

1.1 CONFERENCE COMMITTEE REPORT ON S.F. No. 1937

1.2 A bill for an act

1.3 relating to state government; appropriating money for commerce, energy, labor  
 1.4 and industry, and employment and economic development; making policy and  
 1.5 technical changes; modifying fees; requiring reports; amending regulation of  
 1.6 municipal electric utilities and rural electric cooperatives; modifying  
 1.7 telecommunications provisions; modifying the solar energy standard; amending  
 1.8 resource planning requirements; establishing a task force; establishing a youth  
 1.9 skills training program; modifying water conditioning installation requirements;  
 1.10 modifying job creation fund requirements for certain businesses; providing a  
 1.11 onetime exception to restrictions on use of Minnesota investment fund repayments;  
 1.12 creating the getting to work grant program; amending Minnesota Statutes 2016,  
 1.13 sections 45.0135, subdivision 6; 46.131, subdivision 7, by adding a subdivision;  
 1.14 53B.11, subdivision 1; 58.10, subdivision 1; 65B.84, subdivision 1; 80A.65,  
 1.15 subdivision 2; 116J.395, subdivision 7; 116J.8731, subdivision 2, by adding a  
 1.16 subdivision; 116J.8748, subdivisions 1, 3, 4, 6; 116L.17, subdivision 1; 116L.665;  
 1.17 116M.14, subdivision 4; 116M.17, subdivision 4; 116M.18, subdivisions 1a, 4,  
 1.18 4a, 8; 175.45; 216B.164, subdivisions 5, 9, by adding a subdivision; 216B.1691,  
 1.19 subdivision 2f; 216B.1694, subdivision 3; 216B.2422, subdivisions 2, 4; 216B.62,  
 1.20 subdivision 3b; 216C.435, by adding a subdivision; 237.01, by adding subdivisions;  
 1.21 237.295, by adding a subdivision; 239.101, subdivision 2; 297I.11, subdivision 2;  
 1.22 326B.092, subdivision 7; 326B.153, subdivision 1; 326B.37, by adding  
 1.23 subdivisions; 326B.435, subdivision 2; 326B.50, subdivision 3, by adding  
 1.24 subdivisions; 326B.55, subdivisions 2, 4; 326B.89, subdivisions 1, 5; Laws 2015,  
 1.25 First Special Session chapter 1, article 1, sections 2, subdivision 6; 5, subdivision  
 1.26 2; Laws 2016, chapter 189, article 7, section 2, subdivision 2; proposing coding  
 1.27 for new law in Minnesota Statutes, chapters 175; 237; 326B; repealing Minnesota  
 1.28 Statutes 2016, sections 46.131, subdivision 5; 326B.89, subdivision 14; Minnesota  
 1.29 Rules, parts 4355.0100; 4355.0200; 4355.0300; 4355.0400; 4355.0500.

1.30 May 8, 2017

1.31 The Honorable Michelle L. Fischbach

1.32 President of the Senate

1.33 The Honorable Kurt L. Daudt

1.34 Speaker of the House of Representatives

1.35 We, the undersigned conferees for S.F. No. 1937 report that we have agreed upon the  
 1.36 items in dispute and recommend as follows:

1.37 That the House recede from its amendments and that S.F. No. 1937 be further amended  
 1.38 as follows:

2.1 Delete everything after the enacting clause and insert:

2.2 **"ARTICLE 1**

2.3 **APPROPRIATIONS**

2.4 Section 1. **JOBS AND ECONOMIC DEVELOPMENT.**

2.5 (a) The sums shown in the columns marked "Appropriations" are appropriated to the  
2.6 agencies and for the purposes specified in this article. The appropriations are from the  
2.7 general fund, or another named fund, and are available for the fiscal years indicated for  
2.8 each purpose. The figures "2018" and "2019" used in this article mean that the appropriations  
2.9 listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019,  
2.10 respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The  
2.11 biennium" is fiscal years 2018 and 2019.

2.12 (b) If an appropriation in this article is enacted more than once in the 2017 legislative  
2.13 session, the appropriation must be given effect only once.

2.14	<b><u>APPROPRIATIONS</u></b>	
2.15	<b><u>Available for the Year</u></b>	
2.16	<b><u>Ending June 30</u></b>	
2.17	<b><u>2018</u></b>	<b><u>2019</u></b>

2.18 Sec. 2. **DEPARTMENT OF EMPLOYMENT**  
2.19 **AND ECONOMIC DEVELOPMENT**

2.20	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$ 132,032,000</u></b>	<b><u>\$ 113,011,000</u></b>
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2.21	<b><u>Appropriations by Fund</u></b>		
2.22		<b><u>2018</u></b>	<b><u>2019</u></b>
2.23	<b><u>General</u></b>	<b><u>\$96,365,000</u></b>	<b><u>\$78,311,000</u></b>
2.24	<b><u>Remediation</u></b>	<b><u>\$700,000</u></b>	<b><u>\$700,000</u></b>
2.25	<b><u>Workforce</u></b>		
2.26	<b><u>Development</u></b>	<b><u>\$34,967,000</u></b>	<b><u>\$34,000,000</u></b>

2.27 (a) The amounts that may be spent for each  
2.28 purpose are specified in the following  
2.29 subdivisions.

2.30 (b) Notwithstanding Minnesota Statutes,  
2.31 section 16A.285, the commissioner of  
2.32 employment and economic development must  
2.33 not allow transfers of money appropriated in

3.1 this section between divisions or programs of  
 3.2 the Department of Employment and Economic  
 3.3 Development.

3.4 (c) Notwithstanding Minnesota Statutes,  
 3.5 section 16B.37, subdivision 4, the  
 3.6 commissioner of employment and economic  
 3.7 development must not allow billing between  
 3.8 divisions or programs within the Department  
 3.9 of Employment and Economic Development,  
 3.10 or otherwise use any "Internal Billing  
 3.11 Expenditures."

3.12 (d) Notwithstanding Minnesota Statutes,  
 3.13 sections 16B.37, subdivision 4, and 471.59,  
 3.14 except for work performed by MN.IT under  
 3.15 Minnesota Statutes, chapter 16E, the  
 3.16 commissioner of employment and economic  
 3.17 development must not allow billing or  
 3.18 transfers between other executive branch  
 3.19 agencies or departments and the Department  
 3.20 of Employment and Economic Development.

3.21 **Subd. 2. Business and Community Development** \$ 42,536,000 \$ 39,435,000

3.22	<u>Appropriations by Fund</u>		
3.23	<u>General</u>	<u>\$39,975,000</u>	<u>\$36,924,000</u>
3.24	<u>Remediation</u>	<u>\$700,000</u>	<u>\$700,000</u>
3.25	<u>Workforce</u>		
3.26	<u>Development</u>	<u>\$1,861,000</u>	<u>\$1,811,000</u>

3.27 (a) \$4,195,000 each year is for the Minnesota  
 3.28 job skills partnership program under  
 3.29 Minnesota Statutes, sections 116L.01 to  
 3.30 116L.17. If the appropriation for either year  
 3.31 is insufficient, the appropriation for the other  
 3.32 year is available. This appropriation is  
 3.33 available until spent.

4.1 (b) \$750,000 each year is for grants to the  
4.2 Neighborhood Development Center for small  
4.3 business programs:

4.4 (1) training, lending, and business services;

4.5 (2) model outreach and training in greater  
4.6 Minnesota; and

4.7 (3) development of new business incubators.

4.8 This is a onetime appropriation.

4.9 (c) \$1,175,000 each year is for a grant to the  
4.10 Metropolitan Economic Development  
4.11 Association (MEDA) for statewide business  
4.12 development and assistance services, including  
4.13 services to entrepreneurs with businesses that  
4.14 have the potential to create job opportunities  
4.15 for unemployed and underemployed people,  
4.16 with an emphasis on minority-owned  
4.17 businesses. This is a onetime appropriation.

4.18 (d) \$125,000 each year is for a grant to the  
4.19 White Earth Nation for the White Earth Nation  
4.20 Integrated Business Development System to  
4.21 provide business assistance with workforce  
4.22 development, outreach, technical assistance,  
4.23 infrastructure and operational support,  
4.24 financing, and other business development  
4.25 activities. This is a onetime appropriation.

4.26 (e)(1) \$12,000,000 each year is for the  
4.27 Minnesota investment fund under Minnesota  
4.28 Statutes, section 116J.8731. Of this amount,  
4.29 the commissioner of employment and  
4.30 economic development may use up to three  
4.31 percent for administration and monitoring of  
4.32 the program. This appropriation is available  
4.33 until spent. In fiscal year 2020 and beyond,  
4.34 the base amount is \$12,500,000.

5.1 (2) Of the amount appropriated in fiscal year  
5.2 2018, \$4,000,000 is for a loan to construct and  
5.3 equip a wholesale electronic component  
5.4 distribution center investing a minimum of  
5.5 \$200,000,000 and constructing a facility at  
5.6 least 700,000 square feet in size. Loan funds  
5.7 may be used for purchases of materials,  
5.8 supplies, and equipment for the construction  
5.9 of the facility and are available from July 1,  
5.10 2017, to June 30, 2021. The commissioner of  
5.11 employment and economic development shall  
5.12 forgive the loan after verification that the  
5.13 project has satisfied performance goals and  
5.14 contractual obligations as required under  
5.15 Minnesota Statutes, section 116J.8731.

5.16 (3) Of the amount appropriated in fiscal year  
5.17 2018, \$700,000 is for a loan to extend an  
5.18 effluent pipe that will deliver reclaimed water  
5.19 to an innovative waste-to-biofuel project  
5.20 investing a minimum of \$150,000,000 and  
5.21 constructing a facility that is designed to  
5.22 process approximately 400,000 tons of waste  
5.23 annually. Loan funds are available until June  
5.24 30, 2021.

5.25 (f) \$7,500,000 each year is for the Minnesota  
5.26 job creation fund under Minnesota Statutes,  
5.27 section 116J.8748. Of this amount, the  
5.28 commissioner of employment and economic  
5.29 development may use up to three percent for  
5.30 administrative expenses. This appropriation  
5.31 is available until June 30, 2021. In fiscal year  
5.32 2018 and beyond, the base amount is  
5.33 \$8,000,000.

5.34 (g) \$1,647,000 each year is for contaminated  
5.35 site cleanup and development grants under

6.1 Minnesota Statutes, sections 116J.551 to  
6.2 116J.558. This appropriation is available until  
6.3 spent. In fiscal year 2020 and beyond, the base  
6.4 amount is \$1,772,000.

6.5 (h) \$12,000 each year is for a grant to the  
6.6 Upper Minnesota Film Office.

6.7 (i) \$163,000 each year is for the Minnesota  
6.8 Film and TV Board. The appropriation in each  
6.9 year is available only upon receipt by the  
6.10 board of \$1 in matching contributions of  
6.11 money or in-kind contributions from nonstate  
6.12 sources for every \$3 provided by this  
6.13 appropriation, except that each year up to  
6.14 \$50,000 is available on July 1 even if the  
6.15 required matching contribution has not been  
6.16 received by that date.

6.17 (j) \$500,000 each year is from the general fund  
6.18 for a grant to the Minnesota Film and TV  
6.19 Board for the film production jobs program  
6.20 under Minnesota Statutes, section 116U.26.  
6.21 This appropriation is available until June 30,  
6.22 2021.

6.23 (k) \$139,000 each year is for a grant to the  
6.24 Rural Policy and Development Center under  
6.25 Minnesota Statutes, section 116J.421.

6.26 (l)(1) \$1,300,000 each year is for the greater  
6.27 Minnesota business development public  
6.28 infrastructure grant program under Minnesota  
6.29 Statutes, section 116J.431. This appropriation  
6.30 is available until spent. If the appropriation  
6.31 for either year is insufficient, the appropriation  
6.32 for the other year is available. In fiscal year  
6.33 2020 and beyond, the base amount is  
6.34 \$2,545,000. Funds available under this

7.1 paragraph may be used for site preparation of  
7.2 property owned and to be used by private  
7.3 entities.

7.4 (2) Of the amounts appropriated, \$1,600,000  
7.5 in fiscal year 2018 is for a grant to the city of  
7.6 Thief River Falls to support utility extensions,  
7.7 roads, and other public improvements related  
7.8 to the construction of a wholesale electronic  
7.9 component distribution center at least 700,000  
7.10 square feet in size and investing a minimum  
7.11 of \$200,000,000. Notwithstanding Minnesota  
7.12 Statutes, section 116J.431, a local match is  
7.13 not required. Grant funds are available from  
7.14 July 1, 2017, to June 30, 2021.

7.15 (m) \$876,000 the first year and \$500,000 the  
7.16 second year are for the Minnesota emerging  
7.17 entrepreneur loan program under Minnesota  
7.18 Statutes, section 116M.18. Funds available  
7.19 under this paragraph are for transfer into the  
7.20 emerging entrepreneur program special  
7.21 revenue fund account created under Minnesota  
7.22 Statutes, chapter 116M, and are available until  
7.23 spent. Of this amount, up to four percent is for  
7.24 administration and monitoring of the program.  
7.25 In fiscal year 2020 and beyond, the base  
7.26 amount is \$1,000,000.

7.27 (n) \$875,000 each year is for a grant to  
7.28 Enterprise Minnesota, Inc. for the small  
7.29 business growth acceleration program under  
7.30 Minnesota Statutes, section 116O.115. This  
7.31 is a onetime appropriation.

7.32 (o) \$250,000 in fiscal year 2018 is for a grant  
7.33 to the Minnesota Design Center at the  
7.34 University of Minnesota for the greater  
7.35 Minnesota community design pilot project.

8.1 (p) \$275,000 in fiscal year 2018 is from the  
8.2 general fund to the commissioner of  
8.3 employment and economic development for  
8.4 a grant to Community and Economic  
8.5 Development Associates (CEDA) for an  
8.6 economic development study and analysis of  
8.7 the effects of current and projected economic  
8.8 growth in southeast Minnesota. CEDA shall  
8.9 report on the findings and recommendations  
8.10 of the study to the committees of the house of  
8.11 representatives and senate with jurisdiction  
8.12 over economic development and workforce  
8.13 issues by February 15, 2019. All results and  
8.14 information gathered from the study shall be  
8.15 made available for use by cities in southeast  
8.16 Minnesota by March 15, 2019. This  
8.17 appropriation is available until June 30, 2020.

8.18 (q) \$2,000,000 in fiscal year 2018 is for a  
8.19 grant to Pillsbury United Communities for  
8.20 construction and renovation of a building in  
8.21 north Minneapolis for use as the "North  
8.22 Market" grocery store and wellness center,  
8.23 focused on offering healthy food, increasing  
8.24 health care access, and providing job creation  
8.25 and economic opportunities in one place for  
8.26 children and families living in the area. To the  
8.27 extent possible, Pillsbury United Communities  
8.28 shall employ individuals who reside within a  
8.29 five mile radius of the grocery store and  
8.30 wellness center. This appropriation is not  
8.31 available until at least an equal amount of  
8.32 money is committed from nonstate sources.  
8.33 This appropriation is available until the project  
8.34 is completed or abandoned, subject to  
8.35 Minnesota Statutes, section 16A.642.



- 9.1 (r) \$1,425,000 each year is for the business  
9.2 development competitive grant program. Of  
9.3 this amount, up to five percent is for  
9.4 administration and monitoring of the business  
9.5 development competitive grant program. All  
9.6 grant awards shall be for two consecutive  
9.7 years. Grants shall be awarded in the first year.
- 9.8 (s) \$150,000 in fiscal year 2018 is for a grant  
9.9 to Mille Lacs County for the Lake Mille Lacs  
9.10 area economic relief program under Laws  
9.11 2016, chapter 189, article 7, section 46.
- 9.12 (t) \$875,000 each year is for the host  
9.13 community economic development grant  
9.14 program established in Minnesota Statutes,  
9.15 section 116J.548.
- 9.16 (u) \$700,000 each year is from the remediation  
9.17 fund for contaminated site cleanup and  
9.18 development grants under Minnesota Statutes,  
9.19 sections 116J.551 to 116J.558. This  
9.20 appropriation is available until spent.
- 9.21 (v) \$161,000 each year is from the workforce  
9.22 development fund for transfer to the rural  
9.23 policy and development center fund account  
9.24 in the special revenue fund under Minnesota  
9.25 Statutes, section 116J.4221. This is a onetime  
9.26 transfer.
- 9.27 (w) \$300,000 each year is from the workforce  
9.28 development fund for a grant to Enterprise  
9.29 Minnesota, Inc. This is a onetime  
9.30 appropriation.
- 9.31 (x) \$50,000 in fiscal year 2018 is from the  
9.32 workforce development fund for a grant to  
9.33 Fighting Chance for behavioral intervention  
9.34 programs for at-risk youth.

10.1 (y) \$1,350,000 each year is from the  
 10.2 workforce development fund for job training  
 10.3 grants under Minnesota Statutes, section  
 10.4 116L.42.

10.5 **Subd. 3. Workforce Development**                      \$              31,148,000 \$              30,228,000

10.6	<u>Appropriations by Fund</u>		
10.7	<u>General</u>	<u>\$5,889,000</u>	<u>\$5,886,000</u>
10.8	<u>Workforce</u>		
10.9	<u>Development</u>	<u>\$25,259,000</u>	<u>\$24,342,000</u>

10.10 (a) \$500,000 each year is for the  
 10.11 youth-at-work competitive grant program  
 10.12 under Minnesota Statutes, section 116L.562.  
 10.13 Of this amount, up to five percent is for  
 10.14 administration and monitoring of the youth  
 10.15 workforce development competitive grant  
 10.16 program. All grant awards shall be for two  
 10.17 consecutive years. Grants shall be awarded in  
 10.18 the first year. In fiscal year 2020 and beyond,  
 10.19 the base amount is \$750,000.

10.20 (b) \$250,000 each year is for pilot programs  
 10.21 in the workforce service areas to combine  
 10.22 career and higher education advising.

10.23 (c) \$500,000 each year is for rural career  
 10.24 counseling coordinator positions in the  
 10.25 workforce service areas and for the purposes  
 10.26 specified in Minnesota Statutes, section  
 10.27 116L.667. The commissioner of employment  
 10.28 and economic development, in consultation  
 10.29 with local workforce investment boards and  
 10.30 local elected officials in each of the service  
 10.31 areas receiving funds, shall develop a method  
 10.32 of distributing funds to provide equitable  
 10.33 services across workforce service areas.

10.34 (d) \$1,000,000 each year is for a grant to the  
 10.35 Construction Careers Foundation for the

11.1 construction career pathway initiative to  
11.2 provide year-round educational and  
11.3 experiential learning opportunities for teens  
11.4 and young adults under the age of 21 that lead  
11.5 to careers in the construction industry. This is  
11.6 a onetime appropriation. Grant funds must be  
11.7 used to:

11.8 (1) increase construction industry exposure  
11.9 activities for middle school and high school  
11.10 youth, parents, and counselors to reach a more  
11.11 diverse demographic and broader statewide  
11.12 audience. This requirement includes, but is  
11.13 not limited to, an expansion of programs to  
11.14 provide experience in different crafts to youth  
11.15 and young adults throughout the state;

11.16 (2) increase the number of high schools in  
11.17 Minnesota offering construction classes during  
11.18 the academic year that utilize a multicraft  
11.19 curriculum;

11.20 (3) increase the number of summer internship  
11.21 opportunities;

11.22 (4) enhance activities to support graduating  
11.23 seniors in their efforts to obtain employment  
11.24 in the construction industry;

11.25 (5) increase the number of young adults  
11.26 employed in the construction industry and  
11.27 ensure that they reflect Minnesota's diverse  
11.28 workforce; and

11.29 (6) enhance an industrywide marketing  
11.30 campaign targeted to youth and young adults  
11.31 about the depth and breadth of careers within  
11.32 the construction industry.

11.33 Programs and services supported by grant  
11.34 funds must give priority to individuals and

12.1 groups that are economically disadvantaged  
12.2 or historically underrepresented in the  
12.3 construction industry, including but not limited  
12.4 to women, veterans, and members of minority  
12.5 and immigrant groups.

12.6 (e) \$500,000 each year is from the general  
12.7 fund for the Pathways to Prosperity adult  
12.8 workforce development competitive grant  
12.9 program. Of this amount, up to four percent  
12.10 is for administration and monitoring of the  
12.11 program. When awarding grants under this  
12.12 paragraph, the commissioner of employment  
12.13 and economic development may give  
12.14 preference to any previous grantee with  
12.15 demonstrated success in job training and  
12.16 placement for hard-to-train individuals. In  
12.17 fiscal year 2020 and beyond, the base amount  
12.18 for this program is \$3,500,000.

12.19 (f) \$750,000 each year is for a competitive  
12.20 grant program to provide grants to  
12.21 organizations that provide support services for  
12.22 individuals, such as job training, employment  
12.23 preparation, internships, job assistance to  
12.24 fathers, financial literacy, academic and  
12.25 behavioral interventions for low-performing  
12.26 students, and youth intervention. Grants made  
12.27 under this section must focus on low-income  
12.28 communities, young adults from families with  
12.29 a history of intergenerational poverty, and  
12.30 communities of color. Of this amount, up to  
12.31 four percent is for administration and  
12.32 monitoring of the program. The base amount  
12.33 for this program is \$1,000,000 in fiscal year  
12.34 2020 and \$1,000,000 in fiscal year 2021.

- 13.1 (g) \$500,000 each year is for the women and  
13.2 high-wage, high-demand, nontraditional jobs  
13.3 grant program under Minnesota Statutes,  
13.4 section 116L.99. Of this amount, up to five  
13.5 percent is for administration and monitoring  
13.6 of the program. In fiscal year 2020 and  
13.7 beyond, the base amount is \$750,000.
- 13.8 (h) \$500,000 each year is for a competitive  
13.9 grant program for grants to organizations  
13.10 providing services to relieve economic  
13.11 disparities in the Southeast Asian community  
13.12 through workforce recruitment, development,  
13.13 job creation, assistance of smaller  
13.14 organizations to increase capacity, and  
13.15 outreach. Of this amount, up to five percent  
13.16 is for administration and monitoring of the  
13.17 program. In fiscal year 2020 and beyond, the  
13.18 base amount is \$1,000,000.
- 13.19 (i) \$250,000 each year is for a grant to the  
13.20 American Indian Opportunities and  
13.21 Industrialization Center, in collaboration with  
13.22 the Northwest Indian Community  
13.23 Development Center, to reduce academic  
13.24 disparities for American Indian students and  
13.25 adults. This is a onetime appropriation. The  
13.26 grant funds may be used to provide:
- 13.27 (1) student tutoring and testing support  
13.28 services;
- 13.29 (2) training in information technology;
- 13.30 (3) assistance in obtaining a GED;
- 13.31 (4) remedial training leading to enrollment in  
13.32 a postsecondary higher education institution;
- 13.33 (5) real-time work experience in information  
13.34 technology fields; and

- 14.1 (6) contextualized adult basic education.
- 14.2 After notification to the legislature, the  
14.3 commissioner may transfer this appropriation  
14.4 to the commissioner of education.
- 14.5 (j) \$1,039,000 in the first year and \$1,036,000  
14.6 in the second year are for the adult workforce  
14.7 development competitive grant program. Of  
14.8 this amount, up to four percent is for  
14.9 administration and monitoring of the program.
- 14.10 All grant awards shall be for two consecutive  
14.11 years. Grants shall be awarded in the first year.  
14.12 In fiscal year 2020 and beyond, the base  
14.13 amount is \$1,039,000.
- 14.14 (k) \$100,000 each year is for the getting to  
14.15 work grant program. This is a onetime  
14.16 appropriation and is available until June 30,  
14.17 2021.
- 14.18 (l) \$525,000 each year is from the workforce  
14.19 development fund for a grant to the YWCA  
14.20 of Minneapolis to provide economically  
14.21 challenged individuals the job skills training,  
14.22 career counseling, and job placement  
14.23 assistance necessary to secure a child  
14.24 development associate credential and to have  
14.25 a career path in early childhood education.  
14.26 This is a onetime appropriation.
- 14.27 (m) \$1,500,000 each year is from the  
14.28 workforce development fund for a grant to the  
14.29 FastTRAC-Minnesota Adult Careers Pathways  
14.30 program. Up to ten percent of this  
14.31 appropriation may be used to provide  
14.32 leadership, oversight, and technical assistance  
14.33 services for low-skilled, low-income adults.

