 includes a conclusion on whether the proposed rule:

116.14 (1) is based on sound, reasonably available scientific, technical, economic, and other
116.15 information and rationale; and

116.16 (2) if the proposed rule is more restrictive than a standard, limitation, or requirement
116.17 imposed by federal law or rule pertaining to the same subject matter, a justification based
116.18 on sound, reasonably available scientific, technical, economic, or other information and
116.19 rationale that the more stringent standard is necessary to protect the public's health, safety,
116.20 or welfare.

116.21 (b) Within 150 days of being convened, the panel must submit its report to the chairs
116.22 and ranking minority members of the requesting committee and the legislative auditor.
116.23 Within five days of receipt of the panel's report, the requesting standing committee shall
116.24 send the report to the agency along with either:

116.25 (1) a positive declaration that the agency may proceed with the proposed rule; or

116.26 (2) a negative declaration that the agency may not proceed with the proposed rule in its
116.27 current form.

116.28 (c) If the requesting standing committee issues a negative declaration to an agency under
116.29 paragraph (b), clause (2), the agency may not adopt the rule until the legislature adjourns
116.30 the annual legislative session that began after the issuance of the negative declaration.

116.31 Subd. 2. **Severability.** If any one or more provision, sentence, clause, phrase, or word
116.32 in this section or the application thereof to any person or circumstance is found to be
116.33 unconstitutional, the same is hereby declared to be severable and the balance of this section

117.1 shall remain effective notwithstanding such unconstitutionality. The legislature hereby
 117.2 declares that it would have passed this section and each provision, sentence, clause, phrase,
 117.3 or word thereof irrespective of the fact that any one or more provision, sentence, clause,
 117.4 phrase, or word be declared unconstitutional.

117.5 Sec. 18. Minnesota Statutes 2016, section 14.131, is amended to read:

117.6 **14.131 STATEMENT OF NEED AND REASONABLENESS.**

117.7 By the date of the section 14.14, subdivision 1a, notice, the agency must prepare, review,
 117.8 and make available for public review a statement of the need for and reasonableness of the
 117.9 rule. The statement of need and reasonableness must be prepared under rules adopted by
 117.10 the chief administrative law judge and must include a citation to the most specific statutory
 117.11 authority for the rule and the following to the extent the agency, through reasonable effort,
 117.12 can ascertain this information:

117.13 ~~(1) a description of the classes of persons who probably will be affected by the proposed~~
 117.14 ~~rule, including classes that will bear the costs of the proposed rule and classes that will~~
 117.15 ~~benefit from the proposed rule;~~

117.16 ~~(2) the probable costs to the agency and to any other agency of the implementation and~~
 117.17 ~~enforcement of the proposed rule and any anticipated effect on state revenues;~~

117.18 ~~(3) a determination of whether there are less costly methods or less intrusive methods~~
 117.19 ~~for achieving the purpose of the proposed rule;~~

117.20 ~~(4) a description of any alternative methods for achieving the purpose of the proposed~~
 117.21 ~~rule that were seriously considered by the agency and the reasons why they were rejected~~
 117.22 ~~in favor of the proposed rule;~~

117.23 ~~(5) the probable costs of complying with the proposed rule, including the portion of the~~
 117.24 ~~total costs that will be borne by identifiable categories of affected parties, such as separate~~
 117.25 ~~classes of governmental units, businesses, or individuals;~~

117.26 ~~(6) the probable costs or consequences of not adopting the proposed rule, including those~~
 117.27 ~~costs or consequences borne by identifiable categories of affected parties, such as separate~~
 117.28 ~~classes of government units, businesses, or individuals;~~

117.29 (1) a description of the persons or classifications of persons who will probably be affected
 117.30 by the proposed rule;

117.31 (2) the probable costs of the rule to affected persons and the agency, including those
 117.32 costs or consequences borne by identifiable categories of affected parties, such as separate

118.1 classes of government units, businesses, or individuals, and the probable benefits of adopting
118.2 the rule;

118.3 ~~(7)~~ (3) an assessment of any differences between the proposed rule and existing or
118.4 proposed federal regulations standards and similar standards in relevant states bordering
118.5 Minnesota or within Environmental Protection Agency Region 5 and a specific analysis of
118.6 the need for and reasonableness of each difference; and

118.7 ~~(8)~~ (4) an assessment of the cumulative effect of the rule with other federal and state
118.8 regulations related to the specific purpose of the rule; all rules adopted by the agency or any
118.9 other agency, and all federal regulations and local ordinances or regulations, related to the
118.10 specific purpose for which the rule is being adopted; and

118.11 (5) the agency's findings and conclusions that support its determination that the proposed
118.12 rule is based on sound, reasonably available scientific, technical, economic, or other
118.13 information and rationale; and if the proposed rule is more restrictive than a standard,
118.14 limitation, or requirement imposed by federal law or rule pertaining to the same subject
118.15 matter, a justification based on sound, reasonably available scientific, technical, economic,
118.16 or other information and rationale that the more stringent standard is necessary to protect
118.17 the public's health, safety, or welfare.

118.18 The statement must describe how the agency, in developing the rules, considered and
118.19 implemented the legislative policy supporting performance-based regulatory systems set
118.20 forth in section 14.002 in a cost-effective and timely manner.

118.21 For purposes of clause ~~(8)~~ (4), "cumulative effect" means the impact that results from
118.22 incremental impact of the proposed rule in addition to other rules, regardless of what state
118.23 or federal agency has adopted the other rules. Cumulative effects can result from individually
118.24 minor but collectively significant rules adopted over a period of time.

118.25 ~~The statement must also describe the agency's efforts to provide additional notification~~
118.26 ~~under section 14.14, subdivision 1a, to persons or classes of persons who may be affected~~
118.27 ~~by the proposed rule or must explain why these efforts were not made.~~

118.28 The statement must describe, with reasonable particularity, the scientific, technical, and
118.29 economic information that supports the proposed rule.

118.30 The agency must consult with the commissioner of management and budget to help
118.31 evaluate the fiscal impact and fiscal benefits of the proposed rule on units of local
118.32 government. The agency must send a copy of the statement of need and reasonableness to

119.1 the Legislative Reference Library no later than when the notice of hearing is ~~mailed under~~
119.2 ~~section 14.14, subdivision 1a~~ sent.

119.3 Sec. 19. Minnesota Statutes 2016, section 14.14, subdivision 1a, is amended to read:

119.4 Subd. 1a. **Notice of rule hearing.** (a) ~~Each agency shall maintain a list of all persons~~
119.5 ~~who have registered with the agency for the purpose of receiving notice of rule proceedings.~~
119.6 ~~Persons may register to receive notice of rule proceedings by submitting to the agency:~~

119.7 ~~(1) their electronic mail address; or~~

119.8 ~~(2) their name and United States mail address.~~

119.9 ~~The agency may inquire as to whether those persons on the list wish to remain on it and~~
119.10 ~~may remove persons for whom there is a negative reply or no reply within 60 days.~~ The
119.11 agency shall, at least 30 days before the date set for the hearing, give notice of its intention
119.12 to ~~adopt~~ hold a hearing on the proposed rules by United States mail or electronic mail to all
119.13 persons ~~on its list~~ who have registered with the agency under section 14.105, and by
119.14 publication in the State Register.

119.15 ~~The mailed notice must include either a copy of the proposed rule or an easily readable~~
119.16 ~~and understandable description of its nature and effect and an announcement that a free~~
119.17 ~~copy of the proposed rule is available on request from the agency. In addition, each agency~~
119.18 ~~shall make reasonable efforts to notify persons or classes of persons who may be significantly~~
119.19 ~~affected by the rule being proposed by giving notice of its intention in newsletters,~~
119.20 ~~newspapers, or other publications, or through other means of communication.~~ The notice
119.21 in the State Register must include the proposed rule or an amended rule in the form required
119.22 by the revisor under section 14.07, together with an easily readable and understandable
119.23 summary of the overall nature and effect of the proposed rule, a citation to the most specific
119.24 statutory authority for the proposed rule, a statement of the place, date, and time of the
119.25 public hearing, a statement that a free copy of the proposed rule and the statement of need
119.26 and reasonableness may be requested from the agency, a statement that persons may register
119.27 with the agency for the purpose of receiving notice of rule proceedings ~~and notice that the~~
119.28 ~~agency intends to adopt a rule,~~₂ and other information required by law or rule. When an
119.29 entire rule is proposed to be repealed, the agency need only publish that fact, along with an
119.30 easily readable and understandable summary of the overall nature of the rules proposed for
119.31 repeal, and a citation to the rule to be repealed.

120.1 The mailed notice of hearing must be the same as the notice published in the State
120.2 Register, except that the mailed notice may omit the text of the proposed rule if it includes
120.3 an announcement of where a copy of the proposed rule may be obtained.

120.4 (b) The chief administrative law judge may authorize an agency to omit from the notice
120.5 of rule hearing the text of any proposed rule, the publication of which would be unduly
120.6 cumbersome, expensive, or otherwise inexpedient if:

120.7 (1) knowledge of the rule is likely to be important to only a small class of persons;

120.8 (2) the notice of rule hearing states that a free copy of the entire rule is available upon
120.9 request to the agency; and

120.10 (3) the notice of rule hearing states in detail the specific subject matter of the omitted
120.11 rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose
120.12 and motivation.

120.13 Sec. 20. Minnesota Statutes 2016, section 14.14, subdivision 2a, is amended to read:

120.14 Subd. 2a. **Hearing procedure.** When a hearing is held on a proposed rule, it shall be
120.15 conducted by an administrative law judge assigned by the chief administrative law judge.
120.16 The administrative law judge shall ensure that all persons involved in the rule hearing are
120.17 treated fairly and impartially. The agency shall submit into the record the jurisdictional
120.18 documents, including the statement of need and reasonableness, comments and hearing
120.19 requests received, and any written exhibits in support of the proposed rule. The agency may
120.20 also present additional oral evidence. Interested persons may present written and oral
120.21 evidence. The administrative law judge shall allow questioning of agency representatives
120.22 or witnesses, or of interested persons making oral statements, in order to explain the purpose
120.23 or intended operation of a proposed rule, or a suggested modification, or for other purposes
120.24 if material to the evaluation or formulation of the proposed rule. The administrative law
120.25 judge may limit repetitive or immaterial oral statements and questioning.

120.26 Sec. 21. Minnesota Statutes 2016, section 14.18, subdivision 1, is amended to read:

120.27 Subdivision 1. **Generally.** Unless a later date is required by section 14.126 or other law
120.28 or is specified in the rule, a rule is effective after:

120.29 (1) it has been subjected to all requirements described in sections 14.131 to 14.20 ~~and~~
120.30 ~~five working days after;~~

120.31 (2) the notice of adoption is published in the State Register ~~unless a later date is required~~
120.32 ~~by section 14.126 or other law or specified in the rule;~~ and

121.1 (3) it has been approved by a law enacted after publication of the notice of adoption- if
121.2 any of the following applies:

121.3 (i) the rule is enacted without a specific authorization of rulemaking to enact rules to
121.4 implement a specific statute section;

121.5 (ii) a sanction or penalty can be imposed for failure to comply with the rule; or

121.6 (iii) the regulating agency has the authority to adjudicate a dispute with a regulated entity
121.7 about enforcement of or violation of the rule.

121.8 If the rule adopted is the same as the proposed rule, publication may be made by
121.9 publishing notice in the State Register that the rule has been adopted as proposed and by
121.10 citing the prior publication. If the rule adopted differs from the proposed rule, the portions
121.11 of the adopted rule that differ from the proposed rule must be included in the notice of
121.12 adoption together with a citation to the prior State Register publication of the remainder of
121.13 the proposed rule. The nature of the modifications must be clear to a reasonable person
121.14 when the notice of adoption is considered together with the State Register publication of
121.15 the proposed rule, except that modifications may also be made that comply with the form
121.16 requirements of section 14.07, subdivision 7.

121.17 If the agency omitted from the notice of proposed rule adoption the text of the proposed
121.18 rule, as permitted by section 14.14, subdivision 1a, paragraph (b), the chief administrative
121.19 law judge may provide that the notice of the adopted rule need not include the text of any
121.20 changes from the proposed rule. However, the notice of adoption must state in detail the
121.21 substance of the changes made from the proposed rule, and must state that a free copy of
121.22 the portion of the adopted rule that was the subject of the rulemaking proceeding, not
121.23 including any material adopted by reference as permitted by section 14.07, is available upon
121.24 request to the agency.