- 15.1 (n) \$3,104,000 each year is for the adult  
15.2 workforce development competitive grant  
15.3 program. Of this amount, up to four percent  
15.4 is for administration and monitoring of the  
15.5 program. All grant awards shall be for two  
15.6 consecutive years. Grants shall be awarded in  
15.7 the first year.
- 15.8 (o) \$1,350,000 each year is from the  
15.9 workforce development fund for a grant to the  
15.10 Minnesota High Tech Association to support  
15.11 SciTechsperience, a program that supports  
15.12 science, technology, engineering, and math  
15.13 (STEM) internship opportunities for two- and  
15.14 four-year college students and graduate  
15.15 students in their field of study. The internship  
15.16 opportunities must match students with paid  
15.17 internships within STEM disciplines at small,  
15.18 for-profit companies located in Minnesota,  
15.19 having fewer than 250 employees worldwide.  
15.20 At least 300 students must be matched in the  
15.21 first year and at least 350 students must be  
15.22 matched in the second year. No more than 15  
15.23 percent of the hires may be graduate students.  
15.24 Selected hiring companies shall receive from  
15.25 the grant 50 percent of the wages paid to the  
15.26 intern, capped at \$2,500 per intern. The  
15.27 program must work toward increasing the  
15.28 participation of women or other underserved  
15.29 populations. This is a onetime appropriation.
- 15.30 (p) \$450,000 each year is from the workforce  
15.31 development fund for grants to Minnesota  
15.32 Diversified Industries, Inc. to provide  
15.33 progressive development and employment  
15.34 opportunities for people with disabilities. This  
15.35 is a onetime appropriation.

16.1 (q) \$500,000 each year is from the workforce  
16.2 development fund for a grant to Resource, Inc.  
16.3 to provide low-income individuals career  
16.4 education and job skills training that are fully  
16.5 integrated with chemical and mental health  
16.6 services. This is a onetime appropriation.

16.7 (r) \$750,000 each year is from the workforce  
16.8 development fund for a grant to the Minnesota  
16.9 Alliance of Boys and Girls Clubs to administer  
16.10 a statewide project of youth job skills and  
16.11 career development. This project, which may  
16.12 have career guidance components including  
16.13 health and life skills, is designed to encourage,  
16.14 train, and assist youth in early access to  
16.15 education and job-seeking skills, work-based  
16.16 learning experience including career pathways  
16.17 in STEM learning, career exploration and  
16.18 matching, and first job placement through  
16.19 local community partnerships and on-site job  
16.20 opportunities. This grant requires a 25 percent  
16.21 match from nonstate resources. This is a  
16.22 onetime appropriation.

16.23 (s) \$215,000 each year is from the workforce  
16.24 development fund for grants to Big Brothers,  
16.25 Big Sisters of the Greater Twin Cities for  
16.26 workforce readiness, employment exploration,  
16.27 and skills development for youth ages 12 to  
16.28 21. The grant must serve youth in the Twin  
16.29 Cities, Central Minnesota, and Southern  
16.30 Minnesota Big Brothers, Big Sisters chapters.  
16.31 This is a onetime appropriation.

16.32 (t) \$250,000 each year is from the workforce  
16.33 development fund for a grant to YWCA St.  
16.34 Paul to provide job training services and  
16.35 workforce development programs and



- 17.1 services, including job skills training and  
17.2 counseling. This is a onetime appropriation.
- 17.3 (u) \$1,000,000 each year is from the  
17.4 workforce development fund for a grant to  
17.5 EMERGE Community Development, in  
17.6 collaboration with community partners, for  
17.7 services targeting Minnesota communities  
17.8 with the highest concentrations of African and  
17.9 African-American joblessness, based on the  
17.10 most recent census tract data, to provide  
17.11 employment readiness training, credentialed  
17.12 training placement, job placement and  
17.13 retention services, supportive services for  
17.14 hard-to-employ individuals, and a general  
17.15 education development fast track and adult  
17.16 diploma program. This is a onetime  
17.17 appropriation.
- 17.18 (v) \$1,000,000 each year is from the  
17.19 workforce development fund for a grant to the  
17.20 Minneapolis Foundation for a strategic  
17.21 intervention program designed to target and  
17.22 connect program participants to meaningful,  
17.23 sustainable living-wage employment. This is  
17.24 a onetime appropriation.
- 17.25 (w) \$750,000 each year is from the workforce  
17.26 development fund for a grant to Latino  
17.27 Communities United in Service (CLUES) to  
17.28 expand culturally tailored programs that  
17.29 address employment and education skill gaps  
17.30 for working parents and underserved youth by  
17.31 providing new job skills training to stimulate  
17.32 higher wages for low-income people, family  
17.33 support systems designed to reduce  
17.34 intergenerational poverty, and youth  
17.35 programming to promote educational

- 18.1 advancement and career pathways. At least  
18.2 50 percent of this amount must be used for  
18.3 programming targeted at greater Minnesota.  
18.4 This is a onetime appropriation.
- 18.5 (x) \$600,000 each year is from the workforce  
18.6 development fund for a grant to Ujamaa Place  
18.7 for job training, employment preparation,  
18.8 internships, education, training in the  
18.9 construction trades, housing, and  
18.10 organizational capacity building. This is a  
18.11 onetime appropriation.
- 18.12 (y) \$1,297,000 in the first year and \$800,000  
18.13 in the second year are from the workforce  
18.14 development fund for performance grants  
18.15 under Minnesota Statutes, section 116J.8747,  
18.16 to Twin Cities R!SE to provide training to  
18.17 hard-to-train individuals. Of the amounts  
18.18 appropriated, \$497,000 in fiscal year 2018 is  
18.19 for a grant to Twin Cities R!SE, in  
18.20 collaboration with Metro Transit and Hennepin  
18.21 Technical College for the Metro Transit  
18.22 technician training program. This is a onetime  
18.23 appropriation and funds are available until  
18.24 June 30, 2020.
- 18.25 (z) \$230,000 in fiscal year 2018 is from the  
18.26 workforce development fund for a grant to the  
18.27 Bois Forte Tribal Employment Rights Office  
18.28 (TERO) for an American Indian workforce  
18.29 development training pilot project.
- 18.30 (aa) \$40,000 in fiscal year 2018 is from the  
18.31 workforce development fund for a grant to the  
18.32 Cook County Higher Education Board to  
18.33 provide educational programming and  
18.34 academic support services to remote regions  
18.35 in northeastern Minnesota. This appropriation

19.1 is in addition to other funds previously  
19.2 appropriated to the board.

19.3 (bb) \$250,000 each year is from the workforce  
19.4 development fund for a grant to Bridges to  
19.5 Healthcare to provide career education,  
19.6 wraparound support services, and job skills  
19.7 training in high-demand health care fields to  
19.8 low-income parents, nonnative speakers of  
19.9 English, and other hard-to-train individuals,  
19.10 helping families build secure pathways out of  
19.11 poverty while also addressing worker  
19.12 shortages in one of Minnesota's most  
19.13 innovative industries. Funds may be used for  
19.14 program expenses, including, but not limited  
19.15 to, hiring instructors and navigators; space  
19.16 rental; and supportive services to help  
19.17 participants attend classes, including assistance  
19.18 with course fees, child care, transportation,  
19.19 and safe and stable housing. In addition, up to  
19.20 five percent of grant funds may be used for  
19.21 Bridges to Healthcare's administrative costs.  
19.22 This is a onetime appropriation and is  
19.23 available until June 30, 2020.

19.24 (cc) \$500,000 each year is from the workforce  
19.25 development fund for a grant to the Nonprofits  
19.26 Assistance Fund to provide capacity-building  
19.27 grants to small, culturally specific  
19.28 organizations that primarily serve historically  
19.29 underserved cultural communities. Grants may  
19.30 only be awarded to nonprofit organizations  
19.31 that have an annual organizational budget of  
19.32 less than \$500,000 and are culturally specific  
19.33 organizations that primarily serve historically  
19.34 underserved cultural communities. Grant funds  
19.35 awarded must be used for:

20.1 (1) organizational infrastructure improvement,  
20.2 including developing database management  
20.3 systems and financial systems, or other  
20.4 administrative needs that increase the  
20.5 organization's ability to access new funding  
20.6 sources;

20.7 (2) organizational workforce development,  
20.8 including hiring culturally competent staff,  
20.9 training and skills development, and other  
20.10 methods of increasing staff capacity; or

20.11 (3) creation or expansion of partnerships with  
20.12 existing organizations that have specialized  
20.13 expertise in order to increase the capacity of  
20.14 the grantee organization to improve services  
20.15 for the community. Of this amount, up to five  
20.16 percent may be used by the Nonprofits  
20.17 Assistance Fund for administration costs and  
20.18 providing technical assistance to potential  
20.19 grantees. This is a onetime appropriation.

20.20 (dd) \$4,050,000 each year is from the  
20.21 workforce development fund for the  
20.22 Minnesota youth program under Minnesota  
20.23 Statutes, sections 116L.56 and 116L.561.

20.24 (ee) \$1,000,000 each year is from the  
20.25 workforce development fund for the  
20.26 youthbuild program under Minnesota Statutes,  
20.27 sections 116L.361 to 116L.366.

20.28 (ff) \$3,348,000 each year is from the  
20.29 workforce development fund for the "Youth  
20.30 at Work" youth workforce development  
20.31 competitive grant program. Of this amount,  
20.32 up to five percent is for administration and  
20.33 monitoring of the youth workforce  
20.34 development competitive grant program. All

- 21.1 grant awards shall be for two consecutive  
21.2 years. Grants shall be awarded in the first year.
- 21.3 (gg) \$500,000 each year is from the workforce  
21.4 development fund for the Opportunities  
21.5 Industrialization Center programs.
- 21.6 (hh) \$750,000 each year is from the workforce  
21.7 development fund for a grant to Summit  
21.8 Academy OIC to expand its contextualized  
21.9 GED and employment placement program.  
21.10 This is a onetime appropriation.
- 21.11 (ii) \$500,000 each year is from the workforce  
21.12 development fund for a grant to  
21.13 Goodwill-Easter Seals Minnesota and its  
21.14 partners. The grant shall be used to continue  
21.15 the FATHER Project in Rochester, Park  
21.16 Rapids, St. Cloud, Minneapolis, and the  
21.17 surrounding areas to assist fathers in  
21.18 overcoming barriers that prevent fathers from  
21.19 supporting their children economically and  
21.20 emotionally. This is a onetime appropriation.
- 21.21 (jj) \$150,000 each year is from the workforce  
21.22 development fund for displaced homemaker  
21.23 programs under Minnesota Statutes, section  
21.24 116L.96. The commissioner, through the adult  
21.25 career pathways program, shall distribute the  
21.26 funds to existing nonprofit and state displaced  
21.27 homemaker programs. This is a onetime  
21.28 appropriation.
- 21.29 (kk)(1) \$150,000 in fiscal year 2018 is from  
21.30 the workforce development fund for a grant  
21.31 to Anoka County to develop and implement  
21.32 a pilot program to increase competitive  
21.33 employment opportunities for transition-age  
21.34 youth ages 18 to 21.

- 22.1 (2) The competitive employment for  
22.2 transition-age youth pilot program shall  
22.3 include career guidance components, including  
22.4 health and life skills, to encourage, train, and  
22.5 assist transition-age youth in job-seeking  
22.6 skills, workplace orientation, and job site  
22.7 knowledge.
- 22.8 (3) In operating the pilot program, Anoka  
22.9 County shall collaborate with schools,  
22.10 disability providers, jobs and training  
22.11 organizations, vocational rehabilitation  
22.12 providers, and employers to build upon  
22.13 opportunities and services, to prepare  
22.14 transition-age youth for competitive  
22.15 employment, and to enhance employer  
22.16 connections that lead to employment for the  
22.17 individuals served.
- 22.18 (4) Grant funds may be used to create an  
22.19 on-the-job training incentive to encourage  
22.20 employers to hire and train qualifying  
22.21 individuals. A participating employer may  
22.22 receive up to 50 percent of the wages paid to  
22.23 the employee as a cost reimbursement for  
22.24 on-the-job training provided.
- 22.25 (1) \$500,000 each year is from the workforce  
22.26 development fund for rural career counseling  
22.27 coordinator positions in the workforce service  
22.28 areas and for the purposes specified in  
22.29 Minnesota Statutes, section 116L.667. The  
22.30 commissioner of employment and economic  
22.31 development, in consultation with local  
22.32 workforce investment boards and local elected  
22.33 officials in each of the service areas receiving  
22.34 funds, shall develop a method of distributing

23.1 funds to provide equitable services across  
 23.2 workforce service areas.

23.3 Subd. 4. General Support Services                    \$            3,190,000 \$            3,190,000

23.4                    Appropriations by Fund

23.5 General Fund                    \$3,173,000            \$3,173,000

23.6 Workforce  
 23.7 Development                    \$17,000            \$17,000

23.8 (a) \$1,269,000 each year is for transfer to the  
 23.9 Minnesota Housing Finance Agency for  
 23.10 operating the Olmstead Compliance Office.

23.11 (b) \$500,000 each year is for a statewide  
 23.12 capacity-building grant program. The  
 23.13 commissioner of employment and economic  
 23.14 development shall, through a request for  
 23.15 proposal process, select a nonprofit  
 23.16 organization to administer the  
 23.17 capacity-building grant program. The selected  
 23.18 organization must have demonstrated  
 23.19 experience in providing financial and technical  
 23.20 assistance to nonprofit organizations statewide.

23.21 The selected organization shall provide  
 23.22 financial assistance in the form of subgrants  
 23.23 and technical assistance to small to  
 23.24 medium-sized nonprofit organizations  
 23.25 offering, or seeking to offer, workforce or  
 23.26 economic development programming that  
 23.27 addresses economic disparities in underserved  
 23.28 cultural communities. This assistance can be  
 23.29 provided in-house or in partnership with other  
 23.30 organizations depending on need. The  
 23.31 nonprofit organization selected to administer  
 23.32 the grant program shall report to the  
 23.33 commissioner by February 1 each year  
 23.34 regarding assistance provided, including the  
 23.35 demographic and geographic distribution of  
 23.36 the grant awards, services, and outcomes. By

24.1 April 1 each year, the commissioner shall  
 24.2 report the information submitted by the  
 24.3 nonprofit to the legislative committees having  
 24.4 jurisdiction over economic development  
 24.5 issues. Of this amount, one percent is for the  
 24.6 commissioner to conduct the request for  
 24.7 proposal process and monitor the selected  
 24.8 organization. The nonprofit selected to  
 24.9 administer the grant program may use up to  
 24.10 five percent of the grant funds for  
 24.11 administration costs and providing technical  
 24.12 assistance to potential subgrantees.

24.13 **Subd. 5. Minnesota Trade Office**                      \$        2,292,000 \$        2,292,000

24.14 (a) \$300,000 each year is for the STEP grants  
 24.15 in Minnesota Statutes, section 116J.979.

24.16 (b) \$180,000 each year is for the Invest  
 24.17 Minnesota marketing initiative in Minnesota  
 24.18 Statutes, section 116J.9781.

24.19 (c) \$270,000 each year is for the Minnesota  
 24.20 Trade Offices under Minnesota Statutes,  
 24.21 section 116J.978.

24.22 (d) \$50,000 each year is for the Trade Policy  
 24.23 Advisory Council under Minnesota Statutes,  
 24.24 section 116J.9661.

24.25 **Subd. 6. Vocational Rehabilitation**                      \$        31,191,000 \$        31,191,000

24.26	<u>Appropriations by Fund</u>		
24.27	<u>General</u>	<u>\$23,361,000</u>	<u>\$23,361,000</u>
24.28	<u>Workforce</u>		
24.29	<u>Development</u>	<u>\$7,830,000</u>	<u>\$7,830,000</u>

24.30 (a) \$10,800,000 each year is for the state's  
 24.31 vocational rehabilitation program under  
 24.32 Minnesota Statutes, chapter 268A.



25.1 (b) \$3,011,000 each year is for grants to  
25.2 centers for independent living under  
25.3 Minnesota Statutes, section 268A.11.

25.4 (c) \$6,995,000 each year is from the general  
25.5 fund and \$6,830,000 each year is from the  
25.6 workforce development fund for extended  
25.7 employment services for persons with severe  
25.8 disabilities under Minnesota Statutes, section  
25.9 268A.15. Of the general fund amount  
25.10 appropriated, \$500,000 each year is for rate  
25.11 increases to providers of extended employment  
25.12 services for persons with severe disabilities  
25.13 under Minnesota Statutes, section 268A.15.

25.14 In fiscal year 2020 and beyond, the general  
25.15 fund base amount is \$8,995,000. Of the base  
25.16 amounts in fiscal years 2020 and 2021,  
25.17 \$1,625,000 in fiscal year 2020 and \$1,625,000  
25.18 in fiscal year 2021 are for rate increases to  
25.19 providers of extended employment services  
25.20 for persons with severe disabilities under  
25.21 Minnesota Statutes, section 268A.15.

25.22 (d) \$2,555,000 each year is for grants to  
25.23 programs that provide employment support  
25.24 services to persons with mental illness under  
25.25 Minnesota Statutes, sections 268A.13 and  
25.26 268A.14.

25.27 (e) \$1,000,000 each year is from the workforce  
25.28 development fund for grants under Minnesota  
25.29 Statutes, section 268A.16, for employment  
25.30 services for persons, including transition-age  
25.31 youth, who are deaf, deafblind, or  
25.32 hard-of-hearing. If the amount in the first year  
25.33 is insufficient, the amount in the second year  
25.34 is available in the first year.

25.35 Subd. 7. Services for the Blind \$ 6,425,000 \$ 6,425,000

26.1	<b><u>Subd. 8. Broadband Development</u></b>	<b><u>\$</u></b>	<b><u>15,250,000</u></b>	<b><u>\$</u></b>	<b><u>250,000</u></b>
26.2	<u>(a) \$15,000,000 in fiscal year 2018 is for</u>				
26.3	<u>deposit in the border-to-border broadband fund</u>				
26.4	<u>account in the special revenue fund established</u>				
26.5	<u>under Minnesota Statutes, section 116J.396.</u>				
26.6	<u>(b) \$250,000 each year is for the Broadband</u>				
26.7	<u>Development Office.</u>				
26.8	<b><u>Subd. 9. Reporting</u></b>				
26.9	<u>(a) An entity receiving a direct appropriation</u>				
26.10	<u>in this article that received a direct</u>				
26.11	<u>appropriation in Laws 2016, chapter 189,</u>				
26.12	<u>article 12, is subject to the requirements for</u>				
26.13	<u>grants to individually specified recipients</u>				
26.14	<u>under Laws 2016, chapter 189, article 12,</u>				
26.15	<u>section 11.</u>				
26.16	<u>(b) Any recipient of a direct appropriation</u>				
26.17	<u>from the workforce development fund for</u>				
26.18	<u>adult workforce-related programs under</u>				
26.19	<u>subdivision 3 not subject to the requirements</u>				
26.20	<u>of paragraph (a) is subject to the reporting</u>				
26.21	<u>requirements under Minnesota Statutes,</u>				
26.22	<u>section 116L.98.</u>				
26.23	<b><u>Subd. 10. Competitive Grant Limitations</u></b>				
26.24	<u>An organization that receives a direct</u>				
26.25	<u>appropriation under this section is not eligible</u>				
26.26	<u>to participate in competitive grant programs</u>				
26.27	<u>funded under this section, either directly or by</u>				
26.28	<u>receiving funds from a third party that received</u>				
26.29	<u>a competitive grant under this section, during</u>				
26.30	<u>the fiscal years in which the direct</u>				
26.31	<u>appropriations are received.</u>				
26.32	<b><u>Sec. 3. HOUSING FINANCE AGENCY</u></b>				
26.33	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>52,798,000</u></b>	<b><u>\$</u></b>	<b><u>52,798,000</u></b>

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

27.4 Unless otherwise specified, this appropriation  
 27.5 is for transfer to the housing development fund  
 27.6 for the programs specified in this section.

27.7 Except as otherwise indicated, this transfer is  
 27.8 part of the agency's permanent budget base.

27.9 Subd. 2. **Challenge Program** 14,925,000 14,925,000

27.10 (a)(1) This appropriation is for the economic  
 27.11 development and housing challenge program  
 27.12 under Minnesota Statutes, section 462A.33.

27.13 The agency must continue to strengthen its  
 27.14 efforts to address the disparity rate between  
 27.15 white households and indigenous American  
 27.16 Indians and communities of color. Of this  
 27.17 amount, \$1,208,000 each year shall be made  
 27.18 available during the first 11 months of the  
 27.19 fiscal year exclusively for housing projects  
 27.20 for American Indians. Any funds not  
 27.21 committed to housing projects for American  
 27.22 Indians in the first 11 months of each fiscal  
 27.23 year shall be available for any eligible activity  
 27.24 under Minnesota Statutes, section 462A.33.

27.25 (2) The appropriation may be used to finance  
 27.26 the construction or replacement of real  
 27.27 property that is located in Melrose affected by  
 27.28 the fire on September 8, 2016.

27.29 (3) The commissioner may allocate a portion  
 27.30 of the appropriation for the economic  
 27.31 development and housing challenge program  
 27.32 for assistance in the area included in DR-4290,  
 27.33 as provided in Minnesota Statutes, section  
 27.34 12A.09. The maximum loan amount per  
 27.35 housing structure is \$20,000. Within the limits

28.1 of available appropriations, the agency may  
 28.2 increase the maximum amount if the cost of  
 28.3 repair or replacement of the residential  
 28.4 property exceeds the total of the maximum  
 28.5 loan amount and any assistance available from  
 28.6 FEMA, other federal government agencies,  
 28.7 including the Small Business Administration,  
 28.8 and private insurance and flood insurance  
 28.9 benefits.