121.25 Sec. 22. Minnesota Statutes 2016, section 14.19, is amended to read:

121.26 **14.19 DEADLINE TO COMPLETE RULEMAKING.**

121.27 Within 180 days after issuance of the administrative law judge's report or that of the
121.28 chief administrative law judge, the agency shall submit its notice of adoption, amendment,
121.29 or repeal to the State Register for publication. If the agency has not submitted its notice to
121.30 the State Register within 180 days, the rule is automatically withdrawn. The agency may
121.31 not adopt the withdrawn rules without again following the procedures of sections 14.05 to
121.32 14.28, with the exception of section 14.101, if the noncompliance is approved by the chief
121.33 administrative law judge. The agency shall report to the Legislative Coordinating

122.1 Commission, other appropriate committees of the legislature, and the governor its failure
 122.2 to adopt rules and the reasons for that failure. The 180-day time limit of this section does
 122.3 not include:

122.4 (1) any days used for review by the chief administrative law judge or the commission
 122.5 if the review is required by law; or

122.6 (2) days during which the rule cannot be adopted, because of votes by legislative
 122.7 committees under section 14.126; ~~or.~~

122.8 ~~(3) days during which the rule cannot be adopted because approval of the legislature is~~
 122.9 ~~required under section 14.127.~~

122.10 Sec. 23. Minnesota Statutes 2016, section 14.22, subdivision 1, is amended to read:

122.11 Subdivision 1. **Contents.** (a) ~~Unless an agency proceeds directly to a public hearing on~~
 122.12 ~~a proposed rule and gives the notice prescribed in section 14.14, subdivision 1a, the agency~~
 122.13 ~~shall give notice of its intention to adopt a rule without public hearing. The agency shall~~
 122.14 ~~give the notice required by this section, unless the agency gives notice of a hearing under~~
 122.15 ~~section 14.14 or a notice under section 14.389, subdivision 2. The agency shall give notice~~
 122.16 ~~must be given~~ of its intention to adopt a rule by publication in the State Register and by
 122.17 United States mail or electronic mail to persons who have registered their names with the
 122.18 agency under section ~~14.14, subdivision 1a~~ 14.105. ~~The mailed notice must include either~~
 122.19 ~~a copy of the proposed rule or an easily readable and understandable description of its nature~~
 122.20 ~~and effect and an announcement that a free copy of the proposed rule is available on request~~
 122.21 ~~from the agency. In addition, each agency shall make reasonable efforts to notify persons~~
 122.22 ~~or classes of persons who may be significantly affected by the rule by giving notice of its~~
 122.23 ~~intention in newsletters, newspapers, or other publications, or through other means of~~
 122.24 ~~communication.~~ The notice in the State Register must include the proposed rule or ~~the~~
 122.25 amended rule in the form required by the revisor under section 14.07₂; an easily readable
 122.26 and understandable summary of the overall nature and effect of the proposed rule₂; a citation
 122.27 to the most specific statutory authority for the proposed rule₂; a statement that a free copy
 122.28 of the statement of need and reasonableness may be requested from the agency; a statement
 122.29 that persons may register with the agency ~~for the purpose of receiving~~ to receive notice of
 122.30 rule proceedings ~~and notice that a rule has been submitted to the chief administrative law~~
 122.31 ~~judge~~₂; and other information required by law or rule. When an entire rule is proposed to
 122.32 be repealed, the notice need only state that fact, along with an easily readable and
 122.33 understandable summary of the overall nature of the ~~rules~~ rule proposed for repeal, and a
 122.34 citation to the rule to be repealed. The notice must include a statement advising the public:

123.1 (1) that the public has at least 30 days in which to submit comment in support of or in
 123.2 opposition to the proposed rule and that comment is encouraged;

123.3 (2) that each comment should identify the ~~portion~~ part and subpart, if any, of the proposed
 123.4 rule addressed, the reason for the comment, and any change proposed;

123.5 (3) that the requester is encouraged to propose any change desired;

123.6 ~~(3)~~ (4) that if 25 or more persons submit a written request for a public hearing within
 123.7 the ~~30-day~~ comment period, a public hearing will be held and the agency will use the process
 123.8 under section 14.14;

123.9 ~~(4)~~ (5) of the manner in which persons must request a public hearing on the proposed
 123.10 rule, including the requirements contained in section 14.25 relating to a written request for
 123.11 a public hearing; and

123.12 ~~(5) of the requirements contained in section 14.25 relating to a written request for a~~
 123.13 ~~public hearing, and that the requester is encouraged to propose any change desired;~~

123.14 (6) that the agency may modify the proposed rule ~~may be modified~~ if the modifications
 123.15 are supported by the data and views submitted; ~~and.~~

123.16 ~~(7) that if a hearing is not required, notice of the date of submission of the proposed rule~~
 123.17 ~~to the chief administrative law judge for review will be mailed to any person requesting to~~
 123.18 ~~receive the notice.~~

123.19 In connection with the statements required in clauses (1) and ~~(3)~~ (4), the notice must
 123.20 also include the date on which the ~~30-day~~ comment period ends. The mailed notice of intent
 123.21 to adopt a rule must be the same as the notice published in the State Register, except that
 123.22 the mailed notice may omit the text of the proposed rule if it includes an announcement of
 123.23 where a copy of the proposed rule may be obtained.

123.24 (b) The chief administrative law judge may authorize an agency to omit from the notice
 123.25 of intent to adopt the text of any proposed rule, the publication of which would be unduly
 123.26 cumbersome, expensive, or otherwise inexpedient if:

123.27 (1) knowledge of the rule is likely to be important to only a small class of persons;

123.28 (2) the notice of intent to adopt states that a free copy of the entire rule is available upon
 123.29 request to the agency; and

123.30 (3) the notice of intent to adopt states in detail the specific subject matter of the omitted
 123.31 rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose
 123.32 and motivation.

124.1 Sec. 24. Minnesota Statutes 2016, section 14.23, is amended to read:

124.2 **14.23 STATEMENT OF NEED AND REASONABLENESS.**

124.3 By the date of the section 14.22 notice, the agency shall prepare a statement of need and
124.4 reasonableness, which must be available to the public. The statement of need and
124.5 reasonableness must include the analysis information required in section 14.131. ~~The~~
124.6 ~~statement must also describe the agency's efforts to provide additional notification under~~
124.7 ~~section 14.22 to persons or classes of persons who may be affected by the proposed rules~~
124.8 ~~or must explain why these efforts were not made. For at least 30 days following the notice,~~
124.9 ~~the agency shall afford the public an opportunity to request a public hearing and to submit~~
124.10 ~~data and views on the proposed rule in writing.~~

124.11 The agency shall send a copy of the statement of need and reasonableness to the
124.12 Legislative Reference Library no later than when the notice of intent to adopt is mailed sent.

124.13 Sec. 25. Minnesota Statutes 2016, section 14.25, subdivision 1, is amended to read:

124.14 Subdivision 1. **Requests for hearing.** If, during the ~~30-day~~ period allowed for comment
124.15 under section 14.22, 25 or more persons submit to the agency a written request for a public
124.16 hearing of the proposed rule, the agency shall proceed under the provisions of sections 14.14
124.17 to 14.20. The written request must include:

124.18 (1) the name and address of the person requesting the public hearing; ~~and~~

124.19 (2) the ~~portion or portions~~ part or subpart, if any, of the rule to which the person objects
124.20 ~~or a statement that the person opposes the entire rule. If not previously published under~~
124.21 ~~section 14.22, subdivision 2, a notice of the public hearing must be published in the State~~
124.22 ~~Register and mailed to those persons who submitted a written request for the public hearing.~~
124.23 ~~Unless the agency has modified the proposed rule, the notice need not include the text of~~
124.24 ~~the proposed rule but only a citation to the State Register pages where the text appears; and~~

124.25 (3) the reasons for the objection to each portion of the rule identified.

124.26 A written request for a public hearing that does not comply with the requirements of this
124.27 section is invalid and may not be counted by the agency for purposes of determining whether
124.28 a public hearing must be held. A written request for a public hearing is not invalid due to
124.29 failure of the request to correctly identify the portion of the rule to which the person objects
124.30 if the agency reasonably can determine which portion of the rule is the basis for the objection.

125.1 Sec. 26. Minnesota Statutes 2016, section 14.26, is amended to read:

125.2 **14.26 ADOPTION OF PROPOSED RULE; SUBMISSION TO ADMINISTRATIVE**
125.3 **LAW JUDGE.**

125.4 Subdivision 1. **Submission.** If no hearing is required, the agency shall submit to an
125.5 administrative law judge assigned by the chief administrative law judge the proposed rule
125.6 and notice as published, the rule as adopted, any written comments received by the agency,
125.7 and a statement of need and reasonableness for the rule. The agency shall give notice to all
125.8 persons who requested to be informed that these materials have been submitted to the
125.9 administrative law judge. This notice must be given on the same day that the record is
125.10 submitted. If the proposed rule has been modified, the notice must state that fact, and must
125.11 also state that a free copy of the proposed rule, as modified, is available upon request from
125.12 the agency. The rule and these materials must be submitted to the administrative law judge
125.13 within 180 days of the day that the comment period for the rule is over or the rule is
125.14 automatically withdrawn. The agency may not adopt the withdrawn rules without again
125.15 following the procedures of sections 14.05 to 14.28, with the exception of section 14.101,
125.16 if the noncompliance is approved by the chief administrative law judge. The agency shall
125.17 report its failure to adopt the rules and the reasons for that failure to the Legislative
125.18 Coordinating Commission, other appropriate legislative committees, and the governor.

125.19 ~~Subd. 2. **Resubmission.** Even if the 180-day period expires while the administrative~~
125.20 ~~law judge reviews the rule, if the administrative law judge rejects the rule, the agency may~~
125.21 ~~resubmit it after taking corrective action. The resubmission must occur within 30 days of~~
125.22 ~~when the agency receives written notice of the disapproval. If the rule is again disapproved,~~
125.23 ~~the rule is withdrawn. An agency may resubmit at any time before the expiration of the~~
125.24 ~~180-day period. If the agency withholds some of the proposed rule, it may not adopt the~~
125.25 ~~withheld portion without again following the procedures of sections 14.14 to 14.28.~~

125.26 Subd. 3. **Review.** (a) Within 14 days of receiving a submission under subdivision 1, the
125.27 administrative law judge shall approve or disapprove the rule as to its legality and its form
125.28 to the extent that the form relates to legality, including the issues of whether the rule if
125.29 modified is substantially different, as determined under section 14.05, subdivision 2, from
125.30 the rule as originally proposed, whether the agency has the authority to adopt the rule, and
125.31 whether the record demonstrates a rational basis for the need for and reasonableness of the
125.32 proposed rule. ~~If the rule is approved, the administrative law judge shall promptly file four~~
125.33 ~~paper copies or an electronic copy of the adopted rule in the Office of the Secretary of State.~~
125.34 ~~The secretary of state shall forward one copy of each rule to the revisor of statutes, to the~~
125.35 ~~agency, and to the governor.~~ If the rule is disapproved, the administrative law judge shall

126.1 state in writing the reasons for the disapproval and make recommendations to overcome
126.2 the defects.

126.3 Subd. 3b. Harmless error. The administrative law judge shall disregard any error or
126.4 defect in the proceeding due to the agency's failure to satisfy any procedural requirements
126.5 imposed by law or rule if the administrative law judge finds:

126.6 (1) that the failure did not deprive any person or entity of an opportunity to participate
126.7 meaningfully in the rulemaking process; or

126.8 (2) that the agency has taken corrective action to cure the error or defect so that the
126.9 failure did not deprive any person or entity of an opportunity to participate meaningfully
126.10 in the rulemaking process.

126.11 Subd. 3c. Correction of defects. ~~(b)~~ (a) The written disapproval must be submitted to
126.12 the chief administrative law judge for approval. If the chief administrative law judge approves
126.13 of the findings of the administrative law judge, the chief administrative law judge shall send
126.14 the statement of the reasons for disapproval of the rule to the agency, the Legislative
126.15 Coordinating Commission, the house of representatives and senate policy committees with
126.16 primary jurisdiction over state governmental operations, and the revisor of statutes and
126.17 advise the agency and the revisor of statutes of actions that will correct the defects. The rule
126.18 may not be filed in the Office of the Secretary of State, nor be published, until the chief
126.19 administrative law judge determines that the defects have been corrected or, if applicable,
126.20 that the agency has satisfied the rule requirements for the adoption of a substantially different
126.21 rule.

126.22 (b) The agency may resubmit the disapproved rule under paragraph (a) to the chief
126.23 administrative law judge after correcting the defects. If the 180-day period expires while
126.24 the chief administrative law judge is reviewing the rule, the agency may resubmit the rule
126.25 within 30 days of the date the agency received written notice of disapproval. In all other
126.26 cases, the agency may resubmit the rule at any time before the expiration of the 180-day
126.27 period in subdivision 1. If the resubmitted rule is disapproved by the chief administrative
126.28 law judge, the rule is withdrawn. If the agency does not resubmit a portion of the rule, it
126.29 may not adopt that portion of the rule without again following the procedures of sections
126.30 14.14 to 14.28.

126.31 Subd. 3d. Need or reasonableness not established. ~~(c)~~ If the chief administrative law
126.32 judge determines that the need for or reasonableness of the rule has not been established,
126.33 and if the agency does not elect to follow the suggested actions of the chief administrative
126.34 law judge to correct that defect, then the agency shall submit the proposed rule to the

127.1 Legislative Coordinating Commission and to the house of representatives and senate policy
 127.2 committees with primary jurisdiction over state governmental operations for advice and
 127.3 comment. The agency may not adopt the rule until it has received and considered the advice
 127.4 of the commission and committees. However, the agency need not wait for advice for more
 127.5 than 60 days after the commission and committees have received the agency's submission.

127.6 ~~(d) The administrative law judge shall disregard any error or defect in the proceeding~~
 127.7 ~~due to the agency's failure to satisfy any procedural requirements imposed by law or rule~~
 127.8 ~~if the administrative law judge finds:~~

127.9 ~~(1) that the failure did not deprive any person or entity of an opportunity to participate~~
 127.10 ~~meaningfully in the rulemaking process; or~~

127.11 ~~(2) that the agency has taken corrective action to cure the error or defect so that the~~
 127.12 ~~failure did not deprive any person or entity of an opportunity to participate meaningfully~~
 127.13 ~~in the rulemaking process.~~

127.14 ~~Subd. 3a. **Filing.** If the rule is approved, the administrative law judge shall promptly~~
 127.15 ~~file four paper copies or an electronic copy of the adopted rule in the Office of the Secretary~~
 127.16 ~~of State. The secretary of state shall forward one copy of each rule to the revisor of statutes,~~
 127.17 ~~to the agency, and to the governor.~~

127.18 ~~Subd. 4. **Costs.** The Office of Administrative Hearings shall assess an agency for the~~
 127.19 ~~actual cost of processing rules under this section. Each agency shall include in its budget~~
 127.20 ~~money to pay the assessment. Receipts from the assessment must be deposited in the~~
 127.21 ~~administrative hearings account created in section 14.54.~~

127.22 ~~Subd. 5. **Filing.** If the rule is approved, the chief administrative law judge shall promptly~~
 127.23 ~~file four paper copies or an electronic copy of it in the Office of the Secretary of State. The~~
 127.24 ~~secretary of state shall forward one copy of the rule to the revisor of statutes, one copy to~~
 127.25 ~~the agency, and one copy to the governor.~~

127.26 ~~Subd. 6. **Costs.** The Office of Administrative Hearings shall assess an agency for the~~
 127.27 ~~actual cost of processing rules under this section. Each agency shall include in its budget~~
 127.28 ~~money to pay the assessment. Receipts from the assessment must be deposited in the~~
 127.29 ~~administrative hearings account created in section 14.54.~~

127.30 Sec. 27. Minnesota Statutes 2016, section 14.27, is amended to read:

127.31 **14.27 PUBLICATION OF ADOPTED RULE; EFFECTIVE DATE.**

128.1 (a) Except as provided in paragraph (b), the rule is effective upon after publication of
 128.2 the notice of adoption in the State Register in the same manner as provided for adopted
 128.3 rules in section 14.18.

128.4 (b) A rule is effective after publication of the notice of adoption in the State Register
 128.5 and after approval by law in the same manner as provided for adopted rules in section 14.18,
 128.6 if any of the following applies:

128.7 (1) the rule is enacted without a specific authorization of rulemaking to enact rules to
 128.8 implement a specific statute section;

128.9 (2) a sanction or penalty can be imposed for failure to comply with the rule; or

128.10 (3) the regulating agency has the authority to adjudicate a dispute with a regulated entity
 128.11 about enforcement of or violation of the rule.

128.12 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 128.13 applies to rules for which a notice of adoption is published on or after that date.

128.14 Sec. 28. Minnesota Statutes 2016, section 14.365, is amended to read:

128.15 **14.365 OFFICIAL RULEMAKING RECORD.**

128.16 The agency shall maintain the official rulemaking record for every rule adopted under
 128.17 sections 14.05 to ~~14.389~~ 14.3895. The record must be available for public inspection. The
 128.18 record required by this section constitutes the official and exclusive agency rulemaking
 128.19 record with respect to agency action on or judicial review of the rule. The record must
 128.20 contain:

128.21 (1) copies of all publications in the State Register pertaining to the rule;

128.22 (2) all written petitions, and all requests, submissions, or comments received by the
 128.23 agency or the administrative law judge after publication of the notice of intent to adopt or
 128.24 the notice of hearing in the State Register pertaining to the rule;

128.25 (3) the statement of need and reasonableness for the rule;

128.26 (4) any report prepared by the peer review panel pursuant to section 14.129;

128.27 ~~(4)~~ (5) the official transcript of the hearing if one was held, or the tape recording of the
 128.28 hearing if a transcript was not prepared;

128.29 ~~(5)~~ (6) the report of the administrative law judge, if any;

129.1 ~~(6)~~ (7) the rule in the form last submitted to the administrative law judge under sections
 129.2 14.14 to 14.20 or first submitted to the administrative law judge under sections 14.22 to
 129.3 14.28;

129.4 ~~(7)~~ (8) the administrative law judge's written statement of required modifications and
 129.5 of approval or disapproval by the chief administrative law judge, if any;

129.6 ~~(8)~~ (9) any documents required by applicable rules of the Office of Administrative
 129.7 Hearings;

129.8 ~~(9)~~ (10) the agency's order adopting the rule;

129.9 ~~(10)~~ (11) the revisor's certificate approving the form of the rule; and

129.10 ~~(11)~~ (12) a copy of the adopted rule as filed with the secretary of state.

129.11 Sec. 29. Minnesota Statutes 2016, section 14.381, subdivision 3, is amended to read:

129.12 Subd. 3. **Costs.** The agency is liable for all Office of Administrative Hearings costs
 129.13 associated with review of the petition. If the administrative law judge rules in favor of the
 129.14 agency, the agency may recover all or a portion of the costs from the petitioner unless the
 129.15 petitioner is entitled to proceed in forma pauperis under section 563.01 or the administrative
 129.16 law judge determines that the petition was brought in good faith and that an assessment of
 129.17 the costs would constitute an undue hardship for the petitioner. ~~If an agency has reason to~~
 129.18 ~~believe it will prevail in the consideration of a petition, and that an effort to recover costs~~
 129.19 ~~from the petitioner will be unsuccessful, it may request the chief administrative law judge~~
 129.20 ~~to require the petitioner to provide bond or a deposit to the agency in an amount the chief~~
 129.21 ~~administrative law judge estimates will be the cost to the Office of Administrative Hearings~~
 129.22 ~~to review the petition.~~

129.23 Sec. 30. Minnesota Statutes 2016, section 14.388, subdivision 1, is amended to read:

129.24 Subdivision 1. **Requirements.** If an agency for good cause finds that the rulemaking
 129.25 provisions of this chapter are unnecessary, impracticable, or contrary to the public interest
 129.26 when adopting, amending, or repealing a rule to:

129.27 (1) address a serious and immediate threat to the public health, safety, or welfare;

129.28 (2) comply with a court order or a requirement in federal law in a manner that does not
 129.29 allow for compliance with sections 14.14 to 14.28;

129.30 (3) incorporate specific changes set forth in applicable statutes when no interpretation
 129.31 of law is required; or

130.1 (4) make changes that do not alter the sense, meaning, or effect of a rule,
130.2 the agency may adopt, amend, or repeal the rule after satisfying the requirements of
130.3 subdivision 2 and section 14.386, paragraph (a), clauses (1) to (4). The agency shall
130.4 incorporate its findings and a brief statement of its supporting reasons in its order adopting,
130.5 amending, or repealing the rule.

130.6 After considering the agency's statement and any comments received, the Office of
130.7 Administrative Hearings shall determine whether the agency has provided adequate
130.8 justification for its use of this section.

130.9 Rules adopted, amended, or repealed under ~~clauses~~ clause (1) ~~and (2)~~ are effective for
130.10 a period of two years from the date of publication of the rule in the State Register.

130.11 Rules adopted, amended, or repealed under clause (2), (3), or (4) are effective upon
130.12 publication in the State Register.

130.13 Sec. 31. Minnesota Statutes 2016, section 14.388, subdivision 2, is amended to read:

130.14 Subd. 2. **Notice.** An agency proposing to adopt, amend, or repeal a rule under this section
130.15 must give notice to the chairs and ranking minority members of the legislative policy and
130.16 budget committees with jurisdiction over the subject matter of the proposed rules and to
130.17 the Legislative Coordinating Commission, must give electronic notice of its intent in
130.18 accordance with section 16E.07, subdivision 3, and must give notice by United States mail
130.19 or electronic mail to persons who have registered their names with the agency under section
130.20 14.14, subdivision 1a. The notice must be given no later than the date the agency submits
130.21 the proposed rule to the Office of Administrative Hearings for review of its legality and
130.22 must include:

130.23 (1) the proposed rule, amendment, or repeal;

130.24 (2) an explanation of why the rule meets the requirements of the good cause exemption
130.25 under subdivision 1; and

130.26 (3) a statement that interested parties have five business days after the date of the notice
130.27 to submit comments to the Office of Administrative Hearings.

130.28 Sec. 32. Minnesota Statutes 2016, section 14.389, subdivision 3, is amended to read:

130.29 Subd. 3. **Adoption.** (a) The agency may modify a proposed rule if the modifications do
130.30 not result in a substantially different rule, as defined in section 14.05, subdivision 2,
130.31 paragraphs (b) and (c). If the final rule is identical to the rule originally published in the

131.1 State Register, the agency must publish a notice of adoption in the State Register. If the
 131.2 final rule is different from the rule originally published in the State Register, the agency
 131.3 must publish a copy of the changes in the State Register. The agency must also file a copy
 131.4 of the rule with the governor. ~~The rule is effective upon publication in the State Register.~~

131.5 (b) Except as provided in paragraph (c), the rule is effective upon publication in the
 131.6 State Register.

131.7 (c) The rule is effective upon publication of the notice of adoption if it has been approved
 131.8 by a law enacted after publication of the notice of adoption, if any of the following applies:

131.9 (1) the rule is enacted without a specific authorization of rulemaking to enact rules to
 131.10 implement a specific statute section;

131.11 (2) a sanction or penalty can be imposed for failure to comply with the rule; or

131.12 (3) the regulating agency has the authority to adjudicate a dispute with a regulated entity
 131.13 about enforcement of or violation of the rule.

131.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 131.15 applies to rules for which a notice of adoption is published on or after that date.

131.16 Sec. 33. Minnesota Statutes 2016, section 14.44, is amended to read:

131.17 **14.44 DETERMINATION OF VALIDITY OF RULE.**

131.18 (a) The validity of any rule, or the validity of any agency policy, guideline, bulletin,
 131.19 criterion, manual standard, or similar pronouncement that the petitioner believes is a rule
 131.20 as defined in section 14.02, subdivision 4, may be determined upon the petition for a
 131.21 declaratory judgment thereon, addressed to the Court of Appeals, when it appears that the
 131.22 rule or pronouncement, or its threatened application, interferes with or impairs, or threatens
 131.23 to interfere with or impair the legal rights or privileges of the petitioner. The agency shall
 131.24 be made a party to the proceeding. The declaratory judgment may be rendered whether or
 131.25 not the petitioner has first requested the agency to pass upon the validity of the rule in
 131.26 question, whether or not the petitioner has petitioned the Office of Administrative Hearings
 131.27 under section 14.381, and whether or not the agency has commenced an action against the
 131.28 petitioner to enforce the rule.

131.29 (b) If the subject of the petition is an agency policy, guideline, bulletin, criterion, manual
 131.30 standard, or similar pronouncement, the agency must cease enforcement of the
 131.31 pronouncement upon filing of the petition until the Court of Appeals rules on the matter.
 131.32 The agency is liable for all costs associated with review of the petition. If the Court of

132.1 Appeals rules in favor of the agency, the agency may recover all or a portion of the cost
132.2 from the petitioner unless the petitioner is entitled to proceed in a forma pauperis under
132.3 section 563.01, or the court determines that the petition was brought in good faith or the
132.4 assessment of the costs would constitute an undue hardship for the petitioner.

132.5 Sec. 34. Minnesota Statutes 2016, section 14.45, is amended to read:

132.6 **14.45 RULE DECLARED INVALID.**

132.7 In proceedings under section 14.44, the court shall declare the rule or agency policy,
132.8 guideline, bulletin, criterion, manual standard, or similar pronouncement invalid if it finds
132.9 that it violates constitutional provisions or exceeds the statutory authority of the agency or
132.10 if the rule was adopted or the policy, guideline, bulletin, criterion, manual standard, or
132.11 similar pronouncement was improperly implemented without compliance with statutory
132.12 rulemaking procedures. Any party to proceedings under section 14.44, including the agency,
132.13 may appeal an adverse decision of the Court of Appeals to the Supreme Court as in other
132.14 civil cases.

132.15 Sec. 35. Minnesota Statutes 2016, section 14.51, is amended to read:

132.16 **14.51 PROCEDURAL RULES.**

132.17 The chief administrative law judge shall adopt rules to govern: (1) the procedural conduct
132.18 of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings,
132.19 contested case hearings, and workers' compensation hearings, and to govern the conduct of
132.20 voluntary mediation sessions for rulemaking and contested cases other than those within
132.21 the jurisdiction of the Bureau of Mediation Services; and (2) the review of rules adopted
132.22 without a public hearing. The chief administrative law judge may adopt rules to govern the
132.23 procedural conduct of other hearings conducted by the Office of Administrative Hearings.
132.24 The procedural rules shall be binding upon all agencies and shall supersede any other agency
132.25 procedural rules with which they may be in conflict. The procedural rules shall include in
132.26 addition to normal procedural matters provisions relating to the procedure to be followed
132.27 when the proposed final rule of an agency is substantially different, as determined under
132.28 section 14.05, subdivision 2, from that which was proposed. The procedural rules shall
132.29 establish a procedure whereby the proposed final rule of an agency shall be reviewed by
132.30 the chief administrative law judge on the issue of whether the proposed final rule of the
132.31 agency is substantially different than that which was proposed or failure of the agency to
132.32 meet the requirements of chapter 14. The rules must also provide: (1) an expedited procedure,
132.33 consistent with section 14.001, clauses (1) to (5), for the adoption of substantially different

133.1 rules by agencies; and (2) a procedure to allow an agency to receive prior binding approval
 133.2 of its plan regarding the additional notice contemplated under sections 14.101, 14.131,
 133.3 14.14, 14.22, ~~and 14.23~~, and 14.389. Upon the chief administrative law judge's own initiative
 133.4 or upon written request of an interested party, the chief administrative law judge may issue
 133.5 a subpoena for the attendance of a witness or the production of books, papers, records or
 133.6 other documents as are material to any matter being heard by the Office of Administrative
 133.7 Hearings. The subpoenas shall be enforceable through the district court in the district in
 133.8 which the subpoena is issued.

133.9 Sec. 36. Minnesota Statutes 2016, section 14.57, is amended to read:

133.10 **14.57 INITIATION; DECISION; AGREEMENT TO ARBITRATE.**

133.11 (a) An agency shall initiate a contested case proceeding when one is required by law.
 133.12 ~~Unless otherwise provided by law, An agency shall decide~~ submit a contested case ~~only to~~
 133.13 the Office of Administrative Hearings for disposition in accordance with the contested case
 133.14 procedures of the Administrative Procedure Act. Upon initiation of a contested case
 133.15 proceeding, ~~an agency may, by order, provide that~~ the report or order of the administrative
 133.16 law judge constitutes the final decision in the case.

133.17 (b) As an alternative to initiating or continuing with a contested case proceeding, the
 133.18 parties, subsequent to agency approval, may enter into a written agreement to submit the
 133.19 issues raised to arbitration by an administrative law judge according to sections 572B.01
 133.20 to 572B.31.

133.21 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to contested
 133.22 cases initiated on or after that date.

133.23 Sec. 37. **[14.605] AFFIRMATIVE DEFENSE.**

133.24 In a contested case or any other action to enforce a rule or to sanction or penalize a
 133.25 person for violation of a rule, a person shall have an affirmative defense if the person shows
 133.26 by a preponderance of the evidence that the cost for the person to comply with the rule
 133.27 exceeds \$50,000.

133.28 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 133.29 applies to rules for which a notice of adoption is published on or after that date.

134.1 Sec. 38. MINNESOTA ADMINISTRATIVE RULES STATUS SYSTEM (MARSS)
134.2 WORKING GROUP.

134.3 Subdivision 1. Creation. The MARSS working group consists of the following nine
134.4 members:

134.5 (1) the chief judge of the Office of Administrative Hearings, or a designee;

134.6 (2) the secretary of state, or a designee;

134.7 (3) a representative from the Interagency Rules Committee (IRC) appointed by the
134.8 committee;

134.9 (4) a representative from each of the following agencies with rulemaking experience
134.10 appointed by the appropriate commissioner:

134.11 (i) the Department of Health;

134.12 (ii) the Minnesota Pollution Control Agency;

134.13 (iii) the Department of Transportation; and

134.14 (iv) the Department of Labor and Industry;

134.15 (5) as designated by the IRC, a representative from a health-related board; and

134.16 (6) as designated by the IRC, a representative from a non-health-related board.