28.10 (b) \$2,000,000 each year is for the purposes  
 28.11 of the workforce housing development  
 28.12 program under Minnesota Statutes, section  
 28.13 462A.39. Notwithstanding article 11, section  
 28.14 9, the commissioner of housing finance may  
 28.15 hire staff sufficient for the purposes of this  
 28.16 paragraph.

28.17 <b><u>Subd. 3. Housing Trust Fund</u></b>	<u>11,646,000</u>	<u>11,646,000</u>
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28.18 This appropriation is for deposit in the housing  
 28.19 fund account created under Minnesota  
 28.20 Statutes, section 462A.201, and may be used  
 28.21 for the purposes provided in that section.

28.22 <b><u>Subd. 4. Rental Assistance for Mentally Ill</u></b>	<u>4,088,000</u>	<u>4,088,000</u>
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28.23 This appropriation is for the rental housing  
 28.24 assistance program for persons with a mental  
 28.25 illness or families with an adult member with  
 28.26 a mental illness, under Minnesota Statutes,  
 28.27 section 462A.2097. Among comparable  
 28.28 proposals, the agency shall prioritize those  
 28.29 proposals that target, in part, eligible persons  
 28.30 who desire to move to more integrated,  
 28.31 community-based settings.

28.32 <b><u>Subd. 5. Family Homeless Prevention</u></b>	<u>8,519,000</u>	<u>8,519,000</u>
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29.1 This appropriation is for the family homeless  
 29.2 prevention and assistance programs under  
 29.3 Minnesota Statutes, section 462A.204.

29.4 **Subd. 6. Home Ownership Assistance Fund** 885,000 885,000

29.5 This appropriation is for the home ownership  
 29.6 assistance program under Minnesota Statutes,  
 29.7 section 462A.21, subdivision 8. The agency  
 29.8 shall continue to strengthen its efforts to  
 29.9 address the disparity gap in the  
 29.10 homeownership rate between white  
 29.11 households and indigenous American Indians  
 29.12 and communities of color.

29.13 **Subd. 7. Affordable Rental Investment Fund** 4,218,000 4,218,000

29.14 (a) This appropriation is for the affordable  
 29.15 rental investment fund program under  
 29.16 Minnesota Statutes, section 462A.21,  
 29.17 subdivision 8b, to finance the acquisition,  
 29.18 rehabilitation, and debt restructuring of  
 29.19 federally assisted rental property and for  
 29.20 making equity take-out loans under Minnesota  
 29.21 Statutes, section 462A.05, subdivision 39.

29.22 (b) The owner of federally assisted rental  
 29.23 property must agree to participate in the  
 29.24 applicable federally assisted housing program  
 29.25 and to extend any existing low-income  
 29.26 affordability restrictions on the housing for  
 29.27 the maximum term permitted. The owner must  
 29.28 also enter into an agreement that gives local  
 29.29 units of government, housing and  
 29.30 redevelopment authorities, and nonprofit  
 29.31 housing organizations the right of first refusal  
 29.32 if the rental property is offered for sale.

29.33 Priority must be given among comparable  
 29.34 federally assisted rental properties to  
 29.35 properties with the longest remaining term

30.1 under an agreement for federal assistance.  
 30.2 Priority must also be given among comparable  
 30.3 rental housing developments to developments  
 30.4 that are or will be owned by local government  
 30.5 units, a housing and redevelopment authority,  
 30.6 or a nonprofit housing organization.

30.7 (c) The appropriation also may be used to  
 30.8 finance the acquisition, rehabilitation, and debt  
 30.9 restructuring of existing supportive housing  
 30.10 properties. For purposes of this subdivision,  
 30.11 "supportive housing" means affordable rental  
 30.12 housing with links to services necessary for  
 30.13 individuals, youth, and families with children  
 30.14 to maintain housing stability.

30.15 **Subd. 8. Housing Rehabilitation** 6,515,000 6,515,000

30.16 This appropriation is for the housing  
 30.17 rehabilitation program under Minnesota  
 30.18 Statutes, section 462A.05, subdivision 14. Of  
 30.19 this amount, \$2,772,000 each year is for the  
 30.20 rehabilitation of owner-occupied housing,  
 30.21 \$3,743,000 each year is for the rehabilitation  
 30.22 of eligible rental housing. In administering a  
 30.23 rehabilitation program for rental housing, the  
 30.24 agency may apply the processes and priorities  
 30.25 adopted for administration of the economic  
 30.26 development and housing challenge program  
 30.27 under Minnesota Statutes, section 462A.33.

30.28 **Subd. 9. Homeownership Education, Counseling,**  
 30.29 **and Training** 857,000 857,000

30.30 This appropriation is for the homeownership  
 30.31 education, counseling, and training program  
 30.32 under Minnesota Statutes, section 462A.209.  
 30.33 Priority may be given to funding programs  
 30.34 that are aimed at culturally specific groups

31.1 who are providing services to members of their  
 31.2 communities.

31.3 **Subd. 10. Capacity Building Grants** 645,000 645,000

31.4 This appropriation is for nonprofit capacity  
 31.5 building grants under Minnesota Statutes,  
 31.6 section 462A.21, subdivision 3b. Of this  
 31.7 amount, \$125,000 each year is for support of  
 31.8 the Homeless Management Information  
 31.9 System (HMIS).

31.10 **Subd. 11. Build Wealth MN** 500,000 500,000

31.11 This appropriation is for grants to Build  
 31.12 Wealth MN to provide a family stabilization  
 31.13 plan program including program outreach,  
 31.14 financial literacy education, and budget and  
 31.15 debt counseling.

31.16 **Sec. 4. DEPARTMENT OF LABOR AND**  
 31.17 **INDUSTRY**

31.18 **Subdivision 1. Total Appropriation** **\$ 28,309,000** **\$ 28,609,000**

<u>Appropriations by Fund</u>	<u>2018</u>	<u>2019</u>
31.20 <u>General</u>	<u>1,327,000</u>	<u>1,327,000</u>
31.21 <u>Workers'</u>		
31.22 <u>Compensation</u>	<u>24,975,000</u>	<u>24,975,000</u>
31.23 <u>Workforce</u>		
31.24 <u>Development</u>	<u>2,007,000</u>	<u>2,307,000</u>

31.26 (a) The amounts that may be spent for each  
 31.27 purpose are specified in the following  
 31.28 subdivisions.

31.29 (b) Notwithstanding Minnesota Statutes,  
 31.30 section 16A.285, the commissioner of labor  
 31.31 and industry must not allow transfers of  
 31.32 money appropriated in this section between  
 31.33 divisions or programs of the Department of  
 31.34 Labor and Industry.

32.1 (c) Notwithstanding Minnesota Statutes,  
 32.2 section 16B.37, subdivision 4, the  
 32.3 commissioner of labor and industry must not  
 32.4 allow billing between divisions or programs  
 32.5 of amounts appropriated within the  
 32.6 Department of Labor and Industry, or  
 32.7 otherwise use any "Internal Billing  
 32.8 Expenditures" of amounts appropriated.

32.9 (d) Notwithstanding Minnesota Statutes,  
 32.10 sections 16B.37, subdivision 4, and 471.59,  
 32.11 except for work performed by MN.IT under  
 32.12 Minnesota Statutes, chapter 16E, the  
 32.13 commissioner of labor and industry must not  
 32.14 allow billing or transfers between other  
 32.15 executive branch agencies or departments and  
 32.16 the Department of Labor and Industry.

32.17 Subd. 2. **Workers' Compensation** 14,782,000 14,782,000

32.18 (a) This appropriation is from the workers'  
 32.19 compensation fund.

32.20 (b)(1) \$3,000,000 each year is for workers'  
 32.21 compensation system upgrades. This amount  
 32.22 is available until June 30, 2021. This is a  
 32.23 onetime appropriation.

32.24 (2) This appropriation includes funds for  
 32.25 information technology project services and  
 32.26 support subject to the provisions of Minnesota  
 32.27 Statutes, section 16E.0466. Any ongoing  
 32.28 information technology costs must be  
 32.29 incorporated into the service level agreement  
 32.30 and must be paid to the Office of MN.IT  
 32.31 Services by the commissioner of labor and  
 32.32 industry under the rates and mechanism  
 32.33 specified in that agreement.

32.34 Subd. 3. **Labor Standards and Apprenticeship** 3,134,000 3,134,000



- 33.1 Appropriations by Fund
- |      |                    |                  |                  |
|------|--------------------|------------------|------------------|
| 33.2 | <u>General</u>     | <u>1,327,000</u> | <u>1,327,000</u> |
| 33.3 | <u>Workforce</u>   |                  |                  |
| 33.4 | <u>Development</u> | <u>1,807,000</u> | <u>1,807,000</u> |
- 33.5 (a) \$125,000 each year is from the general
- 33.6 fund for wage theft prevention under the
- 33.7 division of labor standards.
- 33.8 (b) \$100,000 each year is from the workforce
- 33.9 development fund for labor education and
- 33.10 advancement program grants under Minnesota
- 33.11 Statutes, section 178.11, to expand and
- 33.12 promote registered apprenticeship training for
- 33.13 minorities and women.
- 33.14 (c) \$300,000 each year is from the workforce
- 33.15 development fund for the PIPELINE program.
- 33.16 (d) \$200,000 each year is from the workforce
- 33.17 development fund for grants to the
- 33.18 Construction Careers Foundation for the
- 33.19 Helmets to Hardhats Minnesota initiative.
- 33.20 Grant funds must be used to recruit, retain,
- 33.21 assist, and support National Guard, reserve,
- 33.22 and active duty military members' and
- 33.23 veterans' participation into apprenticeship
- 33.24 programs registered with the Department of
- 33.25 Labor and Industry and connect them with
- 33.26 career training and employment in the building
- 33.27 and construction industry. The recruitment,
- 33.28 selection, employment, and training must be
- 33.29 without discrimination due to race, color,
- 33.30 creed, religion, national origin, sex, sexual
- 33.31 orientation, marital status, physical or mental
- 33.32 disability, receipt of public assistance, or age.
- 33.33 This is a onetime appropriation.
- 33.34 (e) \$1,029,000 each year is from the workforce
- 33.35 development fund for the apprenticeship

34.1 program under Minnesota Statutes, chapter  
 34.2 178.

34.3 (f) \$150,000 each year is from the workforce  
 34.4 development fund for prevailing wage  
 34.5 enforcement.

34.6 **Subd. 4. Workplace Safety** 4,154,000      4,154,000

34.7 This appropriation is from the workers'  
 34.8 compensation fund.

34.9 **Subd. 5. General Support** 6,239,000      6,539,000

34.10 Appropriations by Fund

34.11 <u>Workforce</u>		
34.12 <u>Development Fund</u>	<u>200,000</u>	<u>500,000</u>
34.13 <u>Workers'</u>		
34.14 <u>Compensation</u>	<u>6,039,000</u>	<u>6,039,000</u>

34.15 (a) Except as provided in paragraphs (b) and  
 34.16 (c), this appropriation is from the workers'  
 34.17 compensation fund.

34.18 (b) \$200,000 in fiscal year 2018 is from the  
 34.19 workforce development fund for the  
 34.20 commissioner of labor and industry to convene  
 34.21 and collaborate with stakeholders as provided  
 34.22 under Minnesota Statutes, section 175.46,  
 34.23 subdivision 3, and to develop youth skills  
 34.24 training competencies for approved  
 34.25 occupations. This is a onetime appropriation.

34.26 (c) \$500,000 in fiscal year 2019 is from the  
 34.27 workforce development fund to administer the  
 34.28 youth skills training program under Minnesota  
 34.29 Statutes, section 175.46. The commissioner  
 34.30 shall award up to five grants each year to local  
 34.31 partnerships located throughout the state, not  
 34.32 to exceed \$100,000 per local partnership grant.  
 34.33 The commissioner may use a portion of this  
 34.34 appropriation for administration of the grant  
 34.35 program. The base amount for this program

35.1 is \$500,000 each year beginning in fiscal year  
35.2 2020.

35.3 **Sec. 5. BUREAU OF MEDIATION SERVICES \$ 2,247,000 \$ 2,247,000**

35.4 (a) Notwithstanding Minnesota Statutes,  
35.5 section 16A.285, the commissioner of  
35.6 mediation services must not allow transfers  
35.7 of money appropriated in this section between  
35.8 divisions or programs of the Bureau of  
35.9 Mediation Services.

35.10 (b) Notwithstanding Minnesota Statutes,  
35.11 section 16B.37, subdivision 4, the  
35.12 commissioner of mediation services must not  
35.13 allow billing between divisions or programs  
35.14 within the Bureau of Mediation Services, or  
35.15 otherwise use any "Internal Billing  
35.16 Expenditures."

35.17 (c) Notwithstanding Minnesota Statutes,  
35.18 section 16B.37, subdivision 4, and Minnesota  
35.19 Statutes, section 471.59, except for work  
35.20 performed by MN.IT under Minnesota  
35.21 Statutes, chapter 16E, the commissioner of  
35.22 mediation services must not allow billing or  
35.23 transfers between other executive branch  
35.24 agencies or departments and the Bureau of  
35.25 Mediation Services.

35.26 (d) \$394,000 each year is for the Office of  
35.27 Collaboration and Dispute Resolution under  
35.28 Minnesota Statutes, section 179.90.

35.29 (e) \$68,000 each year is from the general fund  
35.30 for grants to area labor management  
35.31 committees. Grants may be awarded for a  
35.32 12-month period beginning July 1 each year.  
35.33 Any unencumbered balance remaining at the

36.1 end of the first year does not cancel but is  
36.2 available for the second year.

36.3 **Sec. 6. WORKERS' COMPENSATION COURT**  
36.4 **OF APPEALS**

**\$ 1,913,000 \$ 1,913,000**

36.5 This appropriation is from the workers'  
36.6 compensation fund.

36.7 **Sec. 7. DEPARTMENT OF COMMERCE**

36.8 **Subdivision 1. Total Appropriation** **\$ 31,173,000 \$ 30,684,000**

36.9 Appropriations by Fund

36.10	<u>General</u>	<u>27,160,000</u>	<u>26,671,000</u>
36.11	<u>Special Revenue</u>	<u>2,210,000</u>	<u>2,210,000</u>
36.12	<u>Petroleum Tank</u>	<u>1,052,000</u>	<u>1,052,000</u>
36.13	<u>Workers'</u>		
36.14	<u>Compensation</u>	<u>751,000</u>	<u>751,000</u>

36.15 (a) The amounts that may be spent for each  
36.16 purpose are specified in the following  
36.17 subdivisions.

36.18 (b) Notwithstanding Minnesota Statutes,  
36.19 section 16A.285, the commissioner of  
36.20 commerce must not allow transfers of money  
36.21 appropriated in this section between divisions  
36.22 or programs of the Department of Commerce.

36.23 (c) Notwithstanding Minnesota Statutes,  
36.24 section 16B.37, subdivision 4, the  
36.25 commissioner of commerce must not allow  
36.26 billing between divisions or programs within  
36.27 the Department of Commerce, or otherwise  
36.28 use any "Internal Billing Expenditures."

36.29 (d) Notwithstanding Minnesota Statutes,  
36.30 section 16B.37, subdivision 4, and Minnesota  
36.31 Statutes, section 471.59, except for work  
36.32 performed by MN.IT under Minnesota  
36.33 Statutes, chapter 16E, the commissioner of

37.1 commerce must not allow billing or transfers  
 37.2 between other executive branch agencies or  
 37.3 departments and the Department of  
 37.4 Commerce.

37.5 **Subd. 2. Financial Institutions** 5,285,000 5,285,000

37.6 (a) \$400,000 each year is for grants to Prepare  
 37.7 and Prosper for purposes of developing,  
 37.8 marketing, evaluating, and distributing a  
 37.9 financial services inclusion program that will  
 37.10 assist low-income and financially underserved  
 37.11 populations build savings, strengthen credit,  
 37.12 and provide services to assist them in being  
 37.13 more financially stable and secure. Grants in  
 37.14 fiscal year 2018 must be matched by nonstate  
 37.15 contributions. Money remaining after the first  
 37.16 year is available for the second year.

37.17 **Subd. 3. Petroleum Tank Release Compensation**  
 37.18 **Board** 1,052,000 1,052,000

37.19 This appropriation is from the petroleum tank  
 37.20 fund.

37.21 **Subd. 4. Administrative Services** 7,203,000 7,203,000

37.22 (a) \$375,000 each year is to fund Minnesota  
 37.23 Statutes, section 345.42, subdivision 1a.

37.24 (b) \$100,000 each year is for the support of  
 37.25 broadband development.

37.26 (c) \$33,000 each year is for rulemaking and  
 37.27 administration under Minnesota Statutes,  
 37.28 section 80A.461.

37.29 **Subd. 5. Telecommunications** 2,619,000 2,330,000

37.30	<u>Appropriations by Fund</u>		
37.31	<u>General</u>	<u>1,009,000</u>	<u>720,000</u>
37.32	<u>Special Revenue</u>	<u>1,610,000</u>	<u>1,610,000</u>

37.33 (a) For the general fund appropriations under  
 37.34 this subdivision, the base amount in fiscal year

38.1 2020 is \$576,000, and the base amount in  
 38.2 fiscal year 2021 is \$461,000.

38.3 (b) \$1,610,000 each year is from the  
 38.4 telecommunication access Minnesota fund  
 38.5 account in the special revenue fund for the  
 38.6 following transfers. This appropriation is  
 38.7 added to the department's base.

38.8 (1) \$1,170,000 each year is to the  
 38.9 commissioner of human services to  
 38.10 supplement the ongoing operational expenses  
 38.11 of the Commission of Deaf, DeafBlind, and  
 38.12 Hard-of-Hearing Minnesotans;

38.13 (2) \$290,000 each year is to the chief  
 38.14 information officer for the purpose of  
 38.15 coordinating technology accessibility and  
 38.16 usability;

38.17 (3) \$100,000 each year is to the Legislative  
 38.18 Coordinating Commission for captioning of  
 38.19 legislative coverage. This transfer is subject  
 38.20 to Minnesota Statutes, section 16A.281; and

38.21 (4) \$50,000 each year is to the Office of  
 38.22 MN.IT Services for a consolidated access fund  
 38.23 to provide grants to other state agencies related  
 38.24 to accessibility of their Web-based services.

38.25 Subd. 6. Enforcement 5,299,000 5,099,000

	<u>Appropriations by Fund</u>		
38.27	<u>General</u>	<u>5,101,000</u>	<u>4,901,000</u>
38.28	<u>Workers'</u>		
38.29	<u>Compensation</u>	<u>198,000</u>	<u>198,000</u>

38.30 (a) \$279,000 each year is for health care  
 38.31 enforcement.

38.32 (b)(1) \$200,000 in fiscal year 2018 is to create  
 38.33 and execute a statewide education and  
 38.34 outreach campaign to protect seniors, meaning

39.1 those 60 years of age or older, vulnerable  
 39.2 adults, as defined in Minnesota Statutes,  
 39.3 section 626.5572, subdivision 21, and their  
 39.4 caregivers from financial fraud and  
 39.5 exploitation.

39.6 (2) The education and outreach campaign must  
 39.7 be statewide, and must include, but is not  
 39.8 limited to, the dissemination of information  
 39.9 through television, print, or other media,  
 39.10 training and outreach to senior living facilities,  
 39.11 and the creation of a senior fraud toolkit.

39.12 (3) The commissioner of commerce shall  
 39.13 report by January 15, 2018, to the chairs and  
 39.14 ranking minority members of the committees  
 39.15 of the house of representatives and senate  
 39.16 having jurisdiction over commerce issues  
 39.17 regarding the results of the statewide education  
 39.18 and outreach campaign, and recommendations  
 39.19 for supporting ongoing efforts to prevent  
 39.20 financial fraud from occurring to, and the  
 39.21 financial exploitation of, seniors, vulnerable  
 39.22 adults, and their caregivers.

39.23 (c) The revenue transferred in Minnesota  
 39.24 Statutes, section 297I.11, subdivision 2, to the  
 39.25 insurance fraud prevention account must be  
 39.26 used in part for compensation for two new  
 39.27 employees in the Commerce Fraud Bureau to  
 39.28 perform analytical duties. The new employees  
 39.29 must not be peace officers.

39.30 **Subd. 7. Energy Resources** 4,847,000 4,847,000

	<u>Appropriations by Fund</u>		
39.31			
39.32	<u>General</u>	<u>4,247,000</u>	<u>4,247,000</u>
39.33	<u>Special Revenue</u>	<u>600,000</u>	<u>600,000</u>

- 40.1 (a) \$150,000 each year is to remediate  
40.2 vermiculate insulation from households that  
40.3 are eligible for weatherization assistance under  
40.4 Minnesota's weatherization assistance program  
40.5 state plan under Minnesota Statutes, section  
40.6 216C.264. Remediation must be done in  
40.7 conjunction with federal weatherization  
40.8 assistance program services.
- 40.9 (b) \$832,000 each year is for energy regulation  
40.10 and planning unit staff.
- 40.11 (c) \$100,000 each year is from the clean  
40.12 energy advancement fund (C-LEAF) account  
40.13 in the special revenue fund established in  
40.14 Minnesota Statutes, section 116C.779,  
40.15 subdivision 1, to administer the "Made in  
40.16 Minnesota" solar energy production incentive  
40.17 program in Minnesota Statutes, section  
40.18 216C.417. Any remaining unspent funds  
40.19 cancel back to the C-LEAF account at the end  
40.20 of the biennium.
- 40.21 (d) \$500,000 each year is from the clean  
40.22 energy advancement fund (C-LEAF) account  
40.23 in the special revenue fund established in  
40.24 Minnesota Statutes, section 116C.779,  
40.25 subdivision 1, for costs associated with any  
40.26 third-party expert evaluation of a proposal  
40.27 submitted in response to a request for proposal  
40.28 to the C-LEAF advisory group under  
40.29 Minnesota Statutes, section 116C.779,  
40.30 subdivision 1, paragraph (k). No portion of  
40.31 this appropriation may be expended or retained  
40.32 by the commissioner of commerce. Any funds  
40.33 appropriated under this paragraph that are  
40.34 unexpended at the end of a fiscal year cancel  
40.35 to the C-LEAF account



41.1	<u>Subd. 8. Insurance</u>		<u>4,868,000</u>	<u>4,868,000</u>
41.2	<u>Appropriations by Fund</u>			
41.3	<u>General</u>	<u>4,315,000</u>	<u>4,315,000</u>	
41.4	<u>Workers'</u>			
41.5	<u>Compensation</u>	<u>553,000</u>	<u>553,000</u>	
41.6	<u>(a) \$642,000 each year is for health insurance</u>			
41.7	<u>rate review staffing.</u>			
41.8	<u>(b) \$412,000 each year is for actuarial work</u>			
41.9	<u>to prepare for implementation of</u>			
41.10	<u>principle-based reserves.</u>			
41.11	<u>Sec. 8. PUBLIC UTILITIES COMMISSION</u>	<u>\$</u>	<u>7,242,000</u>	<u>\$ 6,930,000</u>
41.12	<u>(a) For the general fund appropriations under</u>			
41.13	<u>this section, the base amount in fiscal year</u>			
41.14	<u>2020 is \$6,774,000, and the base amount in</u>			
41.15	<u>fiscal year 2021 is \$6,649,000.</u>			
41.16	<u>(b) Notwithstanding Minnesota Statutes,</u>			
41.17	<u>section 16A.285, the Public Utilities</u>			
41.18	<u>Commission and its members must not allow</u>			
41.19	<u>transfers of money appropriated in this section</u>			
41.20	<u>between divisions or programs of the Public</u>			
41.21	<u>Utilities Commission.</u>			
41.22	<u>(c) Notwithstanding Minnesota Statutes,</u>			
41.23	<u>section 16B.37, subdivision 4, the Public</u>			
41.24	<u>Utilities Commission and its members must</u>			
41.25	<u>not allow billing between divisions or</u>			
41.26	<u>programs within the Public Utilities</u>			
41.27	<u>Commission, or otherwise use any "Internal</u>			
41.28	<u>Billing Expenditures."</u>			
41.29	<u>(d) Notwithstanding Minnesota Statutes,</u>			
41.30	<u>section 16B.37, subdivision 4, and section</u>			
41.31	<u>471.59, or any other law to the contrary,</u>			
41.32	<u>except for work performed by MN.IT, under</u>			
41.33	<u>Minnesota Statutes, chapter 16E, the Public</u>			
41.34	<u>Utilities Commission and its members must</u>			

42.1 not allow billing or transfers between other  
 42.2 executive branch agencies or departments and  
 42.3 the Public Utilities Commission.