134.17 Subd. 2. MARSS description. The Minnesota Administrative Rules Status System
134.18 (MARSS) is a concept for a new software application. The application would be built and
134.19 maintained by the Revisor's Office. Executive branch agencies and others would upload
134.20 official rulemaking record documents to the system. The goal is to improve public access,
134.21 security, preservation, and transparency of state agencies' official rulemaking records through
134.22 the creation of a single online records system. The system would serve as a single Internet
134.23 location for the public to track rulemaking progress and access the official rulemaking
134.24 record. Agencies would fulfill their requirement to maintain and preserve the official
134.25 rulemaking record by submitting required documents to the revisor for inclusion in the
134.26 online records system.

134.27 Subd. 3. Duties. The working group must report by February 1, 2018, to the chairs and
134.28 ranking minority members of the committees in the house of representatives and senate
134.29 with jurisdiction over policy and finance for the legislature. The report must identify the
134.30 functional and nonfunctional requirements of the MARSS system. The working group must
134.31 define a funding mechanism to share the cost to build and maintain the MARSS system
134.32 among state agencies and departments.

135.1 Subd. 4. **Administration provisions.** (a) The revisor of statutes or the revisor's designee
135.2 must convene the initial meeting of the working group by August 1, 2017. Upon request of
135.3 the working group, the revisor must provide meeting space and administrative services for
135.4 the group.

135.5 (b) The working group must elect a chair from among its members at the first meeting.

135.6 (c) Members serve without compensation and without reimbursement for expenses.

135.7 (d) The working group expires on February 1, 2018, or upon submission of documents
135.8 fulfilling its duties, whichever is earlier.

135.9 Subd. 5. **Deadline for appointments and designations.** The appointments and
135.10 designations authorized by this section must be completed by July 1, 2017.

135.11 **Sec. 39. REVISOR'S INSTRUCTION.**

135.12 By January 15, 2018, the revisor of statutes shall present a bill to the legislature to make
135.13 the conforming statutory changes to incorporate changes in this article to the contested case
135.14 procedures under Minnesota Statutes, section 14.57.

135.15 **Sec. 40. REPEALER.**

135.16 Minnesota Statutes 2016, section 14.05, subdivision 5, is repealed.

135.17 **Sec. 41. EFFECTIVE DATE; APPLICATION.**

135.18 Except where otherwise provided, this article is effective August 1, 2017, and applies
135.19 to rules for which a notice of hearing under Minnesota Statutes, section 14.14; a notice of
135.20 intent to adopt under Minnesota Statutes, section 14.22; or a dual notice under Minnesota
135.21 Statutes, section 14.225, is published in the State Register on or after that date.

135.22 **ARTICLE 5**

135.23 **MILITARY AFFAIRS AND VETERANS AFFAIRS**

135.24 **Section 1.** Minnesota Statutes 2016, section 190.19, subdivision 2, is amended to read:

135.25 **Subd. 2. Uses.** (a) Money appropriated from the Minnesota "Support Our Troops" account
135.26 to the Department of Military Affairs may be used for:

135.27 (1) grants directly to eligible individuals;

135.28 (2) grants to one or more eligible foundations for the purpose of making grants to eligible
135.29 individuals, as provided in this section;

- 136.1 (3) veterans' services; or
- 136.2 (4) grants to family readiness groups chartered by the adjutant general.
- 136.3 (b) As used in paragraph (a), the term "eligible individual" includes any person who is:
- 136.4 (1) a member in good standing of the Minnesota National Guard or a reserve unit based
- 136.5 in Minnesota ~~who has been called to active service as defined in section 190.05, subdivision~~
- 136.6 ~~5~~;
- 136.7 (2) a Minnesota resident who is a member of a military reserve unit not based in
- 136.8 Minnesota, if the member is called to active service as defined in section 190.05, subdivision
- 136.9 5;
- 136.10 (3) any other Minnesota resident performing active service for any branch of the military
- 136.11 of the United States;
- 136.12 (4) a person who honorably served in one of the capacities listed in clause (1), (2), or
- 136.13 (3) who has current financial needs ~~directly related to that service~~; and
- 136.14 (5) a member of the immediate family of an individual identified in clause (1), (2), (3),
- 136.15 or (4). For purposes of this clause, "immediate family" means the individual's spouse and
- 136.16 minor children and, if they are dependents of the member of the military, the member's
- 136.17 parents, grandparents, siblings, stepchildren, and adult children.
- 136.18 (c) As used in paragraph (a), the term "eligible foundation" includes any organization
- 136.19 that:
- 136.20 (1) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code;
- 136.21 (2) has articles of incorporation under chapter 317A specifying the purpose of the
- 136.22 organization as including the provision of financial assistance to members of the Minnesota
- 136.23 National Guard and other United States armed forces reserves and their families and
- 136.24 survivors; and
- 136.25 (3) agrees in writing to distribute any grant money received from the adjutant general
- 136.26 under this section to eligible individuals as defined in this section and in accordance with
- 136.27 any written policies and rules the adjutant general may impose as conditions of the grant to
- 136.28 the foundation.
- 136.29 (d) The maximum grant awarded to an eligible individual under paragraph (a) in a
- 136.30 calendar year with funds from the Minnesota "Support Our Troops" account, either through
- 136.31 an eligible institution or directly from the adjutant general, may not exceed ~~\$2,000~~ \$4,000.

137.1 Sec. 2. Minnesota Statutes 2016, section 190.19, subdivision 2a, is amended to read:

137.2 Subd. 2a. **Uses; veterans.** (a) Money appropriated to the Department of Veterans Affairs
137.3 from the Minnesota "Support Our Troops" account may be used for:

137.4 (1) grants to veterans service organizations;

137.5 (2) outreach to underserved veterans;

137.6 (3) providing services and programs for veterans and their families;

137.7 (4) transfers to the vehicle services account for Gold Star license plates under section
137.8 168.1253;

137.9 (5) grants of up to \$100,000 to any organization approved by the commissioner of
137.10 veterans affairs for the purpose of supporting and improving the lives of veterans and their
137.11 families; ~~and~~

137.12 (6) grants to an eligible foundation; and

137.13 (7) the agency's uncompensated burial costs for eligible dependents to whom the
137.14 commissioner grants a no-fee or reduced-fee burial in the state's veteran cemeteries pursuant
137.15 to section 197.236, subdivision 9, paragraph (b).

137.16 (b) For purposes of this subdivision, "eligible foundation" includes any organization
137.17 that:

137.18 (1) is a tax-exempt organization under section 501(c) of the Internal Revenue Code; and

137.19 (2) is a nonprofit corporation under chapter 317A and the organization's articles of
137.20 incorporation specify that a purpose of the organization includes: (i) providing assistance
137.21 to veterans and their families; or (ii) enhancing the lives of veterans and their families.

137.22 Sec. 3. Minnesota Statutes 2016, section 196.05, subdivision 1, is amended to read:

137.23 Subdivision 1. **General duties.** The commissioner shall:

137.24 (1) act as the agent of a resident of the state having a claim against the United States for
137.25 benefits arising out of or by reason of service in the armed forces and prosecute the claim
137.26 without charge;

137.27 (2) act as custodian of veterans' bonus records;

137.28 (3) administer the laws relating to the providing of bronze flag holders at veterans' graves
137.29 for memorial purposes;

138.1 (4) administer the laws relating to recreational or rest camps for veterans so far as
138.2 applicable to state agencies;

138.3 (5) administer the state soldiers' assistance fund and veterans' relief fund and other funds
138.4 appropriated for the payment of bonuses or other benefits to veterans or for the rehabilitation
138.5 of veterans;

138.6 (6) cooperate with national, state, county, municipal, and private social agencies in
138.7 securing to veterans and their dependents the benefits provided by national, state, and county
138.8 laws, municipal ordinances, or public and private social agencies;

138.9 (7) provide necessary assistance where other adequate aid is not available to the dependent
138.10 family of a veteran while the veteran is hospitalized and after the veteran is released for as
138.11 long a period as is necessary as determined by the commissioner;

138.12 (8) cooperate with United States governmental agencies providing compensation,
138.13 pensions, insurance, or other benefits provided by federal law, by supplementing the benefits
138.14 prescribed therein, when conditions in an individual case make it necessary;

138.15 (9) assist dependent family members of military personnel who are called from reserve
138.16 status to extended federal active duty during a time of war or national emergency through
138.17 the state soldiers' assistance fund provided by section 197.03;

138.18 (10) exercise other powers as may be authorized and necessary to carry out the provisions
138.19 of this chapter and chapter 197, consistent with that chapter; ~~and~~

138.20 (11) provide information, referral, and counseling services to those veterans who may
138.21 have suffered adverse health conditions as a result of possible exposure to chemical agents;
138.22 and

138.23 (12) in coordination with the Minnesota Association of County Veterans Service Officers,
138.24 develop a written disclosure statement for use by private providers of veterans benefits
138.25 services as required under section 197.6091. At a minimum, the written disclosure statement
138.26 shall include a signature line, contact information for the department, and a statement that
138.27 veterans benefits services are offered at no cost by federally chartered veterans service
138.28 organizations and by county veterans service officers.

138.29 Sec. 4. Minnesota Statutes 2016, section 197.236, subdivision 9, is amended to read:

138.30 Subd. 9. **Burial fees.** (a) The commissioner of veterans affairs shall establish a fee
138.31 schedule, which may be adjusted from time to time, for the interment of eligible spouses

139.1 and dependent children. The fees shall cover as nearly as practicable the actual costs of
139.2 interment, excluding the value of the plot.

139.3 (b) Upon application, the commissioner may waive or reduce the burial fee in the case
139.4 of for an indigent eligible person. The commissioner shall develop a policy, eligibility
139.5 standards, and application form for requests to waive or reduce the burial fee to indigent
139.6 eligible applicants.

139.7 (c) No plot or interment fees may be charged for the burial of service members who die
139.8 on active duty or eligible veterans, as defined in United States Code, title 38, section 101,
139.9 paragraph (2).

139.10 **Sec. 5. [197.6091] VETERANS BENEFITS SERVICES; DISCLOSURE**
139.11 **REQUIREMENTS.**

139.12 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
139.13 the meanings given.

139.14 (b)(1) "Advertising" or "advertisement" means any of the following:

139.15 (i) any written or printed communication made for the purpose of soliciting business for
139.16 veterans benefits appeal services, including but not limited to a brochure, letter, pamphlet,
139.17 newspaper, telephone listing, periodical, or other writing;

139.18 (ii) any directory listing caused or permitted by a person and made available by that
139.19 person indicating that veterans benefits appeal services are being offered; or

139.20 (iii) any radio, television, computer network, or similar airwave or electronic transmission
139.21 that solicits business for or promotes a person offering veterans benefits appeal services.

139.22 (2) "Advertising" or "advertisement" does not include any of the following:

139.23 (i) any printing or writing used on buildings, uniforms, or badges, where the purpose of
139.24 the writing is for identification; or

139.25 (ii) any printing or writing in a memorandum or other communication used in the ordinary
139.26 course of business where the sole purpose of the writing is other than soliciting business
139.27 for veterans benefits appeal services.

139.28 (c) "Veterans benefits appeal services" means services that a veteran might reasonably
139.29 require in order to appeal a denial of federal or state veterans benefits, including but not
139.30 limited to denials of disability, limited income, home loan, insurance, education and training,
139.31 burial and memorial, and dependent and survivor benefits.

140.1 (d) "Veterans benefits services" means services that a veteran or a family member of a
140.2 veteran might reasonably use in order to obtain federal, state, or county veterans benefits.

140.3 (e) "Written disclosure statement" means the written disclosure statement developed by
140.4 the commissioner of veterans affairs pursuant to section 196.05, subdivision 1.

140.5 Subd. 2. **Advertising disclosure requirements.** A person advertising veterans benefits
140.6 appeal services must conspicuously disclose in the advertisement, in similar type size or
140.7 voice-over, that veterans benefits appeal services are also offered at no cost by county
140.8 veterans service officers under sections 197.603 and 197.604.

140.9 Subd. 3. **Veterans benefits services disclosure requirements.** A person who provides
140.10 veterans benefits services in exchange for compensation shall provide a written disclosure
140.11 statement to each client or prospective client. Before a person enters into an agreement to
140.12 provide veterans benefits services or accepts money or any other thing of value for the
140.13 provision of veterans benefits services, the person must obtain the signature of the client
140.14 on a written disclosure statement containing an attestation by the client that the client has
140.15 read and understands the written disclosure statement.

140.16 Subd. 4. **Violations; penalties.** A person who fails to comply with this section is subject
140.17 to a civil penalty not to exceed \$1,000 for each violation. Civil penalties shall be assessed
140.18 by the district court in an action initiated by the attorney general. For the purposes of
140.19 computing the amount of each civil penalty, each day of a continuing violation constitutes
140.20 a separate violation. Additionally, the attorney general may accept a civil penalty as
140.21 determined by the attorney general in settlement of an investigation of a violation of this
140.22 section regardless of whether an action has been filed under this section. Any civil penalty
140.23 recovered shall be deposited in the Support Our Troops account established under section
140.24 190.19.

140.25 Subd. 5. **Nonapplicability.** This section does not apply to the owner or personnel of any
140.26 medium in which an advertisement appears or through which an advertisement is
140.27 disseminated.

140.28 Sec. 6. Minnesota Statutes 2016, section 197.791, subdivision 2, is amended to read:

140.29 Subd. 2. **Program established.** The Minnesota GI Bill program is established to provide
140.30 postsecondary educational assistance, apprenticeship and on-the-job training benefits, and
140.31 other professional and educational benefits to eligible Minnesota veterans and to the children
140.32 and spouses of deceased and severely disabled Minnesota veterans.

141.1 The commissioner, in cooperation with eligible postsecondary educational institutions,
141.2 shall administer the program for the purpose of providing postsecondary educational
141.3 assistance to eligible persons in accordance with this section. Each public postsecondary
141.4 educational institution in the state must participate in the program and each private
141.5 postsecondary educational institution in the state is encouraged to participate in the program.
141.6 Any participating private institution may suspend or terminate its participation in the program
141.7 at the end of any semester or other academic term.

141.8 Sec. 7. Minnesota Statutes 2016, section 197.791, subdivision 3, is amended to read:

141.9 Subd. 3. **Duties; responsibilities.** (a) The commissioner shall establish policies and
141.10 procedures including, but not limited to, procedures for student application record keeping,
141.11 information sharing, payment of educational assistance benefits under subdivision 5, payment
141.12 of apprenticeship or on-the-job training benefits under subdivision 5a, payment of other
141.13 educational or professional benefits under subdivision 5, and other procedures the
141.14 commissioner considers appropriate and necessary for effective and efficient administration
141.15 of the program established in this section.

141.16 (b) The commissioner may delegate part or all of the administrative procedures for the
141.17 program to responsible representatives of participating eligible institutions. The commissioner
141.18 may execute an interagency agreement with the Minnesota Office of Higher Education for
141.19 services the commissioner determines necessary to administer the program.

141.20 Sec. 8. Minnesota Statutes 2016, section 197.791, subdivision 4, is amended to read:

141.21 Subd. 4. **Eligibility.** (a) A person is eligible for educational assistance under ~~this section~~
141.22 subdivisions 5 and 5a if:

141.23 (1) the person is:

141.24 (i) a veteran who is serving or has served honorably in any branch or unit of the United
141.25 States armed forces at any time;

141.26 (ii) a nonveteran who has served honorably for a total of five years or more cumulatively
141.27 as a member of the Minnesota National Guard or any other active or reserve component of
141.28 the United States armed forces, and any part of that service occurred on or after September
141.29 11, 2001;

141.30 (iii) the surviving spouse or child of a person who has served in the military and who
141.31 has died as a direct result of that military service, only if the surviving spouse or child is

142.1 eligible to receive federal education benefits under United States Code, title 38, chapter 33,
142.2 as amended, or United States Code, title 38, chapter 35, as amended; or

142.3 (iv) the spouse or child of a person who has served in the military at any time and who
142.4 has a total and permanent service-connected disability as rated by the United States Veterans
142.5 Administration, only if the spouse or child is eligible to receive federal education benefits
142.6 under United States Code, title 38, chapter 33, as amended, or United States Code, title 38,
142.7 chapter 35, as amended; and

142.8 (2) the person receiving the educational assistance is a Minnesota resident, as defined
142.9 in section 136A.101, subdivision 8; and

142.10 (3) the person receiving the educational assistance:

142.11 (i) is an undergraduate or graduate student at an eligible institution;

142.12 (ii) is maintaining satisfactory academic progress as defined by the institution for students
142.13 participating in federal Title IV programs;

142.14 (iii) is enrolled in an education program leading to a certificate, diploma, or degree at
142.15 an eligible institution;

142.16 (iv) has applied for educational assistance under this section prior to the end of the
142.17 academic term for which the assistance is being requested;

142.18 (v) is in compliance with child support payment requirements under section 136A.121,
142.19 subdivision 2, clause (5); and

142.20 (vi) has completed the Free Application for Federal Student Aid (FAFSA).

142.21 (b) A person's eligibility terminates when the person becomes eligible for benefits under
142.22 section 135A.52.

142.23 (c) To determine eligibility, the commissioner may require official documentation,
142.24 including the person's federal form DD-214 or other official military discharge papers;
142.25 correspondence from the United States Veterans Administration; birth certificate; marriage
142.26 certificate; proof of enrollment at an eligible institution; signed affidavits; proof of residency;
142.27 proof of identity; or any other official documentation the commissioner considers necessary
142.28 to determine eligibility.

142.29 (d) The commissioner may deny eligibility or terminate benefits under this section to
142.30 any person who has not provided sufficient documentation to determine eligibility for the
142.31 program. An applicant may appeal the commissioner's eligibility determination or termination
142.32 of benefits in writing to the commissioner at any time. The commissioner must rule on any

143.1 application or appeal within 30 days of receipt of all documentation that the commissioner
 143.2 requires. The decision of the commissioner regarding an appeal is final. However, an
 143.3 applicant whose appeal of an eligibility determination has been rejected by the commissioner
 143.4 may submit an additional appeal of that determination in writing to the commissioner at
 143.5 any time that the applicant is able to provide substantively significant additional information
 143.6 regarding the applicant's eligibility for the program. An approval of an applicant's eligibility
 143.7 by the commissioner following an appeal by the applicant is not retroactively effective for
 143.8 more than one year or the semester of the person's original application, whichever is later.

143.9 (e) Upon receiving an application with insufficient documentation to determine eligibility,
 143.10 the commissioner must notify the applicant within 30 days of receipt of the application that
 143.11 the application is being suspended pending receipt by the commissioner of sufficient
 143.12 documentation from the applicant to determine eligibility.

143.13 Sec. 9. Minnesota Statutes 2016, section 197.791, subdivision 5, is amended to read:

143.14 Subd. 5. ~~Benefit~~ Educational assistance amount. (a) On approval by the commissioner
 143.15 of eligibility for the program, the applicant shall be awarded, on a funds-available basis,
 143.16 the educational assistance under the program for use at any time according to program rules
 143.17 at any eligible institution.

143.18 (b) The amount of educational assistance in any semester or term for an eligible person
 143.19 must be determined by subtracting from the eligible person's cost of attendance the amount
 143.20 the person received or was eligible to receive in that semester or term from:

143.21 (1) the federal Pell Grant;

143.22 (2) the state grant program under section 136A.121; and

143.23 (3) any federal military or veterans educational benefits including but not limited to the
 143.24 Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational
 143.25 rehabilitation benefits, and any other federal benefits associated with the person's status as
 143.26 a veteran, except veterans disability payments from the United States Veterans Administration
 143.27 and payments made under the Veterans Retraining Assistance Program (VRAP).

143.28 (c) The amount of educational assistance for any eligible person who is a full-time
 143.29 student must not exceed the following:

143.30 ~~(1) \$1,000 per semester or term of enrollment;~~

143.31 ~~(2)~~ (1) \$3,000 per state fiscal year; and

143.32 ~~(3)~~ (2) \$10,000 in a lifetime.

144.1 (d) A person eligible under this subdivision may use the benefit amounts for the following
144.2 purposes:

144.3 (1) licensing or certification tests, the successful completion of which demonstrates an
144.4 individual's possession of the knowledge or skill required to enter into, maintain, or advance
144.5 in employment in a predetermined and identified vocation or profession, provided that the
144.6 tests and the licensing or credentialing organizations or entities that offer the tests are
144.7 approved by the commissioner;

144.8 (2) tests for admission to institutions of higher learning or graduate schools;

144.9 (3) national tests providing an opportunity for course credit at institutions of higher
144.10 learning;

144.11 (4) a preparatory course for a test that is required or used for admission to an institution
144.12 of higher education or a graduate program; and

144.13 (5) any fee associated with the pursuit of a professional or educational objective specified
144.14 in clauses (1) to (4).

144.15 (e) If an eligible person receives benefits under subdivision 5, the eligible person's
144.16 aggregate benefits under this subdivision and subdivision 5 must not exceed \$10,000 in the
144.17 eligible person's lifetime.

144.18 (f) If an eligible person receives benefits under subdivision 5a, the eligible person's
144.19 aggregate benefits under this subdivision and subdivision 5a must not exceed \$10,000 in
144.20 the eligible person's lifetime.

144.21 For a part-time student, the amount of educational assistance must not exceed \$500 per
144.22 semester or term of enrollment. For the purpose of this paragraph, a part-time undergraduate
144.23 student is a student taking fewer than 12 credits or the equivalent for a semester or term of
144.24 enrollment and a part-time graduate student is a student considered part time by the eligible
144.25 institution the graduate student is attending. The minimum award for undergraduate and
144.26 graduate students is \$50 per term.

144.27 Sec. 10. Minnesota Statutes 2016, section 197.791, subdivision 5a, is amended to read:

144.28 Subd. 5a. **Apprenticeship and on-the-job training.** (a) The commissioner, in
144.29 consultation with the commissioners of employment and economic development and labor
144.30 and industry, shall develop and implement an apprenticeship and on-the-job training program
144.31 to administer a portion of the Minnesota GI Bill program to pay benefit amounts to eligible
144.32 applicants persons, as provided in this subdivision.

145.1 (b) An "eligible employer" means an employer operating a qualifying apprenticeship or
 145.2 on-the-job training program that has been approved by the commissioner.

145.3 (c) A person is eligible for apprenticeship and on-the-job training assistance under this
 145.4 subdivision if the person meets the criteria established under subdivision 4, ~~paragraphs~~
 145.5 paragraph (a), clause (1), and (e) to (e). The commissioner may determine eligibility as
 145.6 provided in subdivision 4, paragraph (c), and may deny or terminate benefits as prescribed
 145.7 under subdivision 4, paragraphs (d) and (e). The amount of assistance paid to or on behalf
 145.8 of an eligible individual under this subdivision must not exceed the following:

145.9 (1) ~~\$2,000~~ \$3,000 per fiscal year for apprenticeship expenses;

145.10 (2) ~~\$2,000~~ \$3,000 per fiscal year for on-the-job training;

145.11 (3) \$1,000 for a job placement credit payable to an eligible employer upon hiring and
 145.12 completion of six consecutive months' employment of a person receiving assistance under
 145.13 this subdivision; and

145.14 (4) \$1,000 for a job placement credit payable to an eligible employer after a person
 145.15 receiving assistance under this subdivision has been employed by the eligible employer for
 145.16 at least 12 consecutive months as a full-time employee.

145.17 No more than ~~\$3,000~~ \$5,000 in aggregate benefits under this paragraph may be paid to or
 145.18 on behalf of an individual in one fiscal year, and not more than ~~\$9,000~~ \$10,000 in aggregate
 145.19 benefits under this paragraph may be paid to or on behalf of an individual over any period
 145.20 of time.

145.21 (d) Assistance for apprenticeship expenses and on-the-job training is available for
 145.22 qualifying programs, which must, at a minimum, meet the following criteria:

145.23 (1) the training must be with an eligible employer;

145.24 (2) the training must be documented and reported;

145.25 (3) the training must reasonably be expected to lead to an entry-level position; and

145.26 (4) the position must require at least six months of training to become fully trained.

145.27

ARTICLE 6

145.28

CAMPAIGN FINANCE AND ELECTIONS

145.29 Section 1. Minnesota Statutes 2016, section 10A.01, subdivision 12, is amended to read:

145.30 Subd. 12. **Depository.** "Depository" means a bank, savings association, or credit union
 145.31 organized under federal or state law and transacting business within this state. The

146.1 depositories of a political committee or political fund include any depository in which the
 146.2 committee or fund has a savings, checking, or similar account, or purchases a money market
 146.3 certificate or certificate of deposit.

146.4 Sec. 2. Minnesota Statutes 2016, section 10A.01, subdivision 16, is amended to read:

146.5 Subd. 16. **Election cycle.** "Election cycle" means the period from January 1 following
 146.6 a general election for an office to December 31 following the next general election for that
 146.7 office, except that "election cycle" for a special election means the period from the date the
 146.8 special election writ is issued to ~~60~~ 15 days after the special election is held. For a regular
 146.9 election, the period from January 1 of the year prior to an election year through December
 146.10 31 of the election year is the "election segment" of the election cycle. Each other two-year
 146.11 segment of an election cycle is a "nonelection segment" of the election cycle. An election
 146.12 cycle that consists of two calendar years has only an election segment. The election segment
 146.13 of a special election cycle includes the entire special election cycle.

146.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 146.15 applies to any special election cycle that starts on or after that date.

146.16 Sec. 3. Minnesota Statutes 2016, section 10A.01, subdivision 26, is amended to read:

146.17 Subd. 26. **Noncampaign disbursement.** "Noncampaign disbursement" means a purchase
 146.18 or payment of money or anything of value made, or an advance of credit incurred, or a
 146.19 donation in kind received, by a principal campaign committee for any of the following
 146.20 purposes:

146.21 (1) payment for accounting and legal services;

146.22 (2) return of a contribution to the source;

146.23 (3) repayment of a loan made to the principal campaign committee by that committee;

146.24 ~~(4) return of a public subsidy;~~

146.25 ~~(5)~~ (4) payment for food, beverages, and necessary utensils and supplies, entertainment,
 146.26 and facility rental for a fund-raising event;

146.27 ~~(6)~~ (5) services for a constituent by a member of the legislature or a constitutional officer
 146.28 in the executive branch, including the costs of preparing and distributing a suggestion or
 146.29 idea solicitation to constituents, performed from the beginning of the term of office to
 146.30 adjournment sine die of the legislature in the election year for the office held, and half the
 146.31 cost of services for a constituent by a member of the legislature or a constitutional officer

- 147.1 in the executive branch performed from adjournment sine die to 60 days after adjournment
147.2 sine die;
- 147.3 ~~(7)~~ (6) payment for food and beverages consumed by a candidate or volunteers while
147.4 they are engaged in campaign activities;
- 147.5 ~~(8)~~ (7) payment for food or a beverage consumed while attending a reception or meeting
147.6 directly related to legislative duties;
- 147.7 ~~(9)~~ (8) payment of expenses incurred by elected or appointed leaders of a legislative
147.8 caucus in carrying out their leadership responsibilities;
- 147.9 ~~(10)~~ (9) payment by a principal campaign committee of the candidate's expenses for
147.10 serving in public office, other than for personal uses;
- 147.11 ~~(11)~~ (10) costs of child care for the candidate's children when campaigning;
- 147.12 ~~(12)~~ (11) fees paid to attend a campaign school;
- 147.13 ~~(13)~~ (12) costs of a postelection party during the election year when a candidate's name
147.14 will no longer appear on a ballot or the general election is concluded, whichever occurs
147.15 first;
- 147.16 ~~(14)~~ (13) interest on loans paid by a principal campaign committee on outstanding loans;
- 147.17 ~~(15)~~ (14) filing fees;
- 147.18 ~~(16)~~ (15) post-general election holiday or seasonal cards, thank-you notes, or
147.19 advertisements in the news media mailed or published prior to the end of the election cycle;
- 147.20 ~~(17)~~ (16) the cost of campaign material purchased to replace defective campaign material,
147.21 if the defective material is destroyed without being used;
- 147.22 ~~(18)~~ (17) contributions to a party unit;
- 147.23 ~~(19)~~ (18) payments for funeral gifts or memorials;
- 147.24 ~~(20)~~ (19) the cost of a magnet less than six inches in diameter containing legislator
147.25 contact information and distributed to constituents;
- 147.26 ~~(21)~~ (20) costs associated with a candidate attending a political party state or national
147.27 convention in this state;
- 147.28 ~~(22)~~ (21) other purchases or payments specified in board rules or advisory opinions as
147.29 being for any purpose other than to influence the nomination or election of a candidate or
147.30 to promote or defeat a ballot question; and

148.1 ~~(23)~~ (22) costs paid to a third party for processing contributions made by a credit card,
148.2 debit card, or electronic check.

148.3 The board must determine whether an activity involves a noncampaign disbursement
148.4 within the meaning of this subdivision.