42.4 (e) \$21,000 each year is for the purposes of  
 42.5 Minnesota Statutes, section 237.045.

42.6 **Sec. 9. PUBLIC FACILITIES AUTHORITY    \$            900,000 \$            0**

42.7 (a) \$300,000 in fiscal year 2018 is for a grant  
 42.8 to the city of New Trier to replace water  
 42.9 infrastructure under Hogan Avenue, including  
 42.10 related road reconstruction, and to acquire land  
 42.11 for predesign, design, and construction of a  
 42.12 storm water pond that will be colocated with  
 42.13 the pond of the new subdivision. This  
 42.14 appropriation does not require a nonstate  
 42.15 contribution.

42.16 (b) \$600,000 in fiscal year 2018 is for a grant  
 42.17 to the Ramsey/Washington Recycling and  
 42.18 Energy Board to design, construct, and equip  
 42.19 capital improvements to the  
 42.20 Ramsey/Washington Recycling and Energy  
 42.21 Center in Newport.

42.22 **ARTICLE 2**

42.23 **LABOR AND INDUSTRY**

42.24 Section 1. Minnesota Statutes 2016, section 175.45, is amended to read:

42.25 **175.45 ~~COMPETENCY~~ STANDARDS FOR DUAL TRAINING.**

42.26 Subdivision 1. **Duties; goal.** The commissioner of labor and industry shall convene  
 42.27 industry representatives, identify occupational competency standards for dual training, and  
 42.28 provide technical assistance to develop dual-training programs. The goal of dual training  
 42.29 is to provide employees of an employer with training to acquire competencies that the  
 42.30 employer requires. The competency standards shall be identified for employment in  
 42.31 occupations in advanced manufacturing, health care services, information technology, and  
 42.32 agriculture. Competency standards are not rules and are exempt from the rulemaking

43.1 provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do  
43.2 not apply.

43.3 Subd. 2. ~~Definition; competency standards~~ Definitions. For purposes of this section,  
43.4 the following terms have the meanings given them:

43.5 (1) "competency standards" means the specific knowledge and skills necessary for a  
43.6 particular occupation; and

43.7 (2) "dual-training program" means an employment-based earn-as-you-learn program  
43.8 where the trainee is employed by a participating employer and receives structured on-the-job  
43.9 training and technical instruction in accordance with the competency standards.

43.10 Subd. 3. **Competency standards identification process.** In identifying competency  
43.11 standards, the commissioner shall consult with the commissioner of the Office of Higher  
43.12 Education and the commissioner of employment and economic development and convene  
43.13 recognized industry experts, representative employers, higher education institutions,  
43.14 representatives of the disabled community, and representatives of labor to assist in identifying  
43.15 credible competency standards. Competency standards must be consistent with, to the extent  
43.16 available and practical, recognized international and national standards.

43.17 Subd. 4. **Duties.** The commissioner shall:

43.18 (1) convene industry representatives to identify, develop, and implement dual-training  
43.19 programs;

43.20 (2) identify competency standards for ~~entry-level~~ entry-level and higher skill levels;

43.21 ~~(2)~~ (3) verify the competency standards and skill levels and their transferability by subject  
43.22 matter expert representatives of each respective industry;

43.23 ~~(3)~~ (4) develop models for Minnesota educational institutions to engage in providing  
43.24 education and training to meet the competency standards established;

43.25 ~~(4)~~ (5) encourage participation by employers and labor in the competency standard  
43.26 identification process for occupations in their industry; ~~and~~

43.27 ~~(5)~~ (6) align ~~dual-training competency standards~~ dual-training programs with other  
43.28 workforce initiatives; and

43.29 (7) provide technical assistance to develop dual-training programs.

43.30 Subd. 5. **Notification.** The commissioner must communicate identified competency  
43.31 standards to the commissioner of the Office of Higher Education for the purpose of the ~~dual~~  
43.32 ~~training~~ dual-training competency grant program under section 136A.246. The commissioner

44.1 of labor and industry shall maintain the competency standards on the department's Web  
44.2 site.

44.3 **Sec. 2. [175.46] YOUTH SKILLS TRAINING PROGRAM.**

44.4 **Subdivision 1. Program established; grants authorized.** The commissioner shall  
44.5 approve youth skills training programs established for the purpose of providing work-based  
44.6 skills training for student learners ages 16 and older. The commissioner shall award grants  
44.7 to local partnerships for the implementation and coordination of local youth skills training  
44.8 programs as provided in this section.

44.9 **Subd. 2. Definitions.** (a) For purposes of this section, the terms in this subdivision have  
44.10 the meanings given.

44.11 (b) "School district" means a school district or charter school.

44.12 (c) "Local partnership" means a school district, nonpublic school, intermediate school  
44.13 district, or postsecondary institution, in partnership with other school districts, nonpublic  
44.14 schools, intermediate school districts, postsecondary institutions, workforce development  
44.15 authorities, economic development authorities, nonprofit organizations, labor unions, or  
44.16 individuals who have an agreement with one or more local employers to be responsible for  
44.17 implementing and coordinating a local youth skills training program.

44.18 (d) "Student learner" means a student who is both enrolled in a course of study at a public  
44.19 or nonpublic school to obtain related instruction for academic credit and is employed under  
44.20 a written agreement to obtain on-the-job skills training under a youth skills training program  
44.21 approved under this section.

44.22 (e) "Commissioner" means the commissioner of labor and industry.

44.23 **Subd. 3. Duties.** (a) The commissioner shall:

44.24 (1) approve youth skills training programs in high-growth, high-demand occupations  
44.25 that provide:

44.26 (i) that the work of the student learner in the occupations declared particularly hazardous  
44.27 shall be incidental to the training;

44.28 (ii) that the work shall be intermittent and for short periods of time, and under the direct  
44.29 and close supervision of a qualified and experienced person;

44.30 (iii) that safety instruction shall be provided to the student learner and may be given by  
44.31 the school and correlated by the employer with on-the-job training;

- 45.1 (iv) a schedule of organized and progressive work processes to be performed on the job;
- 45.2 (v) a schedule of wage rates in compliance with section 177.24; and
- 45.3 (vi) whether the student learner will obtain secondary school academic credit,
- 45.4 postsecondary credit, or both, for the training program;
- 45.5 (2) approve occupations and maintain a list of approved occupations for programs under
- 45.6 this section;
- 45.7 (3) issue requests for proposals for grants;
- 45.8 (4) work with individuals representing industry and labor to develop new youth skills
- 45.9 training programs;
- 45.10 (5) develop model program guides;
- 45.11 (6) monitor youth skills training programs;
- 45.12 (7) provide technical assistance to local partnership grantees;
- 45.13 (8) work with providers to identify paths for receiving postsecondary credit for
- 45.14 participation in the youth skills training program; and
- 45.15 (9) approve other activities as necessary to implement the program.
- 45.16 (b) The commissioner shall collaborate with stakeholders, including, but not limited to,
- 45.17 representatives of secondary school institutions, career and technical education instructors,
- 45.18 postsecondary institutions, businesses, and labor, in developing youth skills training
- 45.19 programs, and identifying and approving occupations and competencies for youth skills
- 45.20 training programs.
- 45.21 Subd. 4. **Training agreement.** Each student learner shall sign a written training agreement
- 45.22 on a form prescribed by the commissioner. Each agreement shall contain the name of the
- 45.23 student learner, and be signed by the employer, the school coordinator or administrator, and
- 45.24 the student learner, or if the student learner is a minor, by the student's parent or legal
- 45.25 guardian. Copies of each agreement shall be kept on file by both the school and the employer.
- 45.26 Subd. 5. **Program approval.** The commissioner may grant exemptions from the
- 45.27 provisions of chapter 181A for student learners participating in youth skills training programs
- 45.28 approved by the commissioner under this section. The approval of a youth skills training
- 45.29 program will be reviewed annually. The approval of a youth skills training program may
- 45.30 be revoked at any time if the commissioner finds that:
- 45.31 (1) all provisions of subdivision 3 have not been met in the previous year; or

46.1 (2) reasonable precautions have not been observed for the safety of minors.

46.2 The commissioner shall maintain and annually update a list of occupations and tasks suitable  
46.3 for student learners in compliance with federal law.

46.4 Subd. 6. **Interactions with education finance.** (a) For the purpose of computing state  
46.5 aids for the enrolling school district, the hours a student learner participates in a youth skills  
46.6 training program under this section must be counted in the student's hours of average daily  
46.7 membership under section 126C.05.

46.8 (b) Educational expenses for a participating student learner must be included in the  
46.9 enrolling district's career and technical revenue as provided under section 124D.4531.

46.10 Subd. 7. **Academic credit.** A school district may grant academic credit to student learners  
46.11 participating in youth skills training programs under this section in accordance with local  
46.12 requirements.

46.13 Subd. 8. **Postsecondary credit.** A postsecondary institution may award postsecondary  
46.14 credit to a student learner who successfully completes a youth skills training program.

46.15 Subd. 9. **Work-based learning program.** A youth skills training program shall qualify  
46.16 as a work-based learning program if it meets requirements for a career and technical education  
46.17 program and is supervised by a qualified teacher with appropriate licensure for a work-based  
46.18 learning teacher-coordinator.

46.19 Subd. 10. **School coordinator.** Unless otherwise required for a work-based learning  
46.20 program, a youth skills training program may be supervised by a qualified teacher or by an  
46.21 administrator as determined by the school district.

46.22 Subd. 11. **Other apprenticeship programs.** (a) This section shall not affect programs  
46.23 under section 124D.47.

46.24 (b) A registered apprenticeship program governed by chapter 178 may grant credit  
46.25 toward the completion of a registered apprenticeship for the successful completion of a  
46.26 youth skills training program under this section.

46.27 Subd. 12. **Grant applications.** (a) Applications for grants must be made to the  
46.28 commissioner on a form provided by the commissioner.

46.29 (b) A local partnership may apply for a grant and shall include in its grant application:

46.30 (1) the identity of each school district, public agency, nonprofit organization, or individual  
46.31 who is a participant in the local partnership;

47.1 (2) the identity of each employer who is a participant in the local partnership and the  
47.2 amount of matching funds provided by each employer, if any;

47.3 (3) a plan to accomplish the implementation and coordination of activities specified in  
47.4 this subdivision; and

47.5 (4) the identity of a fiscal agent responsible for receiving, managing, and accounting for  
47.6 the grant.

47.7 Subd. 13. **Grant awards.** (a) A local partnership awarded a grant under this section  
47.8 must use the grant award for any of the following implementation and coordination activities:

47.9 (1) recruiting additional employers to provide on-the-job training and supervision for  
47.10 student learners and providing technical assistance to those employers;

47.11 (2) recruiting students to participate in the local youth skills training program, monitoring  
47.12 the progress of student learners participating in the program, and monitoring program  
47.13 outcomes;

47.14 (3) coordinating youth skills training activities within participating school districts and  
47.15 among participating school districts, postsecondary institutions, and employers;

47.16 (4) coordinating academic, vocational and occupational learning, school-based and  
47.17 work-based learning, and secondary and postsecondary education for participants in the  
47.18 local youth skills training program;

47.19 (5) coordinating transportation for student learners participating in the local youth skills  
47.20 training program; and

47.21 (6) any other implementation or coordination activity that the commissioner may direct  
47.22 or permit the local partnership to perform.

47.23 (b) Grant awards may not be used to directly or indirectly pay the wages of a student  
47.24 learner.

47.25 Subd. 14. **Outcomes.** The following outcomes are expected of a local youth skills training  
47.26 program:

47.27 (1) at least 80 percent of the student learners who participate in a youth skills training  
47.28 program receive a high school diploma when eligible upon completion of the training  
47.29 program; and

47.30 (2) at least 60 percent of the student learners who participate in a youth skills training  
47.31 program receive a recognized credential upon completion of the training program.

48.1 Subd. 15. Reporting. (a) By February 1, 2019, and annually thereafter, the commissioner  
 48.2 shall report on the activity and outcomes of the program for the preceding fiscal year to the  
 48.3 chairs of the legislative committees with jurisdiction over jobs and economic growth policy  
 48.4 and finance. At a minimum, the report must include:

48.5 (1) the number of student learners who commenced the training program and the number  
 48.6 who completed the training program; and

48.7 (2) recommendations, if any, for changes to the program.

48.8 (b) The initial report shall include a detailed description of the differences between the  
 48.9 state and federal systems in child safety standards.

48.10 Sec. 3. Minnesota Statutes 2016, section 326B.092, subdivision 7, is amended to read:

48.11 **Subd. 7. License fees and license renewal fees.** (a) The license fee for each license is  
 48.12 the base license fee plus any applicable board fee, continuing education fee, and contractor  
 48.13 recovery fund fee and additional assessment, as set forth in this subdivision.

48.14 (b) For purposes of this section, "license duration" means the number of years for which  
 48.15 the license is issued except that if the initial license is not issued for a whole number of  
 48.16 years, the license duration shall be rounded up to the next whole number.

48.17 (c) The base license fee shall depend on whether the license is classified as an entry  
 48.18 level, master, journeyman, or business license, and on the license duration. The base license  
 48.19 fee shall be:

	License Classification	License Duration	
		1 year	2 years
	Entry level	\$10	\$20
	Journeyworker	\$20	\$40
	Master	\$40	\$80
	Business		\$180

48.26 (d) If there is a continuing education requirement for renewal of the license, then a  
 48.27 continuing education fee must be included in the renewal license fee. The continuing  
 48.28 education fee for all license classifications shall be: \$10 if the renewal license duration is  
 48.29 one year; and \$20 if the renewal license duration is two years.

48.30 (e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.925,  
 48.31 then a board fee must be included in the license fee and the renewal license fee. The board  
 48.32 fee for all license classifications shall be: \$4 if the license duration is one year; and \$8 if  
 48.33 the license duration is two years.



49.1 (f) If the application is for the renewal of a license issued under sections 326B.802 to  
 49.2 326B.885, then the contractor recovery fund fee required under section 326B.89, subdivision  
 49.3 3, and any additional assessment required under section 326B.89, subdivision 16, must be  
 49.4 included in the license renewal fee.

49.5 (g) Notwithstanding the fee amounts described in paragraphs (c) to (f), for the period  
 49.6 July 1, ~~2015~~ 2017, through ~~June 30, 2017~~ September 30, 2021, the following fees apply:

49.7	License Classification	License Duration	
49.8		1 year	2 years
49.9	Entry level	\$10	\$20
49.10			<del>\$35</del>
49.11	Journeyworker	\$15	<u>\$30</u>
49.12			<del>\$75</del>
49.13	Master	\$30	<u>\$60</u>
49.14			<del>\$160</del>
49.15	Business		<u>\$120</u>

49.16 If there is a continuing education requirement for renewal of the license, then a continuing  
 49.17 education fee must be included in the renewal license fee. The continuing education fee for  
 49.18 all license classifications shall be \$5.

49.19 **Sec. 4. [326B.108] PLACES OF PUBLIC ACCOMMODATION SUBJECT TO**  
 49.20 **CODE.**

49.21 **Subdivision 1. Definition.** For purposes of this section, "place of public accommodation"  
 49.22 means a publicly or privately owned facility that is designed for occupancy by 200 or more  
 49.23 people and includes a sports or entertainment arena, stadium, theater, community or  
 49.24 convention hall, special event center, indoor amusement facility or water park, or swimming  
 49.25 pool.

49.26 **Subd. 2. Application.** Construction, additions, and alterations to a place of public  
 49.27 accommodation must be designed and constructed to comply with the State Building Code.

49.28 **Subd. 3. Enforcement.** In a municipality that has not adopted the code by ordinance  
 49.29 under section 326B.121, subdivision 2, the commissioner shall enforce this section in  
 49.30 accordance with section 326B.107, subdivision 1.

49.31 **Subd. 4. Fire protection systems.** If fire protection systems regulated by chapter 299M  
 49.32 are required in a place of public accommodation, then those plan reviews and inspections  
 49.33 shall be conducted by the state fire marshal.

50.1 Sec. 5. Minnesota Statutes 2016, section 326B.153, subdivision 1, is amended to read:

50.2 Subdivision 1. **Building permits.** (a) Fees for building permits submitted as required  
50.3 in section ~~326B.106~~ 326B.107 include:

50.4 (1) the fee as set forth in the fee schedule in paragraph (b) or as adopted by a municipality;  
50.5 and

50.6 (2) the surcharge required by section 326B.148.

50.7 (b) The total valuation and fee schedule is:

50.8 (1) \$1 to \$500, ~~\$29.50~~ \$21;

50.9 (2) \$501 to \$2,000, ~~\$28~~ \$21 for the first \$500 plus ~~\$3.70~~ \$2.75 for each additional \$100  
50.10 or fraction thereof, to and including \$2,000;

50.11 (3) \$2,001 to \$25,000, ~~\$83.50~~ \$62.25 for the first \$2,000 plus ~~\$16.55~~ \$12.50 for each  
50.12 additional \$1,000 or fraction thereof, to and including \$25,000;

50.13 (4) \$25,001 to \$50,000, ~~\$464.15~~ \$349.75 for the first \$25,000 plus ~~\$12~~ \$9 for each  
50.14 additional \$1,000 or fraction thereof, to and including \$50,000;

50.15 (5) \$50,001 to \$100,000, ~~\$764.15~~ \$574.75 for the first \$50,000 plus ~~\$8.45~~ \$6.25 for  
50.16 each additional \$1,000 or fraction thereof, to and including \$100,000;

50.17 (6) \$100,001 to \$500,000, ~~\$1,186.65~~ \$887.25 for the first \$100,000 plus ~~\$6.75~~ \$5 for  
50.18 each additional \$1,000 or fraction thereof, to and including \$500,000;

50.19 (7) \$500,001 to \$1,000,000, ~~\$3,886.65~~ \$2,887.25 for the first \$500,000 plus ~~\$5.50~~ \$4.25  
50.20 for each additional \$1,000 or fraction thereof, to and including \$1,000,000; and

50.21 (8) \$1,000,001 and up, ~~\$6,636.65~~ \$5,012.25 for the first \$1,000,000 plus ~~\$4.50~~ \$2.75  
50.22 for each additional \$1,000 or fraction thereof.

50.23 (c) Other inspections and fees are:

50.24 (1) inspections outside of normal business hours (minimum charge two hours), \$63.25  
50.25 per hour;

50.26 (2) reinspection fees, \$63.25 per hour;

50.27 (3) inspections for which no fee is specifically indicated (minimum charge one-half  
50.28 hour), \$63.25 per hour; and

50.29 (4) additional plan review required by changes, additions, or revisions to approved plans  
50.30 (minimum charge one-half hour), \$63.25 per hour.

51.1 (d) If the actual hourly cost to the jurisdiction under paragraph (c) is greater than \$63.25,  
 51.2 then the greater rate shall be paid. Hourly cost includes supervision, overhead, equipment,  
 51.3 hourly wages, and fringe benefits of the employees involved.

51.4 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective  
 51.5 July 1, 2017, and the amendments to it expire October 1, 2021.

51.6 Sec. 6. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to  
 51.7 read:

51.8 Subd. 16. **Wind electric systems.** (a) The inspection fee for the installation of a wind  
 51.9 turbine is:

51.10 (1) zero watts to and including 100,000 watts, \$80;

51.11 (2) 100,001 watts to and including 500,000 watts, \$105;

51.12 (3) 500,001 watts to and including 1,000,000 watts, \$120;

51.13 (4) 1,000,001 watts to and including 1,500,000 watts, \$125;

51.14 (5) 1,500,001 watts to and including 2,000,000 watts, \$130;

51.15 (6) 2,000,001 watts to and including 3,000,000 watts, \$145; and

51.16 (7) 3,000,001 watts and larger, \$160.

51.17 (b) For the purpose of paragraph (a), the watt rating is the total estimated alternating  
 51.18 current energy output of one individual wind turbine.

51.19 Sec. 7. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to  
 51.20 read:

51.21 Subd. 17. **Solar photovoltaic systems.** (a) The inspection fee for the installation of a  
 51.22 solar photovoltaic system is:

51.23 (1) zero watts to and including 5,000 watts, \$60;

51.24 (2) 5,001 watts to and including 10,000 watts, \$100;

51.25 (3) 10,001 watts to and including 20,000 watts, \$150;

51.26 (4) 20,001 watts to and including 30,000 watts, \$200;

51.27 (5) 30,001 watts to and including 40,000 watts, \$250;

51.28 (6) 40,001 watts to and including 1,000,000 watts, \$250, and \$25 for each additional  
 51.29 10,000 watts over 40,000 watts;

52.1 (7) 1,000,001 watts to 5,000,000 watts, \$2,650, and \$15 for each additional 10,000 watts  
 52.2 over 1,000,000 watts; and

52.3 (8) 5,000,001 watts and larger, \$8,650, and \$10 for each additional 10,000 watts over  
 52.4 5,000,000 watts.

52.5 (b) For the purpose of paragraph (a), the watt rating is the total estimated alternating  
 52.6 current energy output of the solar photovoltaic system.