148.5 A noncampaign disbursement is considered to be made in the year in which the candidate
148.6 made the purchase of goods or services or incurred an obligation to pay for goods or services.

148.7 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to elections
148.8 held on or after that date.

148.9 Sec. 4. Minnesota Statutes 2016, section 10A.02, subdivision 13, is amended to read:

148.10 Subd. 13. **Rules.** (a) Chapter 14 applies to the board. The board may adopt rules to carry
148.11 out the purposes of this chapter, if, before June 1, 2017, the board has published a notice
148.12 of intent to adopt a rule without public hearing under section 14.22, subdivision 1, paragraph
148.13 (a); 14.389, subdivision 2; or 14.3895, subdivision 3; a dual notice under section 14.22,
148.14 subdivision 2; or a notice of hearing on a proposed rule under section 14.14.

148.15 (b) After May 31, 2017, the board may only adopt rules that (1) incorporate specific
148.16 changes set forth in applicable statutes when no interpretation of law is required, or (2)
148.17 make changes to rules that do not alter the sense, meaning, or effect of a rule.

148.18 (c) In addition to the notice required under chapter 14, the board shall notify the chairs
148.19 and ranking minority members of the committees or subcommittees in the senate and house
148.20 of representatives with primary jurisdiction over elections within seven calendar days of
148.21 taking the following actions:

148.22 (1) publication of a notice of intent to adopt rules or a notice of hearing;

148.23 (2) publication of proposed rules in the State Register;

148.24 (3) issuance of a statement of need and reasonableness; or

148.25 (4) adoption of final rules.

148.26 **EFFECTIVE DATE.** This section is effective the day following final enactment for
148.27 rules for which a notice of intent to adopt a rule without public hearing under Minnesota
148.28 Statutes, section 14.22, subdivision 1, paragraph (a); 14.389, subdivision 2; or 14.3895,
148.29 subdivision 3; a dual notice under Minnesota Statutes, section 14.22, subdivision 2; or a
148.30 notice of hearing on a proposed rule under Minnesota Statutes, section 14.14, was published
148.31 before June 1, 2017.

149.1 Sec. 5. Minnesota Statutes 2016, section 10A.025, subdivision 1a, is amended to read:

149.2 Subd. 1a. **Electronic filing.** (a) A report or statement required to be filed under this
149.3 chapter may be filed electronically. The board shall adopt rules to regulate on the technical
149.4 aspects of regulating electronic filing and to ensure ensuring that the electronic filing process
149.5 is secure.

149.6 (b) A document filed by facsimile transmission or electronic filing system has the same
149.7 force and effect as filing an original paper document.

149.8 (c) In order to provide a secure environment for the submission of electronic files, the
149.9 board must require that a filer use a personal identification code when submitting an
149.10 electronic file. The board may also request the filer to provide a valid e-mail address in
149.11 order to receive confirmation and verification messages from the board.

149.12 (d) After an electronic file is processed by the board, the information contained in the
149.13 electronic file becomes the property of the state subject to the terms of the Data Practices
149.14 Act under chapter 13.

149.15 (e) In the case of a filing by facsimile transmission, the filer must retain the original of
149.16 the filed document and a record of the date and time of the transmission. If an electronic
149.17 filing system is used to submit an electronic file to the board, the filer must retain as
149.18 documentation the database and information on which the electronic submission of data is
149.19 based. The database and records are subject to audit as provided in this chapter.

149.20 (f) Within five days of a request by the board, any person filing a document by facsimile
149.21 transmission or electronic filing system shall refile the document by one of the other filing
149.22 methods provided in Minnesota Rules, part 4501.0500, subpart 1.

149.23 (g) Technical problems that prevent the successful submission of a facsimile transmission
149.24 or electronic file do not relieve the filer of the responsibility of meeting the requirements
149.25 of this chapter. An audit trail that demonstrates that the facsimile transmission or electronic
149.26 file was successfully submitted in a timely fashion may be used by the board to waive late
149.27 filing fees.

149.28 Sec. 6. Minnesota Statutes 2016, section 10A.04, is amended by adding a subdivision to
149.29 read:

149.30 Subd. 9. **Reporting by multiple lobbyists representing the same entity.** Clauses (1)
149.31 to (6) apply when a single individual, association, political subdivision, or public higher
149.32 education system is represented by more than one lobbyist.

150.1 (1) The entity must appoint one designated lobbyist to report lobbyist disbursements
150.2 made by the entity. The designated lobbyist must indicate that status on the periodic reports
150.3 of lobbyist disbursements.

150.4 (2) A reporting lobbyist may consent to report on behalf of one or more other lobbyists
150.5 for the same entity, in which case, the other lobbyists are persons whose activities the
150.6 reporting lobbyist must disclose and are subject to the disclosure requirements of subdivision
150.7 3. Lobbyist disbursement reports filed by a reporting lobbyist must include the names and
150.8 registration numbers of the other lobbyists whose activities are included in the report.

150.9 (3) Lobbyists whose activities are accounted for by a reporting lobbyist are not required
150.10 to file lobbyist disbursement reports.

150.11 (4) A lobbyist whose lobbying disbursements are provided to the board through a
150.12 reporting lobbyist must supply all relevant information on disbursements to the reporting
150.13 lobbyist no later than five days before the prescribed filing date.

150.14 (5) The reporting periods and due dates for a reporting lobbyist are those provided in
150.15 subdivision 2. The late filing provisions in subdivision 5 apply to reports required by this
150.16 subdivision.

150.17 (6) The reporting lobbyist must indicate the names and registration numbers of any
150.18 lobbyists who did not provide their lobbying disbursements for inclusion in a report. The
150.19 late filing provisions in subdivision 5 apply to lobbyists who fail to report information to
150.20 the reporting lobbyist.

150.21 Sec. 7. Minnesota Statutes 2016, section 10A.071, subdivision 1, is amended to read:

150.22 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

150.23 (b) "Gift" means money, real or personal property, a service, a loan, a forbearance or
150.24 forgiveness of indebtedness, or a promise of future employment, that is given and received
150.25 without the giver receiving consideration of equal or greater value in return.

150.26 (c) "Official" means a public official, an employee of the legislature, or a local official
150.27 of a metropolitan governmental unit.

150.28 (d) "Plaque" means a decorative item with an inscription recognizing an individual for
150.29 an accomplishment.

151.1 Sec. 8. Minnesota Statutes 2016, section 10A.09, subdivision 5, is amended to read:

151.2 Subd. 5. **Form.** (a) A statement of economic interest required by this section must be
151.3 on a form prescribed by the board. The individual filing must provide the following
151.4 information:

151.5 (1) name, address, occupation, and principal place of business;

151.6 (2) the name of each associated business and the nature of that association;

151.7 (3) a listing of all real property within the state, excluding homestead property, in which
151.8 the individual holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or
151.9 seller, or an option to buy, whether direct or indirect, if the interest is valued in excess of
151.10 \$2,500; or (ii) an option to buy, if the property has a fair market value of more than \$50,000;

151.11 (4) a listing of all real property within the state in which a partnership of which the
151.12 individual is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as
151.13 buyer or seller, or an option to buy, whether direct or indirect, if the individual's share of
151.14 the partnership interest is valued in excess of \$2,500; or (ii) an option to buy, if the property
151.15 has a fair market value of more than \$50,000. A listing under this clause or clause (3) must
151.16 indicate the street address and the municipality or the section, township, range and
151.17 approximate acreage, whichever applies, and the county in which the property is located;

151.18 (5) a listing of any investments, ownership, or interests in property connected with
151.19 pari-mutuel horse racing in the United States and Canada, including a racehorse, in which
151.20 the individual directly or indirectly holds a partial or full interest or an immediate family
151.21 member holds a partial or full interest;

151.22 (6) a listing of the principal business or professional activity category of each business
151.23 from which the individual receives more than \$50 in any month as an employee, if the
151.24 individual has an ownership interest of 25 percent or more in the business; ~~and~~

151.25 (7) a listing of each principal business or professional activity category from which the
151.26 individual received compensation of more than \$2,500 in the past 12 months as an
151.27 independent contractor; and

151.28 (8) the full name of each security with a value of more than \$2,500 owned in part or in
151.29 full by the public official at any time during the reporting period.

151.30 (b) The business or professional categories for purposes of paragraph (a), clauses (6)
151.31 and (7), must be the general topic headings used by the federal Internal Revenue Service
151.32 for purposes of reporting self-employment income on Schedule C. This paragraph does not
151.33 require an individual to report any specific code number from that schedule. Any additional

152.1 principal business or professional activity category may only be adopted if the category is
152.2 enacted by law.

152.3 (c) For the purpose of an original statement of economic interest, "compensation in any
152.4 month" includes only compensation received in the calendar month immediately preceding
152.5 the date of appointment as a public official or filing as a candidate.

152.6 (d) For the purpose of calculating the amount of compensation received from any single
152.7 source in a single month, the amount shall include the total amount received from the source
152.8 during the month, whether or not the amount covers compensation for more than one month.

152.9 Sec. 9. Minnesota Statutes 2016, section 10A.09, subdivision 6, is amended to read:

152.10 Subd. 6. **Annual statement.** (a) Each individual who is required to file a statement of
152.11 economic interest must also file an annual statement by the last Monday in January of each
152.12 year that the individual remains in office. The annual statement must cover the period
152.13 through December 31 of the year prior to the year when the statement is due. The annual
152.14 statement must include the amount of each honorarium in excess of \$50 received since the
152.15 previous statement and the name and address of the source of the honorarium. The board
152.16 must maintain each annual statement of economic interest submitted by an officeholder in
152.17 the same file with the statement submitted as a candidate.

152.18 (b) For the purpose of annual statements of economic interest to be filed, "compensation
152.19 in any month" includes compensation and honoraria received in any month between the
152.20 end of the period covered in the preceding statement of economic interest and the end of
152.21 the current period.

152.22 (c) An individual must file the annual statement of economic interest required by this
152.23 subdivision to cover the period for which the individual served as a public official even
152.24 though at the time the statement was filed, the individual is no longer holding that office as
152.25 a public official.

152.26 Sec. 10. Minnesota Statutes 2016, section 10A.105, subdivision 1, is amended to read:

152.27 Subdivision 1. **Single committee.** A candidate must not accept contributions from a
152.28 source, other than self, in aggregate in excess of \$750 ~~or accept a public subsidy~~ unless the
152.29 candidate designates and causes to be formed a single principal campaign committee for
152.30 each office sought. A candidate may not authorize, designate, or cause to be formed any
152.31 other political committee bearing the candidate's name or title or otherwise operating under

153.1 the direct or indirect control of the candidate. However, a candidate may be involved in the
153.2 direct or indirect control of a party unit.

153.3 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to elections
153.4 held on or after that date.

153.5 Sec. 11. Minnesota Statutes 2016, section 10A.15, subdivision 1, is amended to read:

153.6 Subdivision 1. **Anonymous contributions.** A political committee, political fund, principal
153.7 campaign committee, or party unit may not retain an anonymous contribution in excess of
153.8 \$20, but must forward it to the board for deposit in the general ~~account of the state elections~~
153.9 ~~campaign account~~ fund.

153.10 Sec. 12. Minnesota Statutes 2016, section 10A.15, is amended by adding a subdivision to
153.11 read:

153.12 **Subd. 6. Contributions from Hennepin County registered associations.** In lieu of
153.13 registration with the board, an association registered with the Hennepin County filing officer
153.14 under sections 383B.041 to 383B.058 that makes contributions of more than \$500 to a
153.15 committee or fund in a calendar year may notify the recipient committee of its registration
153.16 with Hennepin County, including its registration number, and instruct the recipient committee
153.17 to include the notice when the recipient committee discloses receipt of the contribution.

153.18 Sec. 13. **[10A.155] VALUE OF CONTRIBUTIONS OF AUTOMOBILE USE.**

153.19 Automobile use provided to a committee by an individual may be valued at the lowest
153.20 rate used by the state to reimburse its employees for automobile use. Alternatively, the value
153.21 of the automobile may be calculated as the actual cost of fuel, maintenance, repairs, and
153.22 insurance directly related to the use of the automobile. An automobile provided by an
153.23 association must be valued at the fair market value for renting an equivalent automobile.

153.24 Sec. 14. Minnesota Statutes 2016, section 10A.20, subdivision 3, is amended to read:

153.25 Subd. 3. **Contents of report.** (a) The report required by this section must include each
153.26 of the items listed in paragraphs (b) to ~~(o)~~ (q) that are applicable to the filer. The board shall
153.27 prescribe forms based on filer type indicating which of those items must be included on the
153.28 filer's report.

153.29 (b) The report must disclose the amount of liquid assets on hand at the beginning of the
153.30 reporting period.

154.1 (c) The report must disclose the name, address, employer, or occupation if self-employed,
154.2 and registration number if registered with the board, of each individual or association that
154.3 has made one or more contributions to the reporting entity, including the purchase of tickets
154.4 for a fund-raising effort, that in aggregate within the year exceed \$200 for legislative or
154.5 statewide candidates or more than \$500 for ballot questions, together with the amount and
154.6 date of each contribution, and the aggregate amount of contributions within the year from
154.7 each source so disclosed. A donation in kind must be disclosed at its fair market value. An
154.8 approved expenditure must be listed as a donation in kind. A donation in kind is considered
154.9 consumed in the reporting period in which it is received. The names of contributors must
154.10 be listed in alphabetical order. Contributions from the same contributor must be listed under
154.11 the same name. When a contribution received from a contributor in a reporting period is
154.12 added to previously reported unitemized contributions from the same contributor and the
154.13 aggregate exceeds the disclosure threshold of this paragraph, the name, address, and
154.14 employer, or occupation if self-employed, of the contributor must then be listed on the
154.15 report.

154.16 (d) The report must disclose the sum of contributions to the reporting entity during the
154.17 reporting period.

154.18 (e) The report must disclose each loan made or received by the reporting entity within
154.19 the year in aggregate in excess of \$200, continuously reported until repaid or forgiven,
154.20 together with the name, address, occupation, principal place of business, if any, and
154.21 registration number if registered with the board of the lender and any endorser and the date
154.22 and amount of the loan. If a loan made to the principal campaign committee of a candidate
154.23 is forgiven or is repaid by an entity other than that principal campaign committee, it must
154.24 be reported as a contribution for the year in which the loan was made.

154.25 (f) The report must disclose each receipt over \$200 during the reporting period not
154.26 otherwise listed under paragraphs (c) to (e).

154.27 (g) The report must disclose the sum of all receipts of the reporting entity during the
154.28 reporting period.

154.29 (h) The report must disclose the name, address, and registration number if registered
154.30 with the board of each individual or association to whom aggregate expenditures, approved
154.31 expenditures, independent expenditures, and ballot question expenditures have been made
154.32 by or on behalf of the reporting entity within the year in excess of \$200, together with the
154.33 amount, date, and purpose of each expenditure and the name and address of, and office
154.34 sought by, each candidate on whose behalf the expenditure was made, identification of the

155.1 ballot question that the expenditure was intended to promote or defeat and an indication of
155.2 whether the expenditure was to promote or to defeat the ballot question, and in the case of
155.3 independent expenditures made in opposition to a candidate, the candidate's name, address,
155.4 and office sought. A reporting entity making an expenditure on behalf of more than one
155.5 candidate for state or legislative office must allocate the expenditure among the candidates
155.6 on a reasonable cost basis and report the allocation for each candidate.

155.7 (i) The report must disclose the sum of all expenditures made by or on behalf of the
155.8 reporting entity during the reporting period.

155.9 (j) The report must disclose the amount and nature of an advance of credit incurred by
155.10 the reporting entity, continuously reported until paid or forgiven. If an advance of credit
155.11 incurred by the principal campaign committee of a candidate is forgiven by the creditor or
155.12 paid by an entity other than that principal campaign committee, it must be reported as a
155.13 donation in kind for the year in which the advance of credit was made.

155.14 (k) The report must disclose the name, address, and registration number if registered
155.15 with the board of each political committee, political fund, principal campaign committee,
155.16 or party unit to which contributions have been made that aggregate in excess of \$200 within
155.17 the year and the amount and date of each contribution.

155.18 (l) The report must disclose the sum of all contributions made by the reporting entity
155.19 during the reporting period.

155.20 (m) The report must disclose the name, address, and registration number if registered
155.21 with the board of each individual or association to whom noncampaign disbursements have
155.22 been made that aggregate in excess of \$200 within the year by or on behalf of the reporting
155.23 entity and the amount, date, and purpose of each noncampaign disbursement.

155.24 (n) The report must disclose the sum of all noncampaign disbursements made within
155.25 the year by or on behalf of the reporting entity.

155.26 (o) The report must disclose the name and address of a nonprofit corporation that provides
155.27 administrative assistance to a political committee or political fund as authorized by section
155.28 211B.15, subdivision 17, the type of administrative assistance provided, and the aggregate
155.29 fair market value of each type of assistance provided to the political committee or political
155.30 fund during the reporting period.

155.31 (p) Legislative, statewide, and judicial candidates, party units, and political committees
155.32 and funds must itemize contributions that in aggregate within the year exceed \$200 for
155.33 legislative or statewide candidates or more than \$500 for ballot questions on reports submitted

156.1 to the board. The itemization must include the date on which the contribution was received,
 156.2 the individual or association that provided the contribution, and the address of the contributor.
 156.3 Additionally, the itemization for a donation in kind must provide a description of the item
 156.4 or service received. Contributions that are less than the itemization amount must be reported
 156.5 as an aggregate total.

156.6 (q) Legislative, statewide, and judicial candidates, party units, political committees and
 156.7 funds, and committees to promote or defeat a ballot question must itemize expenditures and
 156.8 noncampaign disbursements that in aggregate exceed \$200 in a calendar year on reports
 156.9 submitted to the board. The itemization must include the date on which the committee made
 156.10 or became obligated to make the expenditure or disbursement, the name and address of the
 156.11 vendor that provided the service or item purchased, and a description of the service or item
 156.12 purchased. Expenditures and noncampaign disbursements must be listed on the report
 156.13 alphabetically by vendor.

156.14 Sec. 15. Minnesota Statutes 2016, section 10A.20, subdivision 15, is amended to read:

156.15 Subd. 15. **Equitable relief.** A candidate whose opponent does not timely file the report
 156.16 due 15 days before the primary, or the report due ten days before the general election, ~~or~~
 156.17 ~~the notice required under section 10A.25, subdivision 10,~~ may petition the district court for
 156.18 immediate equitable relief to enforce the filing requirement. A prevailing party under this
 156.19 subdivision may be awarded attorney fees and costs by the court.

156.20 Sec. 16. Minnesota Statutes 2016, section 10A.245, subdivision 2, is amended to read:

156.21 Subd. 2. **Termination by board.** The board may terminate the registration of a principal
 156.22 campaign committee, party unit, political committee, or political fund found to be inactive
 156.23 under this section 60 days after sending written notice of inactivity by certified mail to the
 156.24 affected association at the last address on record with the board for that association. Within
 156.25 60 days after the board sends notice under this section, the affected association must dispose
 156.26 of its assets as provided in this subdivision. The assets of the principal campaign committee,
 156.27 party unit, or political committee must be used for the purposes authorized by this chapter
 156.28 or section 211B.12 or must be liquidated and deposited in the general ~~account of the state~~
 156.29 ~~elections campaign account~~ fund. The assets of an association's political fund that were
 156.30 derived from the association's general treasury money revert to the association's general
 156.31 treasury. Assets of a political fund that resulted from contributions to the political fund must
 156.32 be used for the purposes authorized by this chapter or section 211B.12 or must be liquidated
 156.33 and deposited in the general ~~account of the state elections campaign account~~ fund.

157.1 Sec. 17. Minnesota Statutes 2016, section 10A.25, subdivision 1, is amended to read:

157.2 Subdivision 1. **Limits are voluntary.** The expenditure limits imposed by this section
157.3 apply only to a candidate who has signed ~~an agreement~~ a pledge under section 10A.322 ~~to~~
157.4 ~~be bound by them as a condition of receiving a public subsidy for the candidate's campaign.~~

157.5 Sec. 18. Minnesota Statutes 2016, section 10A.25, subdivision 2, is amended to read:

157.6 Subd. 2. **Amounts.** (a) In a segment of an election cycle, the principal campaign
157.7 committee of the candidate must not make campaign expenditures nor permit approved
157.8 expenditures to be made on behalf of the candidate that result in aggregate expenditures in
157.9 excess of the following:

157.10 (1) for governor and lieutenant governor, running together, \$3,651,200 in the election
157.11 segment and \$1,564,800 in the nonelection segment;

157.12 (2) for attorney general, \$626,000 in the election segment and \$208,700 in the nonelection
157.13 segment;

157.14 (3) for secretary of state and state auditor, separately, \$417,300 in the election segment
157.15 and \$104,400 in the nonelection segment;

157.16 (4) for state senator, \$94,700 in the election segment and \$31,600 in a nonelection
157.17 segment;

157.18 (5) for state representative, \$63,100 in the election segment.

157.19 (b) In addition to the amount in paragraph (a), clause (1), a candidate for endorsement
157.20 for the office of lieutenant governor at the convention of a political party may make campaign
157.21 expenditures and approved expenditures of five percent of that amount to seek endorsement.

157.22 (c) If a special election cycle occurs during a general election cycle, expenditures by or
157.23 on behalf of a candidate in the special election do not count as expenditures by or on behalf
157.24 of the candidate in the general election.

157.25 (d) The expenditure limits in this subdivision for an office are increased by ten percent
157.26 for a candidate who has not previously held the same office, whose name has not previously
157.27 been on the primary or general election ballot for that office, and who has not in the past
157.28 ten years raised or spent more than \$750 in a run for any other office whose territory now
157.29 includes a population that is more than one-third of the population in the territory of the
157.30 new office. Candidates who qualify for first-time candidate status receive a ten percent
157.31 increase in the campaign expenditure limit in all segments of the applicable election cycle.

158.1 In the case of a legislative candidate, the office is that of a member of the house of
158.2 representatives or senate without regard to any specific district.

158.3 Sec. 19. Minnesota Statutes 2016, section 10A.25, subdivision 10, is amended to read:

158.4 Subd. 10. **Effect of opponent's conduct.** (a) After the deadline for filing a ~~spending~~
158.5 ~~limit agreement~~ pledge under section 10A.322, a candidate who has ~~agreed~~ pledged to be
158.6 bound by the expenditure limits imposed by this section ~~as a condition of receiving a public~~
158.7 ~~subsidy~~ for the candidate's campaign may choose to be released from the expenditure limits
158.8 ~~but remain eligible to receive a public subsidy~~ if the candidate has an opponent who has
158.9 not ~~agreed~~ pledged to be bound by the limits and has received contributions or made or
158.10 become obligated to make expenditures during that election cycle in excess of the following
158.11 limits:

158.12 (1) up to the close of the reporting period before the primary election, receipts or
158.13 expenditures equal to 20 percent of the election segment expenditure limit for that office
158.14 as set forth in subdivision 2; or

158.15 (2) after the close of the reporting period before the primary election, cumulative receipts
158.16 or expenditures during that election cycle equal to 50 percent of the election cycle expenditure
158.17 limit for that office as set forth in subdivision 2.

158.18 Before the primary election, a candidate's "opponents" are only those who will appear
158.19 on the ballot of the same party in the primary election.

158.20 (b) A candidate who has not ~~agreed~~ pledged to be bound by expenditure limits, or the
158.21 candidate's principal campaign committee, must file written notice with the board and
158.22 provide written notice to any opponent of the candidate for the same office within 24 hours
158.23 of exceeding the limits in paragraph (a). The notice must state only that the candidate or
158.24 candidate's principal campaign committee has received contributions or made or become
158.25 obligated to make campaign expenditures in excess of the limits in paragraph (a).

158.26 (c) Upon receipt of the notice, a candidate who had ~~agreed~~ pledged to be bound by the
158.27 limits may file with the board a notice that the candidate chooses to be no longer bound by
158.28 the expenditure limits. A notice of a candidate's choice not to be bound by the expenditure
158.29 limits that is based on the conduct of an opponent in the state primary election may not be
158.30 filed more than one day after the State Canvassing Board has declared the results of the
158.31 state primary.

158.32 (d) A candidate who has ~~agreed~~ pledged to be bound by the expenditure limits imposed
158.33 by this section and whose opponent in the general election has chosen, as provided in

159.1 paragraph (c), not to be bound by the expenditure limits because of the conduct of an
159.2 opponent in the primary election is no longer bound by the limits ~~but remains eligible to~~
159.3 ~~receive a public subsidy.~~

159.4 Sec. 20. Minnesota Statutes 2016, section 10A.257, subdivision 1, is amended to read:

159.5 Subdivision 1. **Unused funds.** For election cycles ending on or before December 31,
159.6 2018, after all campaign expenditures and noncampaign disbursements for an election cycle
159.7 have been made, an amount up to 25 percent of the 2016 election cycle expenditure limit
159.8 for the office may be carried forward. Any remaining amount up to the total amount of the
159.9 2016 public subsidy from the state elections campaign fund must be returned to the state
159.10 treasury for credit to the general fund under Minnesota Statutes 2016, section 10A.324. Any
159.11 remaining amount in excess of the total 2016 public subsidy must be contributed to the state
159.12 elections campaign account or a political party for multicandidate expenditures as defined
159.13 in section 10A.275.

159.14 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to elections
159.15 held on or after that date.

159.16 Sec. 21. Minnesota Statutes 2016, section 10A.27, subdivision 10, is amended to read:

159.17 Subd. 10. **Limited personal contributions.** A candidate who signs ~~an agreement~~ a
159.18 pledge under section 10A.322 may not contribute to the candidate's own campaign during
159.19 a segment of an election cycle more than five times the candidate's contribution limit for
159.20 that segment under subdivision 1.

159.21 Sec. 22. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to
159.22 read:

159.23 Subd. 11a. **Contributions from the sale of goods or services.** Proceeds from the sale
159.24 of goods or services by a political committee must be reported as a contribution to that
159.25 committee, as provided in section 10A.13. A political committee selling goods or services
159.26 must disclose to each purchaser, prior to a sale, that proceeds may be used to make a
159.27 contribution to an independent expenditure political committee or fund, or may be used by
159.28 the committee for other political purposes as authorized by law, and must offer the purchaser
159.29 an opportunity to review the committee's most recent report submitted to the board under
159.30 section 10A.20. A copy of the report must be clearly posted in a conspicuous location on
159.31 at least 8.5-inch by 11-inch sized paper and available for public inspection at the point of
159.32 sale.

160.1 Sec. 23. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to
160.2 read:

160.3 Subd. 16a. **Return of contributions after merger of governor and lieutenant governor**
160.4 **funds.** Funds transferred to the joint committee for candidates for governor and lieutenant
160.5 governor that result in aggregate contributions in excess of the applicable limits may be
160.6 returned to the contributor within 90 days of the transfer of funds to the joint committee.

160.7 Sec. 24. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to
160.8 read:

160.9 Subd. 16b. **Special election contribution limits.** Election segment contribution limits
160.10 set forth in this section apply to a special election cycle.

160.11 Sec. 25. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to
160.12 read:

160.13 Subd. 16c. **Contribution limits apply independently.** Contribution limits apply
160.14 independently for election segments, nonelection segments, and special election cycles.

160.15 Sec. 26. Minnesota Statutes 2016, section 10A.28, subdivision 3, is amended to read:

160.16 Subd. 3. **Conciliation agreement.** If the board finds that there is reason to believe that
160.17 ~~excess expenditures have been made or~~ excess contributions have been accepted contrary
160.18 to subdivision ~~1 or~~ 2, the board must make every effort for a period of at least 14 days after
160.19 its finding to correct the matter by informal methods of conference and conciliation and to
160.20 enter a conciliation agreement with the person involved. A conciliation agreement under
160.21 this subdivision is a matter of public record. Unless violated, a conciliation agreement is a
160.22 bar to any civil proceeding under subdivision 4.

160.23 Sec. 27. Minnesota Statutes 2016, section 10A.31, is amended by adding a subdivision to
160.24 read:

160.25 Subd. 7b. **Failure to repay.** A candidate who fails to repay money required by the
160.26 agreement cannot be paid additional public subsidy funds during the current or future election
160.27 cycles until the entirety of the unexpended funds and any associated collection fees are
160.28 either repaid to the board or discharged by court action.