52.7 Sec. 8. Minnesota Statutes 2016, section 326B.435, subdivision 2, is amended to read:

52.8 Subd. 2. **Powers; duties; administrative support.** (a) The board shall have the power  
 52.9 to:

52.10 (1) elect its chair, vice-chair, and secretary;

52.11 (2) adopt bylaws that specify the duties of its officers, the meeting dates of the board,  
 52.12 and containing such other provisions as may be useful and necessary for the efficient conduct  
 52.13 of the business of the board;

52.14 (3) adopt the Plumbing Code that must be followed in this state and any Plumbing Code  
 52.15 amendments thereto. The Plumbing Code shall include the minimum standards described  
 52.16 in sections 326B.43, subdivision 1, and 326B.52, subdivision 1. The board shall adopt the  
 52.17 Plumbing Code and any amendments thereto pursuant to chapter 14 and as provided in  
 52.18 subdivision 6, paragraphs (b), (c), and (d);

52.19 (4) review requests for final interpretations and issue final interpretations as provided  
 52.20 in section 326B.127, subdivision 5;

52.21 (5) adopt rules that regulate the licensure, certification, or registration of plumbing  
 52.22 contractors, journeymen, unlicensed individuals, master plumbers, restricted master plumbers,  
 52.23 restricted journeymen, restricted plumbing contractors, backflow prevention rebuilders and  
 52.24 testers, water conditioning contractors, and water conditioning installers, and other persons  
 52.25 engaged in the design, installation, and alteration of plumbing systems or engaged in or  
 52.26 working at the business of water conditioning installation or service, or engaged in or  
 52.27 working at the business of medical gas system installation, maintenance, or repair, except  
 52.28 for those individuals licensed under section 326.02, subdivisions 2 and 3. The board shall  
 52.29 adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e)  
 52.30 and (f);

52.31 (6) adopt rules that regulate continuing education for individuals licensed as master  
 52.32 plumbers, journeyman plumbers, restricted master plumbers, restricted journeyman plumbers,

53.1 registered unlicensed individuals, water conditioning ~~contractors~~ masters, and water  
 53.2 conditioning ~~installers~~ journeymen, and for individuals certified under sections 326B.437  
 53.3 and 326B.438. The board shall adopt these rules pursuant to chapter 14 and as provided in  
 53.4 subdivision 6, paragraphs (e) and (f);

53.5 (7) refer complaints or other communications to the commissioner, whether oral or  
 53.6 written, as provided in subdivision 8, that allege or imply a violation of a statute, rule, or  
 53.7 order that the commissioner has the authority to enforce pertaining to code compliance,  
 53.8 licensure, or an offering to perform or performance of unlicensed plumbing services;

53.9 (8) approve per diem and expenses deemed necessary for its members as provided in  
 53.10 subdivision 3;

53.11 (9) approve license reciprocity agreements;

53.12 (10) select from its members individuals to serve on any other state advisory council,  
 53.13 board, or committee; and

53.14 (11) recommend the fees for licenses, registrations, and certifications.

53.15 Except for the powers granted to the Plumbing Board, the Board of Electricity, and the  
 53.16 Board of High Pressure Piping Systems, the commissioner of labor and industry shall  
 53.17 administer and enforce the provisions of this chapter and any rules promulgated pursuant  
 53.18 thereto.

53.19 (b) The board shall comply with section 15.0597, subdivisions 2 and 4.

53.20 (c) The commissioner shall coordinate the board's rulemaking and recommendations  
 53.21 with the recommendations and rulemaking conducted by the other boards created pursuant  
 53.22 to this chapter. The commissioner shall provide staff support to the board. The support  
 53.23 includes professional, legal, technical, and clerical staff necessary to perform rulemaking  
 53.24 and other duties assigned to the board. The commissioner of labor and industry shall supply  
 53.25 necessary office space and supplies to assist the board in its duties.

53.26 Sec. 9. Minnesota Statutes 2016, section 326B.50, subdivision 3, is amended to read:

53.27 Subd. 3. **Water conditioning installation.** "Water conditioning installation" means the  
 53.28 installation of appliances, appurtenances, and fixtures designed to treat water so as to alter,  
 53.29 modify, add or remove mineral, chemical or bacterial content, said installation to be made  
 53.30 in a water distribution system serving;

54.1 (1) a single family residential unit, which has been initially established by a licensed  
 54.2 plumber, and does not involve a direct connection without an air gap to a soil or waste pipe;  
 54.3 or

54.4 (2) a multifamily or nonresidential building, where the plumbing installation has been  
 54.5 initially established by a licensed plumber. Isolation valves shall be required for all water  
 54.6 conditioning installations and shall be readily accessible. Water conditioning installation  
 54.7 does not include:

54.8 (i) a valve that allows isolation of the water conditioning installation;

54.9 (ii) piping greater than two-inch nominal pipe size; or

54.10 (iii) a direct connection without an air gap to a soil or waste pipe.

54.11 Sec. 10. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision  
 54.12 to read:

54.13 Subd. 5. **Direct supervision.** "Direct supervision," with respect to direct supervision of  
 54.14 a registered unlicensed individual, means that:

54.15 (1) at all times while the registered unlicensed individual is performing water conditioning  
 54.16 installation work, a direct supervisor is present at the location where the registered unlicensed  
 54.17 individual is working;

54.18 (2) the direct supervisor is physically present and immediately available to the registered  
 54.19 unlicensed individual at all times for assistance and direction;

54.20 (3) any form of electronic supervision does not meet the requirement of being physically  
 54.21 present;

54.22 (4) the direct supervisor reviews the water conditioning installation work performed by  
 54.23 the registered unlicensed individual before the water conditioning installation is operated;  
 54.24 and

54.25 (5) the direct supervisor determines that all water conditioning installation work  
 54.26 performed by the registered unlicensed individual is performed in compliance with sections  
 54.27 326B.50 to 326B.59, all rules adopted under these sections, the Minnesota Plumbing Code,  
 54.28 and all orders issued under section 326B.082.

55.1 Sec. 11. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision  
55.2 to read:

55.3 Subd. 6. **Direct supervisor.** "Direct supervisor" means a master plumber, journeyman  
55.4 plumber, restricted master plumber, restricted journeyman plumber, water conditioning  
55.5 master, or water conditioning journeyman responsible for providing direct supervision of  
55.6 a registered unlicensed individual.

55.7 Sec. 12. Minnesota Statutes 2016, section 326B.55, subdivision 2, is amended to read:

55.8 Subd. 2. **Qualifications for licensing.** (a) A water conditioning master license shall be  
55.9 issued only to an individual who has demonstrated skill in planning, superintending, ~~and~~  
55.10 servicing, and installing water conditioning installations, and has successfully passed the  
55.11 examination for water conditioning masters. A water conditioning journeyman license shall  
55.12 only be issued to an individual other than a water conditioning master who has demonstrated  
55.13 practical knowledge of water conditioning installation, and has successfully passed the  
55.14 examination for water conditioning journeymen. A water conditioning journeyman must  
55.15 successfully pass the examination for water conditioning masters before being licensed as  
55.16 a water conditioning master.

55.17 (b) Each water conditioning contractor must designate a responsible licensed master  
55.18 plumber or a responsible licensed water conditioning master, who shall be responsible for  
55.19 the performance of all water conditioning installation and servicing in accordance with the  
55.20 requirements of sections 326B.50 to 326B.59, all rules adopted under sections 326B.50 to  
55.21 326B.59, the Minnesota Plumbing Code, and all orders issued under section 326B.082. If  
55.22 the water conditioning contractor is an individual or sole proprietorship, the responsible  
55.23 licensed master must be the individual, proprietor, or managing employee. If the water  
55.24 conditioning contractor is a partnership, the responsible licensed master must be a general  
55.25 partner or managing employee. If the water conditioning contractor is a limited liability  
55.26 company, the responsible licensed master must be a chief manager or managing employee.  
55.27 If the water conditioning contractor is a corporation, the responsible licensed master must  
55.28 be an officer or managing employee. If the responsible licensed master is a managing  
55.29 employee, the responsible licensed master must be actively engaged in performing water  
55.30 conditioning work on behalf of the water conditioning contractor and cannot be employed  
55.31 in any capacity as a water conditioning master or water conditioning journeyman for any  
55.32 other water conditioning contractor. An individual must not be the responsible licensed  
55.33 master for more than one water conditioning contractor.

56.1 (c) All applications and renewals for water conditioning contractor licenses shall include  
 56.2 a verified statement that the applicant or licensee has complied with paragraph (b).

56.3 (d) Each application and renewal for a water conditioning master license, water  
 56.4 conditioning journeyman license, or a water conditioning contractor license shall be  
 56.5 accompanied by all fees required by section 326B.092.

56.6 Sec. 13. Minnesota Statutes 2016, section 326B.55, subdivision 4, is amended to read:

56.7 Subd. 4. **Plumber's apprentices.** (a) A plumber's apprentice who is registered under  
 56.8 section 326B.47 is authorized to assist in water conditioning installation and water  
 56.9 conditioning servicing only while under the direct supervision of a master plumber,  
 56.10 journeyman plumber, restricted master plumber, restricted journeyman plumber, water  
 56.11 conditioning master, or water conditioning journeyman. The master or journeyman is  
 56.12 responsible for ensuring that all water conditioning work performed by the plumber's  
 56.13 apprentice complies with the plumbing code and rules adopted under sections 326B.50 to  
 56.14 326B.59. The supervising master or journeyman must be licensed and must be employed  
 56.15 by the same employer as the plumber's apprentice. Licensed individuals shall not permit  
 56.16 plumber's apprentices to perform water conditioning work except under the direct supervision  
 56.17 of an individual actually licensed to perform such work. Plumber's apprentices shall not  
 56.18 supervise the performance of plumbing work or make assignments of plumbing work to  
 56.19 unlicensed individuals.

56.20 (b) Water conditioning contractors employing plumber's apprentices to perform water  
 56.21 conditioning work shall maintain records establishing compliance with this subdivision that  
 56.22 shall identify all plumber's apprentices performing water conditioning work, and shall permit  
 56.23 the department to examine and copy all such records.

56.24 Sec. 14. **[326B.555] REGISTERED UNLICENSED INDIVIDUALS.**

56.25 **Subdivision 1. Registration; supervision; records.** (a) All unlicensed individuals  
 56.26 engaged in water conditioning installation must be registered under subdivision 3.

56.27 (b) A registered unlicensed individual is authorized to assist in water conditioning  
 56.28 installations in a single family residential unit only when a master plumber, journeyman  
 56.29 plumber, restricted master plumber, restricted journeyman plumber, water conditioning  
 56.30 master, or water conditioning journeyman is available and responsible for ensuring that all  
 56.31 water conditioning installation work performed by the unlicensed individual complies with  
 56.32 the applicable provisions of the plumbing and water conditioning codes and rules adopted  
 56.33 pursuant to such codes. For all other water conditioning installation work, the registered



57.1 unlicensed individual must be under the direct supervision of a responsible licensed water  
57.2 conditioning master.

57.3 (c) Water conditioning contractors employing registered unlicensed individuals to perform  
57.4 water conditioning installation work shall maintain records establishing compliance with  
57.5 this subdivision that shall identify all unlicensed individuals performing water conditioning  
57.6 installations, and shall permit the department to examine and copy all such records.

57.7 Subd. 2. **Journeyman exam.** A registered unlicensed individual who has completed  
57.8 875 hours of practical water conditioning installation, servicing, and training is eligible to  
57.9 take the water conditioning journeyman examination. Up to 100 hours of practical water  
57.10 conditioning installation and servicing experience prior to becoming a registered unlicensed  
57.11 individual may be applied to the practical experience requirement. However, none of this  
57.12 practical experience may be applied if the unlicensed individual did not have any practical  
57.13 experience in the 12-month period immediately prior to becoming a registered unlicensed  
57.14 individual.

57.15 Subd. 3. **Registration, renewals, and fees.** An unlicensed individual may register by  
57.16 completing and submitting to the commissioner an application form provided by the  
57.17 commissioner, with all fees required by section 326B.58. A completed application form  
57.18 must state the date, the individual's age, schooling, previous experience and employer, and  
57.19 other information required by the commissioner. The plumbing board may prescribe rules,  
57.20 not inconsistent with this section, for the registration of unlicensed individuals. Applications  
57.21 for initial registration may be submitted at any time. Registration must be renewed annually  
57.22 and shall be for the period from July 1 of each year to June 30 of the following year.

57.23 Sec. 15. Minnesota Statutes 2016, section 326B.805, subdivision 3, is amended to read:

57.24 Subd. 3. **Prohibition.** Except as provided in subdivision 6, no persons required to be  
57.25 licensed by subdivision 1 may act or hold themselves out as a residential building contractor,  
57.26 residential remodeler, residential roofer, or manufactured home installer for compensation  
57.27 without a license issued by the commissioner. A person who conducts unlicensed residential  
57.28 building contractor activity, residential remodeler activity, or residential roofer activity is  
57.29 guilty of a gross misdemeanor.

57.30 Sec. 16. Minnesota Statutes 2016, section 326B.89, subdivision 1, is amended to read:

57.31 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have  
57.32 the meanings given them.

58.1 (b) "Gross annual receipts" means the total amount derived from residential contracting  
 58.2 or residential remodeling activities, regardless of where the activities are performed, and  
 58.3 must not be reduced by costs of goods sold, expenses, losses, or any other amount.

58.4 (c) "Licensee" means a person licensed as a residential contractor or residential remodeler.

58.5 (d) "Residential real estate" means a new or existing building constructed for habitation  
 58.6 by one to four families, and includes detached garages intended for storage of vehicles  
 58.7 associated with the residential real estate.

58.8 (e) "Fund" means the contractor recovery fund.

58.9 (f) "Owner" when used in connection with real property, means a person who has any  
 58.10 legal or equitable interest in real property and includes a condominium or townhome  
 58.11 association that owns common property located in a condominium building or townhome  
 58.12 building or an associated detached garage. Owner does not include any real estate developer  
 58.13 or any owner using, or intending to use, the property for a business purpose and not as  
 58.14 owner-occupied residential real estate.

58.15 Sec. 17. Minnesota Statutes 2016, section 326B.89, subdivision 5, is amended to read:

58.16 Subd. 5. **Payment limitations.** The commissioner shall not pay compensation from the  
 58.17 fund to an owner or a lessee in an amount greater than \$75,000 per licensee. The  
 58.18 commissioner shall not pay compensation from the fund to owners and lessees in an amount  
 58.19 that totals more than ~~\$150,000~~ \$300,000 per licensee. The commissioner shall only pay  
 58.20 compensation from the fund for a final judgment that is based on a contract directly between  
 58.21 the licensee and the homeowner or lessee that was entered into prior to the cause of action  
 58.22 and that requires licensure as a residential building contractor or residential remodeler.

58.23 Sec. 18. Laws 2015, First Special Session chapter 1, article 1, section 5, subdivision 2, is  
 58.24 amended to read:

58.25 Subd. 2. **Workers' Compensation** 15,226,000 17,782,000

58.26 This appropriation is from the workers'  
 58.27 compensation fund.

58.28 \$4,000,000 in fiscal year 2016 and \$6,000,000  
 58.29 in fiscal year 2017 are for workers'  
 58.30 compensation system upgrades and are  
 58.31 available through June 30, 2021. The base  
 58.32 appropriation for this purpose is \$3,000,000

59.1 in fiscal year 2018 and \$3,000,000 in fiscal  
 59.2 year 2019. The base appropriation for fiscal  
 59.3 year 2020 and beyond is zero.

59.4 This appropriation includes funds for  
 59.5 information technology project services and  
 59.6 support subject to the provisions of Minnesota  
 59.7 Statutes, section 16E.0466. Any ongoing  
 59.8 information technology costs will be  
 59.9 incorporated into the service level agreement  
 59.10 and will be paid to the Office of MN.IT  
 59.11 Services by the commissioner of labor and  
 59.12 industry under the rates and mechanism  
 59.13 specified in that agreement.

59.14 Sec. 19. **REPEALER.**

59.15 Minnesota Statutes 2016, section 326B.89, subdivision 14, is repealed.

59.16 **ARTICLE 3**

59.17 **EMPLOYMENT AND ECONOMIC DEVELOPMENT**

59.18 Section 1. **[116J.4221] RURAL POLICY AND DEVELOPMENT CENTER FUND.**

59.19 (a) A rural policy and development center fund is established as an account in the special  
 59.20 revenue fund in the state treasury. The commissioner of management and budget shall credit  
 59.21 to the account the amounts authorized under this section and appropriations and transfers  
 59.22 to the account. The State Board of Investment shall ensure that account money is invested  
 59.23 under section 11A.24. All money earned by the account must be credited to the account.  
 59.24 The principal of the account and any unexpended earnings must be invested and reinvested  
 59.25 by the State Board of Investment.

59.26 (b) Gifts and donations, including land or interests in land, may be made to the account.  
 59.27 Noncash gifts and donations must be disposed of for cash as soon as the board prudently  
 59.28 can maximize the value of the gift or donation. Gifts and donations of marketable securities  
 59.29 may be held or be disposed of for cash at the option of the board. The cash receipts of gifts  
 59.30 and donations of cash or capital assets and marketable securities disposed of for cash must  
 59.31 be credited immediately to the principal of the account. The value of marketable securities  
 59.32 at the time the gift or donation is made must be credited to the principal of the account and  
 59.33 any earnings from the marketable securities are earnings of the account. The earnings in

60.1 the account are annually appropriated to the board of the Center for Rural Policy and  
60.2 Development to carry out the duties of the center.

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

60.4 Sec. 2. Minnesota Statutes 2016, section 116J.8731, subdivision 2, is amended to read:

60.5 Subd. 2. **Administration.** (a) Except as otherwise provided in this section, the  
60.6 commissioner shall administer the fund as part of the Small Cities Development Block  
60.7 Grant Program and funds shall be made available to local communities and recognized  
60.8 Indian tribal governments in accordance with the rules adopted for economic development  
60.9 grants in the small cities community development block grant program. All units of general  
60.10 purpose local government are eligible applicants for Minnesota investment funds. The  
60.11 commissioner may provide forgivable loans directly to a private enterprise and not require  
60.12 a local community or recognized Indian tribal government application other than a resolution  
60.13 supporting the assistance.

60.14 (b) Eligible applicants for the state-funded portion of the fund also include development  
60.15 authorities as defined in section 116J.552, subdivision 4, provided that the governing body  
60.16 of the municipality approves, by resolution, the application of the development authority.  
60.17 A local government entity may receive more than one award in a fiscal year. The  
60.18 commissioner may also make funds available within the department for eligible expenditures  
60.19 under subdivision 3, clause (2).

60.20 (c) A home rule charter or statutory city, county, or town may loan or grant money  
60.21 received from repayment of funds awarded under this section to a regional development  
60.22 commission, other regional entity, or statewide community capital fund as determined by  
60.23 the commissioner, to capitalize or to provide the local match required for capitalization of  
60.24 a regional or statewide revolving loan fund.

60.25 Sec. 3. Minnesota Statutes 2016, section 116J.8731, is amended by adding a subdivision  
60.26 to read:

60.27 Subd. 10. **Transfer.** The commissioner may transfer up to \$2,000,000 of a fiscal year's  
60.28 appropriation between the Minnesota job creation fund program and Minnesota investment  
60.29 fund to meet business demand.

60.30 Sec. 4. Minnesota Statutes 2016, section 116J.8748, subdivision 1, is amended to read:

60.31 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
60.32 the meanings given.

61.1 (b) "Agreement" or "business subsidy agreement" means a business subsidy agreement  
 61.2 under section 116J.994 that must include, but is not limited to: specification of the duration  
 61.3 of the agreement, job goals and a timeline for achieving those goals over the duration of  
 61.4 the agreement, construction and other investment goals and a timeline for achieving those  
 61.5 goals over the duration of the agreement, and the value of benefits the firm may receive  
 61.6 following achievement of capital investment and employment goals. The local government  
 61.7 and business must report to the commissioner on the business performance using the forms  
 61.8 developed by the commissioner.

61.9 (c) "Business" means an individual, corporation, partnership, limited liability company,  
 61.10 association, or other entity.

61.11 (d) "Capital investment" means money that is expended for the purpose of building or  
 61.12 improving real fixed property where employees under paragraphs (g) and (h) are or will be  
 61.13 employed and also includes construction materials, services, and supplies, and the purchase  
 61.14 and installation of equipment and machinery as provided under subdivision 4, paragraph  
 61.15 (b), clause (5).

61.16 (e) "Commissioner" means the commissioner of employment and economic development.

61.17 (f) "Minnesota job creation fund business" means a business that is designated by the  
 61.18 commissioner under subdivision 3.

61.19 (g) "Minority person" means a person belonging to a racial or ethnic minority as defined  
 61.20 in Code of Federal Regulations, title 49, section 23.5.

61.21 ~~(g)~~ (h) "New full-time employee" means an employee who:

61.22 (1) begins work at a Minnesota job creation fund business facility noted in a business  
 61.23 subsidy agreement and following the designation as a job creation fund business; and

61.24 (2) has expected work hours of at least 2,080 hours annually.

61.25 (i) "Persons with disabilities" means an individual with a disability, as defined under  
 61.26 the Americans with Disabilities Act, United States Code, title 42, section 12102.

61.27 ~~(h)~~ (j) "Retained job" means a full-time position:

61.28 (1) that existed at the facility prior to the designation as a job creation fund business;

61.29 and

61.30 (2) has expected work hours of at least 2,080 hours annually.

61.31 (k) "Veteran" means a veteran as defined in section 197.447.

62.1 ~~(1)~~ (1) "Wages" has the meaning given in section 290.92, subdivision 1, clause (1).

62.2 Sec. 5. Minnesota Statutes 2016, section 116J.8748, subdivision 3, is amended to read:

62.3 Subd. 3. **Minnesota job creation fund business designation; requirements.** (a) To  
62.4 receive designation as a Minnesota job creation fund business, a business must satisfy all  
62.5 of the following conditions:

62.6 (1) the business is or will be engaged in, within Minnesota, one of the following as its  
62.7 primary business activity:

62.8 (i) manufacturing;

62.9 (ii) warehousing;

62.10 (iii) distribution;

62.11 (iv) information technology;

62.12 (v) finance;

62.13 (vi) insurance; or

62.14 (vii) professional or technical services;

62.15 (2) the business must not be primarily engaged in lobbying; gambling; entertainment;  
62.16 professional sports; political consulting; leisure; hospitality; or professional services provided  
62.17 by attorneys, accountants, business consultants, physicians, or health care consultants, or  
62.18 primarily engaged in making retail sales to purchasers who are physically present at the  
62.19 business's location;

62.20 (3) the business must enter into a binding construction and job creation business subsidy  
62.21 agreement with the commissioner to expend directly, or ensure expenditure by or in  
62.22 partnership with a third party constructing or managing the project, at least \$500,000 in  
62.23 capital investment in a capital investment project that includes a new, expanded, or remodeled  
62.24 facility within one year following designation as a Minnesota job creation fund business or  
62.25 \$250,000 if the project is located outside the metropolitan area as defined in section 200.02,  
62.26 subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans,  
62.27 women, or persons with a disability; and:

62.28 (i) create at least ten new full-time employee positions within two years of the benefit  
62.29 date following the designation as a Minnesota job creation fund business or five new full-time  
62.30 employee positions within two years of the benefit date if the project is located outside the

63.1 metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business  
63.2 is cumulatively owned by minorities, veterans, women, or persons with a disability; or

63.3 (ii) expend at least \$25,000,000, which may include the installation and purchase of  
63.4 machinery and equipment, in capital investment and retain at least 200 employees for projects  
63.5 located in the metropolitan area as defined in section 200.02, subdivision 24, and 75  
63.6 employees for projects located outside the metropolitan area;

63.7 (4) positions or employees moved or relocated from another Minnesota location of the  
63.8 Minnesota job creation fund business must not be included in any calculation or determination  
63.9 of job creation or new positions under this paragraph; and

63.10 (5) a Minnesota job creation fund business must not terminate, lay off, or reduce the  
63.11 working hours of an employee for the purpose of hiring an individual to satisfy job creation  
63.12 goals under this subdivision.

63.13 (b) Prior to approving the proposed designation of a business under this subdivision, the  
63.14 commissioner shall consider the following:

63.15 (1) the economic outlook of the industry in which the business engages;

63.16 (2) the projected sales of the business that will be generated from outside the state of  
63.17 Minnesota;

63.18 (3) how the business will build on existing regional, national, and international strengths  
63.19 to diversify the state's economy;

63.20 (4) whether the business activity would occur without financial assistance;

63.21 (5) whether the business is unable to expand at an existing Minnesota operation due to  
63.22 facility or land limitations;

63.23 (6) whether the business has viable location options outside Minnesota;

63.24 (7) the effect of financial assistance on industry competitors in Minnesota;

63.25 (8) financial contributions to the project made by local governments; and

63.26 (9) any other criteria the commissioner deems necessary.

63.27 (c) Upon receiving notification of local approval under subdivision 2, the commissioner  
63.28 shall review the determination by the local government and consider the conditions listed  
63.29 in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local  
63.30 area to designate a business as a Minnesota job creation fund business.

64.1 (d) If the commissioner designates a business as a Minnesota job creation fund business,  
 64.2 the business subsidy agreement shall include the performance outcome commitments and  
 64.3 the expected financial value of any Minnesota job creation fund benefits.

64.4 (e) The commissioner may amend an agreement once, upon request of a local government  
 64.5 on behalf of a business, only if the performance is expected to exceed thresholds stated in  
 64.6 the original agreement.

64.7 (f) A business may apply to be designated as a Minnesota job creation fund business at  
 64.8 the same location more than once only if all goals under a previous Minnesota job creation  
 64.9 fund agreement have been met and the agreement is completed.

64.10 Sec. 6. Minnesota Statutes 2016, section 116J.8748, subdivision 4, is amended to read:

64.11 Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job  
 64.12 creation fund business as eligible to receive a specific value of benefit under paragraphs (b)  
 64.13 and (c) when the business has achieved its job creation and capital investment goals noted  
 64.14 in its agreement under subdivision 3.

64.15 (b) A qualified Minnesota job creation fund business may be certified eligible for the  
 64.16 benefits in this paragraph for up to five years for projects located in the metropolitan area  
 64.17 as defined in section 200.02, subdivision 24, and seven years for projects located outside  
 64.18 the metropolitan area, as determined by the commissioner when considering the best interests  
 64.19 of the state and local area. Notwithstanding section 16B.98, subdivision 5, paragraph (a),  
 64.20 clause (3), or 16B.98, subdivision 5, paragraph (b), grant agreements for projects located  
 64.21 outside the metropolitan area may be for up to seven years in length. The eligibility for the  
 64.22 following benefits begins the date the commissioner certifies the business as a qualified  
 64.23 Minnesota job creation fund business under this subdivision:

64.24 (1) up to five percent rebate for projects located in the metropolitan area as defined in  
 64.25 section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan  
 64.26 area, on capital investment on qualifying purchases as provided in subdivision 5 with the  
 64.27 total rebate for a project not to exceed \$500,000;

64.28 (2) an award of up to \$500,000 based on full-time job creation and wages paid as provided  
 64.29 in subdivision 6 with the total award not to exceed \$500,000;

64.30 (3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards  
 64.31 are allowable for projects that have at least \$25,000,000 in capital investment and 200 new  
 64.32 employees in the metropolitan area as defined in section 200.02, subdivision 24, and 75  
 64.33 new employees for projects located outside the metropolitan area;



65.1 (4) up to \$1,000,000 in capital investment rebates are allowable for projects that have  
65.2 at least \$25,000,000 in capital investment and 200 retained employees for projects located  
65.3 in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for  
65.4 projects located outside the metropolitan area; and

65.5 (5) for clauses (3) and (4) only, the capital investment expenditure requirements may  
65.6 include the installation and purchases of machinery and equipment. These expenditures are  
65.7 not eligible for the capital investment rebate provided under subdivision 5.

65.8 (c) The job creation award may be provided in multiple years as long as the qualified  
65.9 Minnesota job creation fund business continues to meet the job creation goals provided for  
65.10 in its agreement under subdivision 3 and the total award does not exceed \$500,000 except  
65.11 as provided under paragraph (b), clauses (3) and (4).

65.12 (d) No rebates or award may be provided until the Minnesota job creation fund business  
65.13 or a third party constructing or managing the project has at least \$500,000 in capital  
65.14 investment in the project and at least ten full-time jobs have been created and maintained  
65.15 for at least one year or the retained employees, as provided in paragraph (b), clause (4),  
65.16 remain for at least one year. The agreement may require additional performance outcomes  
65.17 that need to be achieved before rebates and awards are provided. If fewer retained jobs are  
65.18 maintained, but still above the minimum under this subdivision, the capital investment  
65.19 award shall be reduced on a proportionate basis.

65.20 (e) The forms needed to be submitted to document performance by the Minnesota job  
65.21 creation fund business must be in the form and be made under the procedures specified by  
65.22 the commissioner. The forms shall include documentation and certification by the business  
65.23 that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66,  
65.24 and other provisions as specified by the commissioner.

65.25 (f) Minnesota job creation fund businesses must pay each new full-time employee added  
65.26 pursuant to the agreement total compensation, including benefits not mandated by law, that  
65.27 on an annualized basis is equal to at least 110 percent of the federal poverty level for a  
65.28 family of four.

65.29 (g) A Minnesota job creation fund business must demonstrate reasonable progress on  
65.30 ~~its~~ capital investment expenditures within six months following designation as a Minnesota  
65.31 job creation fund business to ensure that the capital investment goal in the agreement under  
65.32 subdivision 1 will be met. Businesses not making reasonable progress will not be eligible  
65.33 for benefits under the submitted application and will need to work with the local government  
65.34 unit to resubmit a new application and request to be a Minnesota job creation fund business.

66.1 Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not  
66.2 be considered a default of the business subsidy agreement.

66.3 Sec. 7. Minnesota Statutes 2016, section 116J.8748, subdivision 6, is amended to read:

66.4 Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is  
66.5 eligible for an annual award for each new job created and maintained by the business using  
66.6 the following schedule: \$1,000 for each job position paying annual wages at least \$26,000  
66.7 but less than \$35,000; \$2,000 for each job position paying at least \$35,000 but less than  
66.8 \$45,000; and \$3,000 for each job position paying at least \$45,000; and as noted in the goals  
66.9 under the agreement provided under subdivision 1. These awards are increased by \$1,000  
66.10 if the business is located outside the metropolitan area as defined in section 200.02,  
66.11 subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans,  
66.12 women, or persons with a disability.

66.13 (b) The job creation award schedule must be adjusted annually using the percentage  
66.14 increase in the federal poverty level for a family of four.

66.15 (c) Minnesota job creation fund businesses seeking an award credit provided under  
66.16 subdivision 4 must submit forms and applications to the Department of Employment and  
66.17 Economic Development as prescribed by the commissioner.

66.18 Sec. 8. Minnesota Statutes 2016, section 116L.17, subdivision 1, is amended to read:

66.19 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have  
66.20 the meanings given them in this subdivision.

66.21 (b) "Commissioner" means the commissioner of employment and economic development.

66.22 (c) "Dislocated worker" means an individual who is a resident of Minnesota at the time  
66.23 employment ceased or was working in the state at the time employment ceased and:

66.24 (1) has been permanently separated or has received a notice of permanent separation  
66.25 from public or private sector employment and is eligible for or has exhausted entitlement  
66.26 to unemployment benefits, and is unlikely to return to the previous industry or occupation;

66.27 (2) has been long-term unemployed and has limited opportunities for employment or  
66.28 reemployment in the same or a similar occupation in the area in which the individual resides,  
66.29 including older individuals who may have substantial barriers to employment by reason of  
66.30 age;

67.1 (3) has been terminated or has received a notice of termination of employment as a result  
67.2 of a plant closing or a substantial layoff at a plant, facility, or enterprise;

67.3 (4) has been self-employed, including farmers and ranchers, and is unemployed as a  
67.4 result of general economic conditions in the community in which the individual resides or  
67.5 because of natural disasters;

67.6 ~~(5) MS 2011 Supp [Expired, 2011 c 84 art 3 s 1]~~

67.7 ~~(6)~~ (5) is a veteran as defined by section 197.447, has been discharged or released from  
67.8 active duty under honorable conditions within the last 36 months, and (i) is unemployed or  
67.9 (ii) is employed in a job verified to be below the skill level and earning capacity of the  
67.10 veteran;

67.11 ~~(7)~~ (6) is an individual determined by the United States Department of Labor to be  
67.12 covered by trade adjustment assistance under United States Code, title 19, sections 2271 to  
67.13 2331, as amended; or

67.14 ~~(8)~~ (7) is a displaced homemaker. A "displaced homemaker" is an individual who has  
67.15 spent a substantial number of years in the home providing homemaking service and (i) has  
67.16 been dependent upon the financial support of another; and now due to divorce, separation,  
67.17 death, or disability of that person, must find employment to self support; or (ii) derived the  
67.18 substantial share of support from public assistance on account of dependents in the home  
67.19 and no longer receives such support. To be eligible under this clause, the support must have  
67.20 ceased while the worker resided in Minnesota.

67.21 For the purposes of this section, "dislocated worker" does not include an individual who  
67.22 was an employee, at the time employment ceased, of a political committee, political fund,  
67.23 principal campaign committee, or party unit, as those terms are used in chapter 10A, or an  
67.24 organization required to file with the federal elections commission.

67.25 (d) "Eligible organization" means a state or local government unit, nonprofit organization,  
67.26 community action agency, business organization or association, or labor organization.

67.27 (e) "Plant closing" means the announced or actual permanent shutdown of a single site  
67.28 of employment, or one or more facilities or operating units within a single site of  
67.29 employment.

67.30 (f) "Substantial layoff" means a permanent reduction in the workforce, which is not a  
67.31 result of a plant closing, and which results in an employment loss at a single site of  
67.32 employment during any 30-day period for at least 50 employees excluding those employees  
67.33 that work less than 20 hours per week.

68.1 Sec. 9. Minnesota Statutes 2016, section 116L.665, is amended to read:

68.2 **116L.665 WORKFORCE DEVELOPMENT COUNCIL BOARD.**

68.3 Subdivision 1. **Creation.** The governor's Workforce Development Council is created  
 68.4 under the authority of the Workforce Investment Act, United States Code, title 29, section  
 68.5 2801, et seq. Local workforce development councils are authorized under the Workforce  
 68.6 Investment Act. The governor's Workforce Development Council serves as Minnesota's  
 68.7 Workforce Investment Board for the purposes of the federal Workforce Investment Act.  
 68.8 Board serves as Minnesota's state workforce development board for the purposes of the  
 68.9 federal Workforce Innovation and Opportunity Act, United States Code, title 29, section  
 68.10 3111, and must perform the duties under that act.

68.11 Subd. 2. **Membership.** (a) The governor's Workforce Development Council Board is  
 68.12 composed of 31 members appointed by the governor. The members may be removed pursuant  
 68.13 to section 15.059. In selecting the representatives of the council board, the governor shall  
 68.14 ensure that 50 percent a majority of the members come from nominations provided by local  
 68.15 workforce councils. Local education representatives shall come from nominations provided  
 68.16 by local education to employment partnerships. The 31 members shall represent the following  
 68.17 sectors: the private sector, pursuant to United States Code, title 29, section 3111. For the  
 68.18 public members, membership terms, compensation of members, and removal of members  
 68.19 are governed by section 15.059, subdivisions 2, 3, and 4. To the extent practicable, the  
 68.20 membership should be balanced as to gender and ethnic diversity.

68.21 (a) State agencies: the following individuals shall serve on the council:

68.22 (1) commissioner of the Minnesota Department of Employment and Economic  
 68.23 Development;

68.24 (2) commissioner of the Minnesota Department of Education; and

68.25 (3) commissioner of the Minnesota Department of Human Services.

68.26 (b) Business and industry: six individuals shall represent the business and industry sectors  
 68.27 of Minnesota.

68.28 (c) Organized labor: six individuals shall represent labor organizations of Minnesota.

68.29 (d) Community-based organizations: four individuals shall represent community-based  
 68.30 organizations of Minnesota. Community-based organizations are defined by the Workforce  
 68.31 Investment Act as private nonprofit organizations that are representative of communities  
 68.32 or significant segments of communities and that have demonstrated expertise and  
 68.33 effectiveness in the field of workforce investment and may include entities that provide job

69.1 ~~training services, serve youth, serve individuals with disabilities, serve displaced~~  
 69.2 ~~homemakers, union-related organizations, employer-related nonprofit organizations, and~~  
 69.3 ~~organizations serving nonreservation Indians and tribal governments.~~

69.4 ~~(e) Education: six individuals shall represent the education sector of Minnesota as follows:~~

69.5 ~~(1) one individual shall represent local public secondary education;~~

69.6 ~~(2) one individual shall have expertise in design and implementation of school-based~~  
 69.7 ~~service-learning;~~

69.8 ~~(3) one individual shall represent leadership of the University of Minnesota;~~

69.9 ~~(4) one individual shall represent secondary/postsecondary vocational institutions;~~

69.10 ~~(5) the chancellor of the Board of Trustees of the Minnesota State Colleges and~~  
 69.11 ~~Universities; and~~

69.12 ~~(6) one individual shall have expertise in agricultural education.~~

69.13 ~~(f) Other: two individuals shall represent other constituencies including:~~

69.14 ~~(1) units of local government; and~~

69.15 ~~(2) applicable state or local programs.~~

69.16 ~~The speaker and the minority leader of the house of representatives shall each appoint~~  
 69.17 ~~a representative to serve as an ex officio member of the council. The majority and minority~~  
 69.18 ~~leaders of the senate shall each appoint a senator to serve as an ex officio member of the~~  
 69.19 ~~council.~~

69.20 ~~The governor shall appoint one individual representing public libraries, one individual~~  
 69.21 ~~with expertise in assisting women in obtaining employment in high-wage, high-demand,~~  
 69.22 ~~nontraditional occupations, and one individual representing adult basic education programs~~  
 69.23 ~~to serve as nonvoting advisors to the council.~~

69.24 ~~(b) No person shall serve as a member of more than one category described in paragraph~~

69.25 ~~(c).~~

69.26 ~~(c) Voting members shall consist of the following:~~

69.27 ~~(1) the governor or the governor's designee;~~

69.28 ~~(2) two members of the house of representatives, one appointed by the speaker of the~~  
 69.29 ~~house and one appointed by the minority leader of the house of representatives;~~

70.1 (3) two members of the senate, one appointed by the senate majority leader and one  
70.2 appointed by the senate minority leader;

70.3 (4) a majority of the members must be representatives of businesses in the state appointed  
70.4 by the governor who:

70.5 (i) are owners of businesses, chief executives, or operating officers of businesses, or  
70.6 other business executives or employers with optimum policy-making or hiring authority  
70.7 and who, in addition, may be members of a local board under United States Code, title 29,  
70.8 section 3122(b)(2)(A)(i);

70.9 (ii) represent businesses, including small businesses, or organizations representing  
70.10 businesses that provide employment opportunities that, at a minimum, include high-quality,  
70.11 work-relevant training and development in in-demand industry sectors or occupations in  
70.12 the state; and

70.13 (iii) are appointed from individuals nominated by state business organizations and  
70.14 business trade associations;

70.15 (5) six representatives of labor organizations appointed by the governor, including:

70.16 (i) representatives of labor organizations who have been nominated by state labor  
70.17 federations; and

70.18 (ii) a member of a labor organization or a training director from a joint labor organization;

70.19 (6) commissioners of the state agencies with primary responsibility for core programs  
70.20 identified within the state plan including:

70.21 (i) the Department of Employment and Economic Development;

70.22 (ii) the Department of Education; and

70.23 (iii) the Department of Human Services;

70.24 (7) two chief elected officials, appointed by the governor, collectively representing cities  
70.25 and counties;

70.26 (8) two representatives who are people of color or people with disabilities, appointed  
70.27 by the governor, of community-based organizations that have demonstrated experience and  
70.28 expertise in addressing the employment, training, or education needs of individuals with  
70.29 barriers to employment; and

71.1 (9) four officials responsible for education programs in the state, appointed by the  
71.2 governor, including chief executive officers of community colleges and other institutions  
71.3 of higher education, including:

71.4 (i) the chancellor of the Minnesota State Colleges and Universities;

71.5 (ii) the president of the University of Minnesota;

71.6 (iii) a president from a private postsecondary school; and

71.7 (iv) a representative of career and technical education.

71.8 (d) The nonvoting members of the board shall be appointed by the governor and consist  
71.9 of one of each of the following:

71.10 (1) a representative of Adult Basic Education;

71.11 (2) a representative of public libraries;

71.12 (3) a person with expertise in women's economic security;

71.13 (4) the chair or executive director of the Minnesota Workforce Council Association;

71.14 (5) the commissioner of labor and industry;

71.15 (6) the commissioner of the Office of Higher Education;

71.16 (7) the commissioner of corrections;

71.17 (8) the commissioner of management and budget;

71.18 (9) two representatives of community-based organizations who are people of color or  
71.19 people with disabilities who have demonstrated experience and expertise in addressing the  
71.20 employment, training, and education needs of individuals with barriers to employment;

71.21 (10) a representative of secondary, postsecondary, or career-technical education;

71.22 (11) a representative of school-based service learning;

71.23 (12) a representative of the Council on Asian-Pacific Minnesotans;

71.24 (13) a representative of the Minnesota Council on Latino Affairs;

71.25 (14) a representative of the Council for Minnesotans of African Heritage;

71.26 (15) a representative of the Minnesota Indian Affairs Council;

71.27 (16) a representative of the Minnesota State Council on Disability; and

71.28 (17) a representative of the Office on the Economic Status of Women.

72.1 ~~(g) Appointment:~~ (e) Each member shall be appointed for a term of three years from the  
 72.2 first day of January or July immediately following their appointment. Elected officials shall  
 72.3 forfeit their appointment if they cease to serve in elected office.

72.4 ~~(h) Members of the council are compensated as provided in section 15.059, subdivision~~  
 72.5 ~~3.~~

72.6 Subd. 2a. **Council Board meetings; chair.** ~~(a) If compliance with section 13D.02 is~~  
 72.7 ~~impractical, the Governor's Workforce Development Council may conduct a meeting of its~~  
 72.8 ~~members by telephone or other electronic means so long as the following conditions are~~  
 72.9 ~~met:~~

72.10 ~~(1) all members of the council participating in the meeting, wherever their physical~~  
 72.11 ~~location, can hear one another and can hear all discussion and testimony;~~

72.12 ~~(2) members of the public present at the regular meeting location of the council can hear~~  
 72.13 ~~clearly all discussion and testimony and all votes of members of the council and, if needed,~~  
 72.14 ~~receive those services required by sections 15.44 and 15.441;~~

72.15 ~~(3) at least one member of the council is physically present at the regular meeting location;~~  
 72.16 ~~and~~

72.17 ~~(4) all votes are conducted by roll call, so each member's vote on each issue can be~~  
 72.18 ~~identified and recorded.~~

72.19 ~~(b) Each member of the council participating in a meeting by telephone or other electronic~~  
 72.20 ~~means is considered present at the meeting for purposes of determining a quorum and~~  
 72.21 ~~participating in all proceedings.~~

72.22 ~~(c) If telephone or other electronic means is used to conduct a meeting, the council, to~~  
 72.23 ~~the extent practical, shall allow a person to monitor the meeting electronically from a remote~~  
 72.24 ~~location. The council may require the person making such a connection to pay for~~  
 72.25 ~~documented marginal costs that the council incurs as a result of the additional connection.~~

72.26 ~~(d) If telephone or other electronic means is used to conduct a regular, special, or~~  
 72.27 ~~emergency meeting, the council shall provide notice of the regular meeting location, of the~~  
 72.28 ~~fact that some members may participate by telephone or other electronic means, and of the~~  
 72.29 ~~provisions of paragraph (c). The timing and method of providing notice is governed by~~  
 72.30 ~~section 13D.04.~~

72.31 (a) The board shall hold regular in-person meetings at least quarterly and as often as  
 72.32 necessary to perform the duties outlined in the statement of authority and the board's bylaws.



73.1 Meetings shall be called by the chair. Special meetings may be called as needed. Notices  
 73.2 of all meetings shall be made at least 48 hours before the meeting date.

73.3 (b) The governor shall designate a chair from among the appointed business representative  
 73.4 voting members. The chair shall approve an agenda for each meeting. Members shall submit  
 73.5 a written request for consideration of an agenda item no less than 24 hours in advance of  
 73.6 the meeting. Members of the public may submit a written request within 48 hours of a  
 73.7 meeting to be considered for inclusion in the agenda. Members of the public attending a  
 73.8 meeting of the board may address the board only with the approval or at the request of the  
 73.9 chair.

73.10 (c) All meeting notices must be posted on the board's Web site. All meetings of the board  
 73.11 and committees must be open to the public. The board must make available to the public,  
 73.12 on a regular basis through electronic means and open meetings, information regarding the  
 73.13 activities of the board, information regarding membership, and, on request, minutes of  
 73.14 formal meetings of the board.

73.15 (d) For the purpose of conducting business before the board at a duly called meeting, a  
 73.16 simple majority of the voting members, excluding any vacancies, constitutes a quorum.