161.1 Sec. 28. Minnesota Statutes 2016, section 10A.322, subdivision 1, is amended to read:

161.2 Subdivision 1. **Agreement Pledge by candidate.** (a) ~~As a condition of receiving a public~~
161.3 ~~subsidy,~~ A candidate ~~must~~ may sign and file with the board a written agreement pledge in
161.4 which the candidate agrees that the candidate will comply with sections 10A.25; 10A.27,
161.5 subdivision 10; ~~10A.324;~~ and 10A.38 until the dissolution of the principal campaign
161.6 committee of the candidate or the end of the first election cycle completed after the pledge
161.7 was filed, whichever occurs first.

161.8 (b) Before the first day of filing for office, the board must forward agreement pledge
161.9 forms to all filing officers. The board must also provide agreement pledge forms to candidates
161.10 on request at any time. The candidate must file the agreement pledge with the board at least
161.11 three weeks before the candidate's state primary. ~~An agreement~~ A pledge may not be filed
161.12 after that date. ~~An agreement~~ The board must post a copy of each pledge filed by a candidate
161.13 on the board's Web site. For purposes of public posting, a pledge once filed may not be
161.14 rescinded.

161.15 (c) ~~The board must notify the commissioner of revenue of any agreement signed under~~
161.16 ~~this subdivision.~~

161.17 (d) ~~Notwithstanding paragraph (b), if a vacancy occurs that will be filled by means of~~
161.18 ~~a special election and the filing period does not coincide with the filing period for the general~~
161.19 ~~election, a candidate may sign and submit a spending limit agreement not later than the day~~
161.20 ~~after the close of the filing period for the special election for which the candidate filed.~~

161.21 (c) A pledge filed by a candidate under this subdivision is a voluntary agreement by the
161.22 candidate to comply with the sections listed in paragraph (a). Compliance with the terms
161.23 of a pledge, or any provisions of law cited within the pledge, may not be the subject of an
161.24 advisory opinion issued under section 10A.02, subdivision 12, and is not subject to an audit,
161.25 investigation, or enforcement action by the board under section 10A.02, 10A.022, or any
161.26 other applicable law.

161.27 Sec. 29. Minnesota Statutes 2016, section 10A.38, is amended to read:

161.28 **10A.38 CAPTIONING OF CAMPAIGN ADVERTISEMENTS.**

161.29 (a) This section applies to a campaign advertisement by a candidate who ~~is governed~~
161.30 ~~by an agreement~~ has filed a pledge under section 10A.322.

161.31 (b) "Campaign advertisement" means a professionally produced visual or audio recording
161.32 of two minutes or less produced by the candidate for the purpose of influencing the
161.33 nomination or election of a candidate.

162.1 (c) A campaign advertisement that is disseminated as an advertisement by broadcast or
162.2 cable television must include closed captioning for deaf and hard-of-hearing viewers, unless
162.3 the candidate has filed with the board before the advertisement is disseminated a statement
162.4 setting forth the reasons for not doing so. A campaign advertisement that is disseminated
162.5 as an advertisement to the public on the candidate's Web site must include closed captioning
162.6 for deaf and hard-of-hearing viewers, unless the candidate has posted on the Web site a
162.7 transcript of the spoken content of the advertisement or the candidate has filed with the
162.8 board before the advertisement is disseminated a statement setting forth the reasons for not
162.9 doing so. A campaign advertisement must not be disseminated as an advertisement by radio
162.10 unless the candidate has posted on the candidate's Web site a transcript of the spoken content
162.11 of the advertisement or the candidate has filed with the board before the advertisement is
162.12 disseminated a statement setting forth the reasons for not doing so.

162.13 **Sec. 30. VOTING EQUIPMENT GRANT.**

162.14 **Subdivision 1. Voting equipment grant account.** A voting equipment grant program
162.15 is established. The secretary of state must use money appropriated for the program to provide
162.16 grants to counties and municipalities as authorized by this section. Funds appropriated for
162.17 the grant are available until June 30, 2020.

162.18 **Subd. 2. Authorized equipment.** (a) A county or municipality may apply to receive a
162.19 grant under this section for the purchase or lease of the following equipment:

162.20 (1) electronic roster equipment and software that meets the technology requirements of
162.21 Minnesota Statutes, section 201.225, subdivision 2;

162.22 (2) assistive voting technology; or

162.23 (3) automatic tabulating equipment.

162.24 A purchase or lease of equipment is eligible for a grant under this section if the purchase
162.25 is made, or lease entered, on or after July 1, 2017. A county or municipality that has
162.26 purchased or leased eligible equipment before July 1, 2017, may apply for reimbursement.

162.27 (b) The grant funds must not be used for maintenance or repair of voting equipment.

162.28 **Subd. 3. Amount of grant.** A county or municipal government is eligible to receive a
162.29 grant equal to 75 percent of the total cost of the electronic roster equipment and software
162.30 or 50 percent of the total cost for assistive voting technology or automatic tabulating
162.31 equipment. The secretary of state must first award grants to counties and municipalities
162.32 leasing or purchasing new equipment or software. If funds remain after awarding grants for
162.33 new equipment or software, the secretary of state must use the remaining funds for grants

163.1 to counties and municipalities seeking reimbursement for equipment or software already
163.2 purchased.

163.3 Subd. 4. **Application for grant; certification of costs.** (a) To receive a grant, a county
163.4 or municipality must submit an application to the secretary of state. The secretary of state
163.5 shall prescribe a form for this purpose. At a minimum, the application must describe:

163.6 (1) the type of equipment or software proposed for purchase or lease;

163.7 (2) the expected total cost of the equipment or software, and sources of funding that will
163.8 be used for the purchase or lease in addition to the grant funding provided by this section;

163.9 (3) the county's or municipality's plan to address the long-term maintenance, repair, and
163.10 eventual replacement costs for the equipment or software without using any funds from the
163.11 grant for these purposes; and

163.12 (4) any other information required by the secretary of state.

163.13 (b) The secretary of state must establish:

163.14 (1) a deadline for receipt of grant applications;

163.15 (2) a procedure for awarding and distributing grants;

163.16 (3) criteria for the fair, proportional distribution of grants if the funds do not completely
163.17 cover the requests for a particular type of equipment; and

163.18 (4) a process for verifying the proper use of the grants after distribution.

163.19 Subd. 5. **Report to legislature.** No later than January 15, 2018, and annually thereafter
163.20 until the appropriations provided for grants under this section have been exhausted, the
163.21 secretary of state must submit a report to the legislative committees with jurisdiction over
163.22 elections policy on grants awarded by this section. The report must detail each grant awarded,
163.23 including the jurisdiction, the amount of the grant, and the type of equipment or software
163.24 purchased.

163.25 Sec. 31. **REPEALER.**

163.26 Subdivision 1. **Campaign subsidy.** Minnesota Statutes 2016, sections 10A.28,
163.27 subdivision 1; 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a, 10, 10a, 10b,
163.28 and 11; 10A.315; 10A.321; 10A.322, subdivisions 2 and 4; 10A.323; and 10A.324,
163.29 subdivisions 1 and 3, and Minnesota Rules, parts 4503.1400, subparts 2, 3, 4, 5, 6, 7, 8, and
163.30 9; and 4503.1450, are repealed effective July 1, 2017, and apply to elections held on or after
163.31 that date. Money in the account under Minnesota Statutes, section 10A.30, on June 30,

164.1 2017, cancels to the general fund, and amounts designated under Minnesota Statutes, section
 164.2 10A.31, on income tax and property tax refund returns filed after June 30, 2017, are not
 164.3 effective and remain in the general fund.

164.4 Subd. 2. Rules. Minnesota Rules, parts 4501.0300, subpart 3; 4501.0500, subpart 2;
 164.5 4503.0200, subpart 6; 4503.0300, subpart 4; 4503.0400, subpart 1; 4503.0500, subparts 5
 164.6 and 8; 4503.0700, subparts 2 and 3; 4503.1300, subpart 5; 4503.1600; 4503.1700; 4503.1800;
 164.7 4505.0100, subpart 3; 4505.0900, subparts 2, 3, 4, 5, 6, and 7; 4511.0500, subpart 2;
 164.8 4512.0100, subparts 2, 4, and 5; and 4525.0210, subpart 1, are repealed."

164.9 Renumber the sections in sequence and correct the internal references

164.10 Amend the title accordingly

164.11 Delete the title and insert:

164.12 "A bill for an act

164.13 relating to the operation of state government; appropriating money for the
 164.14 legislature, governor's office, state auditor, attorney general, secretary of state,
 164.15 certain agencies, boards, councils, and retirement funds; changing provisions in
 164.16 state government operations; making technical changes to state budgeting terms;
 164.17 changing administrative rules provisions; changing provisions in veterans affairs,
 164.18 campaign finance, and elections; amending Minnesota Statutes 2016, sections
 164.19 3.305, subdivision 1; 3.842, subdivision 4a; 3.855, subdivision 2; 3.8843,
 164.20 subdivision 7; 3.971, subdivisions 2, 6; 3.972, by adding a subdivision; 3.98,
 164.21 subdivisions 1, 4; 3.987, subdivision 1; 6.481, subdivisions 3, 6; 6.56, subdivision
 164.22 2; 6.581, subdivision 4; 10A.01, subdivisions 12, 16, 26; 10A.02, subdivision 13;
 164.23 10A.025, subdivision 1a; 10A.04, by adding a subdivision; 10A.071, subdivision
 164.24 1; 10A.09, subdivisions 5, 6; 10A.105, subdivision 1; 10A.15, subdivision 1, by
 164.25 adding a subdivision; 10A.20, subdivisions 3, 15; 10A.245, subdivision 2; 10A.25,
 164.26 subdivisions 1, 2, 10; 10A.257, subdivision 1; 10A.27, subdivision 10, by adding
 164.27 subdivisions; 10A.28, subdivision 3; 10A.31, by adding a subdivision; 10A.322,
 164.28 subdivision 1; 10A.38; 14.002; 14.02, by adding a subdivision; 14.05, subdivisions
 164.29 1, 2, 6, 7, by adding subdivisions; 14.101, subdivision 1; 14.116; 14.125; 14.127;
 164.30 14.131; 14.14, subdivisions 1a, 2a; 14.18, subdivision 1; 14.19; 14.22, subdivision
 164.31 1; 14.23; 14.25, subdivision 1; 14.26; 14.27; 14.365; 14.381, subdivision 3; 14.388,
 164.32 subdivisions 1, 2; 14.389, subdivision 3; 14.44; 14.45; 14.51; 14.57; 15.0596;
 164.33 15.191, subdivisions 1, 3; 16A.065; 16A.13, subdivision 2a; 16A.134; 16A.15,
 164.34 subdivision 3; 16A.17, subdivision 5; 16A.272, subdivision 3; 16A.40; 16A.42,
 164.35 subdivisions 2, 4, by adding a subdivision; 16A.56; 16A.671, subdivision 1; 16A.90;
 164.36 16B.04, subdivision 2; 16B.055, subdivision 1; 16B.335, subdivision 1; 16B.37,
 164.37 subdivision 4; 16B.371; 16B.4805, subdivisions 2, 4; 16B.97, by adding a
 164.38 subdivision; 16D.03, subdivision 2; 16D.09, subdivision 1; 16E.016; 16E.0466;
 164.39 21.116; 43A.17, subdivision 11; 43A.24, by adding a subdivision; 43A.30,
 164.40 subdivision 2; 43A.49; 49.24, subdivisions 13, 16; 69.031, subdivision 1; 80A.65,
 164.41 subdivision 9; 84A.23, subdivision 4; 84A.33, subdivision 4; 84A.40; 84A.52;
 164.42 88.12, subdivision 1; 94.522; 94.53; 116J.64, subdivision 7; 126C.55, subdivisions
 164.43 2, 9; 126C.68, subdivision 3; 126C.69, subdivision 14; 127A.34, subdivision 1;
 164.44 127A.40; 136F.46, subdivision 1; 136F.70, subdivision 3; 138.69; 155A.30,
 164.45 subdivision 5; 162.08, subdivisions 10, 11; 162.14, subdivisions 4, 5; 162.18,
 164.46 subdivision 4; 162.181, subdivision 4; 163.051, subdivision 3; 176.181, subdivision
 164.47 2; 176.581; 176.591, subdivision 3; 179A.20, by adding a subdivision; 190.19,
 164.48 subdivisions 2, 2a; 192.55; 196.05, subdivision 1; 196.052; 197.236, subdivision
 164.49 9; 197.791, subdivisions 2, 3, 4, 5, 5a; 198.16; 237.30; 241.13, subdivision 1;

165.1 244.19, subdivision 7; 256B.20; 260B.331, subdivision 2; 260C.331, subdivision
165.2 2; 270C.13, subdivision 1; 273.121, subdivision 1; 287.08; 297I.10, subdivision
165.3 1; 299C.21; 348.05; 352.04, subdivision 9; 352.05; 352.115, subdivision 12; 352.12,
165.4 subdivision 13; 353.05; 353.27, subdivisions 3c, 7; 353.505; 354.42, subdivision
165.5 7; 354.52, subdivisions 4, 4b; 401.15, subdivision 1; 446A.086, subdivision 4;
165.6 446A.16, subdivision 1; 462A.18, subdivision 1; 471.6161, subdivision 8; 471.617,
165.7 subdivision 2; 475A.04, subdivision 1; 508.12, subdivision 1; 518A.79, by adding
165.8 a subdivision; 525.841; Laws 2016, chapter 127, section 8; proposing coding for
165.9 new law in Minnesota Statutes, chapters 2; 3; 6; 10A; 14; 15; 16A; 16B; 43A;
165.10 118A; 197; repealing Minnesota Statutes 2016, sections 4.46; 6.581, subdivision
165.11 1; 10A.28, subdivision 1; 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7,
165.12 7a, 10, 10a, 10b, 11; 10A.315; 10A.321; 10A.322, subdivisions 2, 4; 10A.323;
165.13 10A.324, subdivisions 1, 3; 14.05, subdivision 5; Minnesota Rules, parts 4501.0300,
165.14 subpart 3; 4501.0500, subpart 2; 4503.0200, subpart 6; 4503.0300, subpart 4;
165.15 4503.0400, subpart 1; 4503.0500, subparts 5, 8; 4503.0700, subparts 2, 3;
165.16 4503.1300, subpart 5; 4503.1400, subparts 2, 3, 4, 5, 6, 7, 8, 9; 4503.1450;
165.17 4503.1600; 4503.1700; 4503.1800; 4505.0100, subpart 3; 4505.0900, subparts 2,
165.18 3, 4, 5, 6, 7; 4511.0500, subpart 2; 4512.0100, subparts 2, 4, 5; 4525.0210, subpart
165.19 1."