73.17 ~~Subd. 3. **Purpose; duties.** The governor's Workforce Development Council shall replace~~  
 73.18 ~~the governor's Job Training Council and assume all of its requirements, duties, and~~  
 73.19 ~~responsibilities under the Workforce Investment Act. Additionally, the Workforce~~  
 73.20 ~~Development Council shall assume the following duties and responsibilities:~~

73.21 ~~(a) Review the provision of services and the use of funds and resources under applicable~~  
 73.22 ~~federal human resource programs and advise the governor on methods of coordinating the~~  
 73.23 ~~provision of services and the use of funds and resources consistent with the laws and~~  
 73.24 ~~regulations governing the programs. For purposes of this section, applicable federal and~~  
 73.25 ~~state human resource programs mean the:~~

73.26 ~~(1) Workforce Investment Act, United States Code, title 29, section 2911, et seq.;~~

73.27 ~~(2) Carl D. Perkins Vocational and Applied Technology Education Act, United States~~  
 73.28 ~~Code, title 20, section 2301, et seq.;~~

73.29 ~~(3) Adult Education Act, United States Code, title 20, section 1201, et seq.;~~

73.30 ~~(4) Wagner-Peyser Act, United States Code, title 29, section 49;~~

73.31 ~~(5) Personal Responsibility and Work Opportunities Act of 1996 (TANF);~~

74.1 ~~(6) Food Stamp Act of 1977, United States Code, title 7, section 6(d)(4), Food Stamp~~  
 74.2 ~~Employment and Training Program, United States Code, title 7, section 2015(d)(4); and~~  
 74.3 ~~(7) programs defined in section 116L.19, subdivision 5.~~

74.4 ~~Additional federal and state programs and resources can be included within the scope~~  
 74.5 ~~of the council's duties if recommended by the governor after consultation with the council.~~

74.6 ~~(b) Review federal, state, and local education, postsecondary, job skills training, and~~  
 74.7 ~~youth employment programs, and make recommendations to the governor and the legislature~~  
 74.8 ~~for establishing an integrated seamless system for providing education and work skills~~  
 74.9 ~~development services to learners and workers of all ages.~~

74.10 ~~(c) Advise the governor on the development and implementation of statewide and local~~  
 74.11 ~~performance standards and measures relating to applicable federal human resource programs~~  
 74.12 ~~and the coordination of performance standards and measures among programs.~~

74.13 ~~(d) Promote education and employment transitions programs and knowledge and skills~~  
 74.14 ~~of entrepreneurship among employers, workers, youth, and educators, and encourage~~  
 74.15 ~~employers to provide meaningful work-based learning opportunities.~~

74.16 ~~(e) Evaluate and identify exemplary education and employment transitions programs~~  
 74.17 ~~and provide technical assistance to local partnerships to replicate the programs throughout~~  
 74.18 ~~the state.~~

74.19 ~~(f) Advise the governor on methods to evaluate applicable federal human resource~~  
 74.20 ~~programs.~~

74.21 ~~(g) Sponsor appropriate studies to identify human investment needs in Minnesota and~~  
 74.22 ~~recommend to the governor goals and methods for meeting those needs.~~

74.23 ~~(h) Recommend to the governor goals and methods for the development and coordination~~  
 74.24 ~~of a human resource system in Minnesota.~~

74.25 ~~(i) Examine federal and state laws, rules, and regulations to assess whether they present~~  
 74.26 ~~barriers to achieving the development of a coordinated human resource system.~~

74.27 ~~(j) Recommend to the governor and to the federal government changes in state or federal~~  
 74.28 ~~laws, rules, or regulations concerning employment and training programs that present barriers~~  
 74.29 ~~to achieving the development of a coordinated human resource system.~~

74.30 ~~(k) Recommend to the governor and to the federal government waivers of laws and~~  
 74.31 ~~regulations to promote coordinated service delivery.~~

75.1 ~~(l) Sponsor appropriate studies and prepare and recommend to the governor a strategic~~  
 75.2 ~~plan which details methods for meeting Minnesota's human investment needs and for~~  
 75.3 ~~developing and coordinating a state human resource system.~~

75.4 ~~(m) Provide the commissioner of employment and economic development and the~~  
 75.5 ~~committees of the legislature with responsibility for economic development with~~  
 75.6 ~~recommendations provided to the governor under this subdivision.~~

75.7 ~~(n) In consultation with local workforce councils and the Department of Employment~~  
 75.8 ~~and Economic Development, develop an ongoing process to identify and address local gaps~~  
 75.9 ~~in workforce services.~~

75.10 Subd. 4. **Executive committee duties.** The executive committee must, with advice and  
 75.11 input of local workforce ~~councils~~ boards and other stakeholders as appropriate, develop  
 75.12 performance standards for the state workforce centers. By January 15, ~~2002~~ 2019, and each  
 75.13 odd-numbered year thereafter, the executive committee shall submit a report to the senate  
 75.14 and house of representatives committees with jurisdiction over workforce development  
 75.15 programs regarding the performance and outcomes of the workforce centers. The report  
 75.16 must provide recommendations regarding workforce center funding levels and sources,  
 75.17 program changes, and administrative changes.

75.18 Subd. 5. **Subcommittees.** The chair of the Workforce Development ~~Council~~ Board may  
 75.19 establish subcommittees in order to carry out the duties and responsibilities of the ~~council~~  
 75.20 board.

75.21 Subd. 6. **Staffing.** The ~~Department of~~ commissioner of employment and economic  
 75.22 development must provide staff, ~~including but not limited to professional, technical, and~~  
 75.23 ~~clerical staff~~ to the board necessary to perform the duties assigned to the Minnesota  
 75.24 ~~Workforce Development Council.~~ All staff report to the commissioner carry out the duties  
 75.25 of the board. ~~The council may ask for assistance from other units of~~ At the request of the  
 75.26 board, state government as departments and agencies must provide the board with the  
 75.27 assistance it requires ~~in order~~ to fulfill its duties and responsibilities.

75.28 Subd. 7. **Expiration.** The ~~council~~ board expires if there is no federal funding for the  
 75.29 human resource programs within the scope of the ~~council's~~ board's duties.

75.30 Subd. 8. **Funding.** The commissioner shall ~~develop recommendations on a funding~~  
 75.31 ~~formula for allocating Workforce Investment Act funds to the council with a minimum~~  
 75.32 ~~allocation of employment and economic development must provide at least \$350,000 per~~  
 75.33 each fiscal year. ~~The commissioner shall report the funding formula recommendations to~~

76.1 ~~the legislature by January 15, 2011~~ from existing agency resources to the board for staffing  
76.2 and administrative expenses.

76.3 Sec. 10. Minnesota Statutes 2016, section 116M.14, subdivision 4, is amended to read:

76.4 Subd. 4. **Low-income area.** "Low-income area" means:

76.5 (1) Minneapolis, St. Paul;

76.6 (2) those cities in the metropolitan area as defined in section 473.121, subdivision 2,  
76.7 that have ~~an average income~~ a median income for a family of four that is below 80 percent  
76.8 of the median income for a four-person family as of the latest report by the United States  
76.9 Census Bureau; and

76.10 (3) the area outside the metropolitan area.

76.11 Sec. 11. Minnesota Statutes 2016, section 116M.17, subdivision 4, is amended to read:

76.12 Subd. 4. **Reports.** The ~~board~~ department shall submit an annual report to the legislature  
76.13 of an accounting of loans made under section 116M.18, including information on loans  
76.14 made, the number of jobs created by the program, the impact on low-income areas, and  
76.15 recommendations concerning minority business development and jobs for persons in  
76.16 low-income areas.

76.17 Sec. 12. Minnesota Statutes 2016, section 116M.18, subdivision 1a, is amended to read:

76.18 Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall  
76.19 be made so that an approximately equal dollar amount of loans are made to businesses in  
76.20 the metropolitan area as in the nonmetropolitan area. After ~~September 30~~ March 31 of each  
76.21 ~~calendar~~ fiscal year, the department may allow loans to be made anywhere in the state  
76.22 without regard to geographic area.

76.23 Sec. 13. Minnesota Statutes 2016, section 116M.18, subdivision 4, is amended to read:

76.24 Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made  
76.25 by nonprofit corporations under the program.

76.26 (b) Loans must be made to businesses that are not likely to undertake a project for which  
76.27 loans are sought without assistance from the program.

76.28 (c) A loan must be used to support a business owned by a minority or a low-income  
76.29 person, woman, veteran, or a person with disabilities. Priority must be given for loans to  
76.30 the lowest income areas.

77.1 (d) The minimum state contribution to a loan is \$5,000 and the maximum is \$150,000.

77.2 (e) The state contribution must be matched by at least an equal amount of new private  
77.3 investment.

77.4 (f) A loan may not be used for a retail development project.

77.5 (g) The business must agree to work with job referral networks that focus on minority  
77.6 and low-income applicants.

77.7 (h) Up to ten percent of a loan's principal amount may be forgiven if the department  
77.8 approves and the borrower has met lender criteria including being current with all payments.

77.9 Sec. 14. Minnesota Statutes 2016, section 116M.18, subdivision 4a, is amended to read:

77.10 Subd. 4a. **Microenterprise loan.** (a) Program grants may be used to make microenterprise  
77.11 loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans  
77.12 are subject to this section except that:

77.13 (1) they may also be made to qualified retail businesses;

77.14 (2) they may be made for a minimum of \$5,000 and a maximum of \$35,000;

77.15 (3) in a low-income area, they may be made for a minimum of \$5,000 and a maximum  
77.16 of \$50,000; and

77.17 (4) they do not require a match.

77.18 (b) Up to ten percent of a loan's principal amount may be forgiven if the department  
77.19 approves and the borrower has met lender criteria including being current with all payments.

77.20 Sec. 15. Minnesota Statutes 2016, section 116M.18, subdivision 8, is amended to read:

77.21 Subd. 8. **Reporting requirements.** A nonprofit corporation that receives a program  
77.22 grant shall:

77.23 (1) submit an annual report to the ~~board and~~ department by ~~March 30~~ February 15 of  
77.24 each year that includes a description of businesses supported by the grant program, an  
77.25 account of loans made during the calendar year, the program's impact on minority business  
77.26 enterprises and job creation for minority persons and low-income persons, the source and  
77.27 amount of money collected and distributed by the program, the program's assets and  
77.28 liabilities, and an explanation of administrative expenses; and

78.1 (2) provide for an independent annual audit to be performed in accordance with generally  
78.2 accepted accounting practices and auditing standards and submit a copy of each annual  
78.3 audit report to the department.

78.4 Sec. 16. Laws 2014, chapter 312, article 2, section 14, as amended by Laws 2016, chapter  
78.5 189, article 7, section 8, is amended to read:

78.6 Sec. 14. **ASSIGNED RISK TRANSFER.**

78.7 (a) By June 30, 2015, if the commissioner of commerce determines on the basis of an  
78.8 audit that there is an excess surplus in the assigned risk plan created under Minnesota  
78.9 Statutes, section 79.252, the commissioner of management and budget shall transfer the  
78.10 amount of the excess surplus, not to exceed \$10,500,000, to the general fund. This transfer  
78.11 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,  
78.12 paragraph (a), clause (1). This is a onetime transfer.

78.13 (b) By June 30, 2015, and each year thereafter, if the commissioner of commerce  
78.14 determines on the basis of an audit that there is an excess surplus in the assigned risk plan  
78.15 created under Minnesota Statutes, section 79.252, the commissioner of management and  
78.16 budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000 each year,  
78.17 to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423.  
78.18 This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251,  
78.19 subdivision 1, paragraph (a), clause (1), but after the ~~transfer~~ transfers authorized in ~~paragraph~~  
78.20 paragraphs (a) and (f). The total amount authorized for all transfers under this paragraph  
78.21 must not exceed \$24,100,000. This paragraph expires the day following the transfer in which  
78.22 the total amount transferred under this paragraph to the Minnesota minerals 21st century  
78.23 fund equals \$24,100,000.

78.24 (c) By June 30, 2015, if the commissioner of commerce determines on the basis of an  
78.25 audit that there is an excess surplus in the assigned risk plan created under Minnesota  
78.26 Statutes, section 79.252, the commissioner of management and budget shall transfer the  
78.27 amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer  
78.28 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,  
78.29 paragraph (a), clause (1), but after any transfers authorized in paragraphs (a) and (b). If a  
78.30 transfer occurs under this paragraph, the amount transferred is appropriated from the general  
78.31 fund in fiscal year 2015 to the commissioner of labor and industry for the purposes of section  
78.32 15. Both the transfer and appropriation under this paragraph are onetime.

78.33 (d) By June 30, 2016, if the commissioner of commerce determines on the basis of an  
78.34 audit that there is an excess surplus in the assigned risk plan created under Minnesota

79.1 Statutes, section 79.252, the commissioner of management and budget shall transfer the  
 79.2 amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer  
 79.3 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,  
 79.4 paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (b). If a  
 79.5 transfer occurs under this paragraph, the amount transferred is appropriated from the general  
 79.6 fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section  
 79.7 15. Both the transfer and appropriation under this paragraph are onetime.

79.8 (e) Notwithstanding Minnesota Statutes, section 16A.28, the commissioner of  
 79.9 management and budget shall transfer to the general fund, any unencumbered or unexpended  
 79.10 balance of the appropriations under paragraphs (c) and (d) remaining on June 30, 2016, or  
 79.11 the date the commissioner of commerce determines that an excess surplus in the assigned  
 79.12 risk plan does not exist, whichever occurs earlier.

79.13 (f) By June 30, 2017, and each year thereafter, if the commissioner of commerce  
 79.14 determines on the basis of an audit that there is an excess surplus in the assigned risk plan  
 79.15 created under Minnesota Statutes, section 79.252, the commissioner of management and  
 79.16 budget shall transfer the amount of the excess surplus, not to exceed \$2,000,000 each year,  
 79.17 to the rural policy and development center fund under Minnesota Statutes, section 116J.4221.  
 79.18 This transfer occurs prior to any transfer under paragraph (b) or under Minnesota Statutes,  
 79.19 section 79.251, subdivision 1, paragraph (a), clause (1). The total amount authorized for all  
 79.20 transfers under this paragraph must not exceed \$2,000,000. This paragraph expires the day  
 79.21 following the transfer in which the total amount transferred under this paragraph to the rural  
 79.22 policy and development center fund equals \$2,000,000.

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

79.24 Sec. 17. Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 6, is  
 79.25 amended to read:

79.26 **Subd. 6. Vocational Rehabilitation**

79.27	Appropriations by Fund		
79.28	General	22,611,000	21,611,000
79.29	Workforce		
79.30	Development	7,830,000	7,830,000

79.31 (a) \$10,800,000 each year is from the general  
 79.32 fund for the state's vocational rehabilitation  
 79.33 program under Minnesota Statutes, chapter  
 79.34 268A.

80.1 (b) \$2,261,000 each year is from the general  
80.2 fund for grants to centers for independent  
80.3 living under Minnesota Statutes, section  
80.4 268A.11.

80.5 (c) \$5,745,000 each year from the general fund  
80.6 and \$6,830,000 each year from the workforce  
80.7 development fund are for extended  
80.8 employment services for persons with severe  
80.9 disabilities under Minnesota Statutes, section  
80.10 268A.15.

80.11 (d) \$250,000 in fiscal year 2016 and \$250,000  
80.12 in fiscal year 2017 are for rate increases to  
80.13 providers of extended employment services  
80.14 for persons with severe disabilities under  
80.15 Minnesota Statutes, section 268A.15. This  
80.16 appropriation is added to the agency's base.

80.17 (e) \$2,555,000 each year is from the general  
80.18 fund for grants to programs that provide  
80.19 employment support services to persons with  
80.20 mental illness under Minnesota Statutes,  
80.21 sections 268A.13 and 268A.14.

80.22 (f) \$1,000,000 each year is from the workforce  
80.23 development fund for grants under Minnesota  
80.24 Statutes, section 268A.16, for employment  
80.25 services for persons, including transition-aged  
80.26 youth, who are deaf, deafblind, or  
80.27 hard-of-hearing. If the amount in the first year  
80.28 is insufficient, the amount in the second year  
80.29 is available in the first year.

80.30 (g) \$1,000,000 in fiscal year 2016 is for a  
80.31 grant to Assistive Technology of Minnesota,  
80.32 a statewide nonprofit organization that is  
80.33 exclusively dedicated to the issues of access  
80.34 to and the acquisition of assistive technology.



81.1 ~~The purpose of the grant is to acquire assistive~~  
 81.2 ~~technology and to work in tandem with~~  
 81.3 ~~individuals using this technology to create~~  
 81.4 ~~career paths~~ Assistive Technology of  
 81.5 Minnesota must use the funds to provide  
 81.6 low-interest loans to individuals of all ages  
 81.7 and types of disabilities to purchase assistive  
 81.8 technology and employment-related  
 81.9 equipment. This is a onetime appropriation.

81.10 (h) For purposes of this subdivision,  
 81.11 Minnesota Diversified Industries, Inc. is an  
 81.12 eligible provider of services for persons with  
 81.13 severe disabilities under Minnesota Statutes,  
 81.14 section 268A.15.

81.15 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2015.

81.16 Sec. 18. Laws 2016, chapter 189, article 7, section 46, subdivision 3, is amended to read:

81.17 Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a  
 81.18 business must:

81.19 (1) be located within one of the following municipalities surrounding Lake Mille Lacs:

81.20 (i) in Crow Wing County, the city of Garrison, township of Garrison, or township of  
 81.21 Roosevelt;

81.22 (ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of  
 81.23 Malmo, or township of Lakeside; or

81.24 (iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of  
 81.25 East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

81.26 (2) document a reduction of at least ~~ten~~ five percent in gross receipts in any two-year  
 81.27 period since 2010; and

81.28 (3) be a business in one of the following industries, as defined within the North American  
 81.29 Industry Classification System: accommodation, restaurants, bars, amusement and recreation,  
 81.30 food and beverages retail, sporting goods, miscellaneous retail, general retail, museums,  
 81.31 historical sites, health and personal care, gas station, general merchandise, business and

82.1 professional membership, movies, or nonstore retailer, as determined by Mille Lacs County  
82.2 in consultation with the commissioner of employment and economic development.

82.3 Sec. 19. Laws 2016, chapter 189, article 7, section 46, the effective date, is amended to  
82.4 read:

82.5 **EFFECTIVE DATE.** This section, except for subdivision 4, is effective July 1, 2016,  
82.6 and expires June 30, ~~2017~~ 2018. Subdivision 4 is effective July 1, 2016, and expires on the  
82.7 date the last loan is repaid or forgiven as provided under this section.

82.8 Sec. 20. **EMERGING ENTREPRENEUR PROGRAM APPROPRIATIONS**  
82.9 **CANCELLATIONS.**

82.10 All unspent funds, estimated to be \$376,000, appropriated in Laws 2016, chapter 189,  
82.11 article 7, section 2, subdivision 2, paragraph (h), clause (7), and Laws 2016, chapter 189,  
82.12 article 12, section 2, subdivision 2, paragraph (p), are canceled to the general fund.

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

82.14 Sec. 21. **GREATER MINNESOTA COMMUNITY DESIGN PILOT PROJECT.**

82.15 Subdivision 1. **Creation.** The Minnesota Design Center at the University of Minnesota  
82.16 shall partner with relevant organizations in selected communities within greater Minnesota  
82.17 to establish a pilot project for community design. The pilot project shall identify current  
82.18 and future opportunities for rural development, create designs, seek funding from existing  
82.19 sources, and assist with the implementation of economically, environmentally, and culturally  
82.20 sensitive projects that respond to current community conditions, needs, capabilities, and  
82.21 aspirations in support of the selected communities. For the purposes of this section, "greater  
82.22 Minnesota" is limited to the following counties: Blue Earth, Brown, Dodge, Faribault,  
82.23 Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Olmsted, Rice, Sibley,  
82.24 Steele, Wabasha, Waseca, Watonwan, and Winona.

82.25 Subd. 2. **Community selection.** In order to be considered for inclusion in the pilot  
82.26 project, communities with fewer than 12,000 residents within the counties listed in  
82.27 subdivision 1 must submit a letter of interest to the Minnesota Design Center. The Minnesota  
82.28 Design Center may choose up to ten communities for participation in the pilot project.

82.29 Subd. 3. **Pilot project activities.** Among other activities, the Minnesota Design Center,  
82.30 in partnership with relevant organizations within the selected communities, shall:

82.31 (1) assess community capacity to engage in design, development, and implementation;

83.1 (2) create community and project designs that respond to a community's culture and  
 83.2 needs, reinforce its identity as a special place, and support its future aspirations;

83.3 (3) create an implementation strategy; and

83.4 (4) build capacity to implement design work by identifying potential funding strategies  
 83.5 and sources and assisting in grant writing to secure funding.

83.6 **Sec. 22. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT;**  
 83.7 **MANDATED REPORT HOLIDAY.**

83.8 (a) Notwithstanding any law to the contrary, any report required by state law from the  
 83.9 Department of Employment and Economic Development that is due in fiscal year 2018 or  
 83.10 2019 is optional. The commissioner of employment and economic development may produce  
 83.11 any reports at the commissioner's discretion or as may be required by federal law.

83.12 (b) This section does not apply to workforce programs outcomes reporting under  
 83.13 Minnesota Statutes, section 116L.98, or the agency activity and expenditure report under  
 83.14 article 12, section 3.

83.15 **Sec. 23. ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA**  
 83.16 **INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.**

83.17 (a) Notwithstanding Minnesota Statutes, section 116J.8731, a home rule charter or  
 83.18 statutory city, county, or town that has uncommitted money received from repayment of  
 83.19 funds awarded under Minnesota Statutes, section 116J.8731, may choose to transfer 20  
 83.20 percent of the balance of that money to the state general fund before June 30, 2018. Any  
 83.21 local entity that does so may then use the remaining 80 percent of the uncommitted money  
 83.22 as a general purpose aid for any lawful expenditure.

83.23 (b) By February 15, 2019, a home rule charter or statutory city, county, or town that  
 83.24 exercises the option under paragraph (a) shall submit to the chairs of the legislative  
 83.25 committees with jurisdiction over economic development policy and finance an accounting  
 83.26 and explanation of the use and distribution of the funds.

83.27 **Sec. 24. GETTING TO WORK GRANT PROGRAM.**

83.28 Subdivision 1. **Creation.** The commissioner of employment and economic development  
 83.29 shall make grants to nonprofit organizations to establish and operate programs under this  
 83.30 section that provide, repair, or maintain motor vehicles to assist eligible individuals to obtain  
 83.31 or maintain employment.

84.1 Subd. 2. **Qualified grantee.** A grantee must:

84.2 (1) qualify under section 501(c)(3) of the Internal Revenue Code; and

84.3 (2) at the time of application offer, or have the demonstrated capacity to offer, a motor

84.4 vehicle program that provides the services required under subdivision 3.

84.5 Subd. 3. **Program requirements.** (a) A program must offer one or more of the following  
84.6 services:

84.7 (1) provision of new or used motor vehicles by gift, sale, or lease;

84.8 (2) motor vehicle repair and maintenance services; or

84.9 (3) motor vehicle loans.

84.10 (b) In addition to the requirements of paragraph (a), a program must offer one or more  
84.11 of the following services:

84.12 (1) financial literacy education;

84.13 (2) education on budgeting for vehicle ownership;

84.14 (3) car maintenance and repair instruction;

84.15 (4) credit counseling; or

84.16 (5) job training related to motor vehicle maintenance and repair.

84.17 Subd. 4. **Application.** Applications for a grant must be on a form provided by the  
84.18 commissioner and on a schedule set by the commissioner. Applications must, in addition  
84.19 to any other information required by the commissioner, include the following:

84.20 (1) a detailed description of all services to be offered;

84.21 (2) the area to be served;

84.22 (3) the estimated number of program participants to be served by the grant; and

84.23 (4) a plan for leveraging resources from partners that may include, but are not limited

84.24 to:

84.25 (i) automobile dealers;

84.26 (ii) automobile parts dealers;

84.27 (iii) independent local mechanics and automobile repair facilities;

84.28 (iv) banks and credit unions;

84.29 (v) employers;

85.1 (vi) employment and training agencies;

85.2 (vii) insurance companies and agents;

85.3 (viii) local workforce centers; and

85.4 (ix) educational institutions including vocational institutions and jobs or skills training  
85.5 programs.

85.6 Subd. 5. **Participant eligibility.** (a) To be eligible to receive program services, a person  
85.7 must:

85.8 (1) have a household income at or below 200 percent of the federal poverty level;

85.9 (2) be at least 22 years of age;

85.10 (3) have a valid driver's license;

85.11 (4) provide the grantee with proof of motor vehicle insurance; and

85.12 (5) demonstrate to the grantee that a motor vehicle is required by the person to obtain  
85.13 or maintain employment.

85.14 (b) This subdivision does not preclude a grantee from imposing additional requirements,  
85.15 not inconsistent with paragraph (a), for the receipt of program services.

85.16 Subd. 6. **Report to legislature.** By February 15, 2019, the commissioner shall submit  
85.17 a report to the chairs of the house of representatives and senate committees with jurisdiction  
85.18 over workforce and economic development on program outcomes. At a minimum, the report  
85.19 must include:

85.20 (1) the total number of program participants;

85.21 (2) the number of program participants who received each of the following:

85.22 (i) provision of a motor vehicle;

85.23 (ii) motor vehicle repair services; and

85.24 (iii) motor vehicle loans;

85.25 (3) the number of program participants who report that they or their children were able  
85.26 to increase their participation in community activities such as after school programs, other  
85.27 youth programs, church or civic groups, or library services as a result of participation in the  
85.28 program; and

85.29 (4) an analysis of the impact of the getting to work grant program on the employment  
85.30 rate and wages of program participants.

86.1 Sec. 25. **REPEALER.**

86.2 Minnesota Statutes 2016, section 116J.549, and Minnesota Rules, parts 4355.0100;  
86.3 4355.0200; 4355.0300; 4355.0400; and 4355.0500, are repealed.

86.4 **ARTICLE 4**

86.5 **IRON RANGE RESOURCES AND REHABILITATION POLICY**

86.6 Section 1. Minnesota Statutes 2016, section 3.732, subdivision 1, is amended to read:

86.7 Subdivision 1. **Definitions.** As used in this section and section 3.736 the terms defined  
86.8 in this section have the meanings given them.

86.9 (1) "State" includes each of the departments, boards, agencies, commissions, courts, and  
86.10 officers in the executive, legislative, and judicial branches of the state of Minnesota and  
86.11 includes but is not limited to the Housing Finance Agency, the Minnesota Office of Higher  
86.12 Education, the Higher Education Facilities Authority, the Health Technology Advisory  
86.13 Committee, the Armory Building Commission, the Zoological Board, the Department of  
86.14 Iron Range Resources and Rehabilitation Board, the Minnesota Historical Society, the State  
86.15 Agricultural Society, the University of Minnesota, the Minnesota State Colleges and  
86.16 Universities, state hospitals, and state penal institutions. It does not include a city, town,  
86.17 county, school district, or other local governmental body corporate and politic.

86.18 (2) "Employee of the state" means all present or former officers, members, directors, or  
86.19 employees of the state, members of the Minnesota National Guard, members of a bomb  
86.20 disposal unit approved by the commissioner of public safety and employed by a municipality  
86.21 defined in section 466.01 when engaged in the disposal or neutralization of bombs or other  
86.22 similar hazardous explosives, as defined in section 299C.063, outside the jurisdiction of the  
86.23 municipality but within the state, or persons acting on behalf of the state in an official  
86.24 capacity, temporarily or permanently, with or without compensation. It does not include  
86.25 either an independent contractor except, for purposes of this section and section 3.736 only,  
86.26 a guardian ad litem acting under court appointment, or members of the Minnesota National  
86.27 Guard while engaged in training or duty under United States Code, title 10, or title 32,  
86.28 section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding  
86.29 sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee  
86.30 of the state" includes a district public defender or assistant district public defender in the  
86.31 Second or Fourth Judicial District, a member of the Health Technology Advisory Committee,  
86.32 and any officer, agent, or employee of the state of Wisconsin performing work for the state  
86.33 of Minnesota pursuant to a joint state initiative.

87.1 (3) "Scope of office or employment" means that the employee was acting on behalf of  
87.2 the state in the performance of duties or tasks lawfully assigned by competent authority.

87.3 (4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

87.4 Sec. 2. Minnesota Statutes 2016, section 3.736, subdivision 3, is amended to read:

87.5 Subd. 3. **Exclusions.** Without intent to preclude the courts from finding additional cases  
87.6 where the state and its employees should not, in equity and good conscience, pay  
87.7 compensation for personal injuries or property losses, the legislature declares that the state  
87.8 and its employees are not liable for the following losses:

87.9 (a) a loss caused by an act or omission of a state employee exercising due care in the  
87.10 execution of a valid or invalid statute or rule;

87.11 (b) a loss caused by the performance or failure to perform a discretionary duty, whether  
87.12 or not the discretion is abused;

87.13 (c) a loss in connection with the assessment and collection of taxes;

87.14 (d) a loss caused by snow or ice conditions on a highway or public sidewalk that does  
87.15 not abut a publicly owned building or a publicly owned parking lot, except when the condition  
87.16 is affirmatively caused by the negligent acts of a state employee;

87.17 (e) a loss caused by wild animals in their natural state, except as provided in section  
87.18 3.7371;

87.19 (f) a loss other than injury to or loss of property or personal injury or death;

87.20 (g) a loss caused by the condition of unimproved real property owned by the state, which  
87.21 means land that the state has not improved, state land that contains idled or abandoned mine  
87.22 pits or shafts, and appurtenances, fixtures, and attachments to land that the state has neither  
87.23 affixed nor improved;

87.24 (h) a loss involving or arising out of the use or operation of a recreational motor vehicle,  
87.25 as defined in section 84.90, subdivision 1, within the right-of-way of a trunk highway, as  
87.26 defined in section 160.02, except that the state is liable for conduct that would entitle a  
87.27 trespasser to damages against a private person;

87.28 (i) a loss incurred by a user arising from the construction, operation, or maintenance of  
87.29 the outdoor recreation system, as defined in section 86A.04, or for a loss arising from the  
87.30 construction, operation, maintenance, or administration of grants-in-aid trails as defined in  
87.31 section 85.018, or for a loss arising from the construction, operation, or maintenance of a  
87.32 water access site created by the Department of Iron Range Resources and Rehabilitation

88.1 ~~Board~~, except that the state is liable for conduct that would entitle a trespasser to damages  
88.2 against a private person. For the purposes of this clause, a water access site, as defined in  
88.3 section 86A.04 or created by the commissioner of Iron Range resources and rehabilitation  
88.4 ~~Board~~, that provides access to an idled, water filled mine pit, also includes the entire water  
88.5 filled area of the pit and, further, includes losses caused by the caving or slumping of the  
88.6 mine pit walls;

88.7 (j) a loss of benefits or compensation due under a program of public assistance or public  
88.8 welfare, except if state compensation for loss is expressly required by federal law in order  
88.9 for the state to receive federal grants-in-aid;

88.10 (k) a loss based on the failure of a person to meet the standards needed for a license,  
88.11 permit, or other authorization issued by the state or its agents;

88.12 (l) a loss based on the usual care and treatment, or lack of care and treatment, of a person  
88.13 at a state hospital or state corrections facility where reasonable use of available appropriations  
88.14 has been made to provide care;

88.15 (m) loss, damage, or destruction of property of a patient or inmate of a state institution  
88.16 except as provided under section 3.7381;

88.17 (n) a loss for which recovery is prohibited by section 169A.48, subdivision 2;

88.18 (o) a loss caused by an aeration, bubbler, water circulation, or similar system used to  
88.19 increase dissolved oxygen or maintain open water on the ice of public waters, that is operated  
88.20 under a permit issued by the commissioner of natural resources;

88.21 (p) a loss incurred by a visitor to the Minnesota Zoological Garden, except that the state  
88.22 is liable for conduct that would entitle a trespasser to damages against a private person;

88.23 (q) a loss arising out of a person's use of a logging road on public land that is maintained  
88.24 exclusively to provide access to timber on that land by harvesters of the timber, and is not  
88.25 signed or otherwise held out to the public as a public highway; and

88.26 (r) a loss incurred by a user of property owned, leased, or otherwise controlled by the  
88.27 Minnesota National Guard or the Department of Military Affairs, except that the state is  
88.28 liable for conduct that would entitle a trespasser to damages against a private person.

88.29 The state will not pay punitive damages.

88.30 Sec. 3. Minnesota Statutes 2016, section 15.01, is amended to read:

88.31 **15.01 DEPARTMENTS OF THE STATE.**



89.1 The following agencies are designated as the departments of the state government: the  
 89.2 Department of Administration; the Department of Agriculture; the Department of Commerce;  
 89.3 the Department of Corrections; the Department of Education; the Department of Employment  
 89.4 and Economic Development; the Department of Health; the Department of Human Rights;  
 89.5 the Department of Iron Range Resources and Rehabilitation; the Department of Labor and  
 89.6 Industry; the Department of Management and Budget; the Department of Military Affairs;  
 89.7 the Department of Natural Resources; the Department of Public Safety; the Department of  
 89.8 Human Services; the Department of Revenue; the Department of Transportation; the  
 89.9 Department of Veterans Affairs; and their successor departments.

89.10 Sec. 4. Minnesota Statutes 2016, section 15.38, subdivision 7, is amended to read:

89.11 Subd. 7. **Department of Iron Range Resources and Rehabilitation Board**. After  
 89.12 seeking a recommendation from the Iron Range Resources and Rehabilitation Board, the  
 89.13 commissioner of Iron Range resources and rehabilitation Board may purchase insurance ~~it~~  
 89.14 ~~considers~~ the commissioner deems necessary and appropriate to insure facilities operated  
 89.15 by the ~~board~~ commissioner.

89.16 Sec. 5. Minnesota Statutes 2016, section 15A.0815, subdivision 3, is amended to read:

89.17 Subd. 3. **Group II salary limits.** The salary for a position listed in this subdivision shall  
 89.18 not exceed 120 percent of the salary of the governor. This limit must be adjusted annually  
 89.19 on January 1. The new limit must equal the limit for the prior year increased by the percentage  
 89.20 increase, if any, in the Consumer Price Index for all urban consumers from October of the  
 89.21 second prior year to October of the immediately prior year. The commissioner of management  
 89.22 and budget must publish the limit on the department's Web site. This subdivision applies  
 89.23 to the following positions:

89.24 Executive director of Gambling Control Board;

89.25 Commissioner, of Iron Range resources and rehabilitation ~~Board~~;

89.26 Commissioner, Bureau of Mediation Services;

89.27 Ombudsman for Mental Health and Developmental Disabilities;

89.28 Chair, Metropolitan Council;

89.29 School trust lands director;

89.30 Executive director of pari-mutuel racing; and

89.31 Commissioner, Public Utilities Commission.

90.1 Sec. 6. Minnesota Statutes 2016, section 43A.02, subdivision 22, is amended to read:

90.2 Subd. 22. **Executive branch.** "Executive branch" means heads of all agencies of state  
 90.3 government, elective or appointive, established by statute or Constitution and all employees  
 90.4 of those agency heads who have within their particular field of responsibility statewide  
 90.5 jurisdiction and who are not within the legislative or judicial branches of government. The  
 90.6 executive branch also includes employees of the Department of Iron Range Resources and  
 90.7 Rehabilitation Board. The executive branch does not include agencies with jurisdiction in  
 90.8 specifically defined geographical areas, such as regions, counties, cities, towns,  
 90.9 municipalities, or school districts, the University of Minnesota, the Public Employees  
 90.10 Retirement Association, the Minnesota State Retirement System, the Teachers Retirement  
 90.11 Association, the Minnesota Historical Society, and all of their employees, and any other  
 90.12 entity which is incorporated, even though it receives state funds.

90.13 Sec. 7. Minnesota Statutes 2016, section 85.0146, subdivision 1, is amended to read:

90.14 Subdivision 1. **Advisory council created.** The Cuyuna Country State Recreation Area  
 90.15 Citizens Advisory Council is established. Membership on the advisory council shall include:

90.16 (1) a representative of the Cuyuna Range Mineland Recreation Area Joint Powers Board;

90.17 (2) a representative of the Croft Mine Historical Park Joint Powers Board;

90.18 (3) a designee of the Cuyuna Range Mineland Reclamation Committee who has worked  
 90.19 as a miner in the local area;

90.20 (4) a representative of the Crow Wing County Board;

90.21 (5) an elected state official;

90.22 (6) a representative of the Grand Rapids regional office of the Department of Natural  
 90.23 Resources;

90.24 (7) a designee of the commissioner of Iron Range resources and rehabilitation Board;

90.25 (8) a designee of the local business community selected by the area chambers of  
 90.26 commerce;

90.27 (9) a designee of the local environmental community selected by the Crow Wing County  
 90.28 District 5 commissioner;

90.29 (10) a designee of a local education organization selected by the Crosby-Ironton School  
 90.30 Board;

91.1 (11) a designee of one of the recreation area user groups selected by the Cuyuna Range  
91.2 Chamber of Commerce; and

91.3 (12) a member of the Cuyuna Country Heritage Preservation Society.

91.4 Sec. 8. Minnesota Statutes 2016, section 116D.04, subdivision 1a, is amended to read:

91.5 Subd. 1a. **Definitions.** For the purposes of this chapter, the following terms have the  
91.6 meanings given to them in this subdivision.

91.7 (a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.

91.8 (b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02,  
91.9 subdivision 5.

91.10 (c) "Environmental assessment worksheet" means a brief document which is designed  
91.11 to set out the basic facts necessary to determine whether an environmental impact statement  
91.12 is required for a proposed action.

91.13 (d) "Governmental action" means activities, including projects wholly or partially  
91.14 conducted, permitted, assisted, financed, regulated, or approved by units of government  
91.15 including the federal government.

91.16 (e) "Governmental unit" means any state agency and any general or special purpose unit  
91.17 of government in the state including, but not limited to, watershed districts organized under  
91.18 chapter 103D, counties, towns, cities, port authorities, housing authorities, and economic  
91.19 development authorities established under sections 469.090 to 469.108, but not including  
91.20 courts, school districts, the Department of Iron Range Resources and Rehabilitation, and  
91.21 regional development commissions other than the Metropolitan Council.

91.22 Sec. 9. Minnesota Statutes 2016, section 116J.423, subdivision 2, is amended to read:

91.23 Subd. 2. **Use of fund.** The commissioner shall use money in the fund to make loans ~~or~~  
91.24 including forgivable loans, equity investments, or grants for infrastructure in mineral, steel,  
91.25 or any other industry processing, production, manufacturing, or technology project that  
91.26 would enhance the economic diversification and that is located within the taconite ~~relief~~  
91.27 ~~tax~~ assistance area as defined under section ~~273.134~~ 273.1341. The commissioner must,  
91.28 prior to making any loans or equity investments and after consultation with industry and  
91.29 public officials, develop a strategy for making loans ~~and~~ equity investments, or grants for  
91.30 infrastructure that assists the taconite relief area in retaining and enhancing its economic  
91.31 competitiveness. Money in the fund may also be used to pay for the costs of carrying out  
91.32 the commissioner's due diligence duties under this section.

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

92.2 Sec. 10. Minnesota Statutes 2016, section 116J.424, is amended to read:

92.3 **116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD**  
 92.4 **CONTRIBUTION.**

92.5 The commissioner of the Iron Range resources and rehabilitation Board with approval  
 92.6 by the board, after consultation with the Iron Range Resources and Rehabilitation Board,  
 92.7 may provide an equal match for any loan or equity investment made for a project located  
 92.8 in the tax relief taconite assistance area defined in section 273.134, paragraph (b) 273.1341,  
 92.9 by the Minnesota 21st century fund created by section 116J.423. The match may be in the  
 92.10 form of a loan or equity investment, notwithstanding whether the fund makes a loan or  
 92.11 equity investment. The state shall not acquire an equity interest because of an equity  
 92.12 investment or loan by the board and the board at its sole discretion shall commissioner of  
 92.13 Iron Range resources and rehabilitation and the commissioner, after consultation with the  
 92.14 advisory board, shall have sole discretion to decide what interest the fund acquires in a  
 92.15 project. The commissioner of employment and economic development may require a  
 92.16 commitment from the board commissioner of Iron Range resources and rehabilitation to  
 92.17 make the match prior to disbursing money from the fund.

92.18 Sec. 11. Minnesota Statutes 2016, section 116J.994, subdivision 3, is amended to read:

92.19 Subd. 3. **Subsidy agreement.** (a) A recipient must enter into a subsidy agreement with  
 92.20 the grantor of the subsidy that includes:

92.21 (1) a description of the subsidy, including the amount and type of subsidy, and type of  
 92.22 district if the subsidy is tax increment financing;

92.23 (2) a statement of the public purposes for the subsidy;

92.24 (3) measurable, specific, and tangible goals for the subsidy;

92.25 (4) a description of the financial obligation of the recipient if the goals are not met;

92.26 (5) a statement of why the subsidy is needed;

92.27 (6) a commitment to continue operations in the jurisdiction where the subsidy is used  
 92.28 for at least five years after the benefit date;

92.29 (7) the name and address of the parent corporation of the recipient, if any; and

92.30 (8) a list of all financial assistance by all grantors for the project.

93.1 (b) Business subsidies in the form of grants must be structured as forgivable loans. For  
 93.2 other types of business subsidies, the agreement must state the fair market value of the  
 93.3 subsidy to the recipient, including the value of conveying property at less than a fair market  
 93.4 price, or other in-kind benefits to the recipient.

93.5 (c) If a business subsidy benefits more than one recipient, the grantor must assign a  
 93.6 proportion of the business subsidy to each recipient that signs a subsidy agreement. The  
 93.7 proportion assessed to each recipient must reflect a reasonable estimate of the recipient's  
 93.8 share of the total benefits of the project.

93.9 (d) The state or local government agency and the recipient must both sign the subsidy  
 93.10 agreement and, if the grantor is a local government agency, the agreement must be approved  
 93.11 by the local elected governing body, except for the St. Paul Port Authority and a seaway  
 93.12 port authority.

93.13 (e) Notwithstanding the provision in paragraph (a), clause (6), a recipient may be  
 93.14 authorized to move from the jurisdiction where the subsidy is used within the five-year  
 93.15 period after the benefit date if, after a public hearing, the grantor approves the recipient's  
 93.16 request to move. For the purpose of this paragraph, if the grantor is a state government  
 93.17 agency other than the Department of Iron Range Resources and Rehabilitation Board,  
 93.18 "jurisdiction" means a city or township.

93.19 Sec. 12. Minnesota Statutes 2016, section 116J.994, subdivision 5, is amended to read:

93.20 Subd. 5. **Public notice and hearing.** (a) Before granting a business subsidy that exceeds  
 93.21 \$500,000 for a state government grantor and \$150,000 for a local government grantor, the  
 93.22 grantor must provide public notice and a hearing on the subsidy. A public hearing and notice  
 93.23 under this subdivision is not required if a hearing and notice on the subsidy is otherwise  
 93.24 required by law.

93.25 (b) Public notice of a proposed business subsidy under this subdivision by a state  
 93.26 government grantor, other than the commissioner of Iron Range resources and rehabilitation  
 93.27 Board, must be published in the State Register. Public notice of a proposed business subsidy  
 93.28 under this subdivision by a local government grantor or the commissioner of Iron Range  
 93.29 resources and rehabilitation Board must be published in a local newspaper of general  
 93.30 circulation. The public notice must identify the location at which information about the  
 93.31 business subsidy, including a summary of the terms of the subsidy, is available. Published  
 93.32 notice should be sufficiently conspicuous in size and placement to distinguish the notice  
 93.33 from the surrounding text. The grantor must make the information available in printed paper

94.1 copies and, if possible, on the Internet. The government agency must provide at least a  
94.2 ten-day notice for the public hearing.

94.3 (c) The public notice must include the date, time, and place of the hearing.

94.4 (d) The public hearing by a state government grantor other than the commissioner of  
94.5 Iron Range resources and rehabilitation ~~Board~~ must be held in St. Paul.

94.6 (e) If more than one nonstate grantor provides a business subsidy to the same recipient,  
94.7 the nonstate grantors may designate one nonstate grantor to hold a single public hearing  
94.8 regarding the business subsidies provided by all nonstate grantors. For the purposes of this  
94.9 paragraph, "nonstate grantor" includes the commissioner of Iron Range resources and  
94.10 rehabilitation ~~Board~~.

94.11 (f) The public notice of any public meeting about a business subsidy agreement, including  
94.12 those required by this subdivision and by subdivision 4, must include notice that a person  
94.13 with residence in or the owner of taxable property in the granting jurisdiction may file a  
94.14 written complaint with the grantor if the grantor fails to comply with sections 116J.993 to  
94.15 116J.995, and that no action may be filed against the grantor for the failure to comply unless  
94.16 a written complaint is filed.

94.17 Sec. 13. Minnesota Statutes 2016, section 116J.994, subdivision 7, is amended to read:

94.18 Subd. 7. **Reports by recipients to grantors.** (a) A business subsidy grantor must monitor  
94.19 the progress by the recipient in achieving agreement goals.

94.20 (b) A recipient must provide information regarding goals and results for two years after  
94.21 the benefit date or until the goals are met, whichever is later. If the goals are not met, the  
94.22 recipient must continue to provide information on the subsidy until the subsidy is repaid.  
94.23 The information must be filed on forms developed by the commissioner in cooperation with  
94.24 representatives of local government. Copies of the completed forms must be sent to the  
94.25 local government agency that provided the subsidy or to the commissioner if the grantor is  
94.26 a state agency. If the commissioner of Iron Range resources and rehabilitation ~~Board~~ is the  
94.27 grantor, the copies must be sent to the ~~board~~ commissioner of Iron Range resources and  
94.28 rehabilitation. The report must include:

94.29 (1) the type, public purpose, and amount of subsidies and type of district, if the subsidy  
94.30 is tax increment financing;

94.31 (2) the hourly wage of each job created with separate bands of wages;

95.1 (3) the sum of the hourly wages and cost of health insurance provided by the employer  
95.2 with separate bands of wages;

95.3 (4) the date the job and wage goals will be reached;

95.4 (5) a statement of goals identified in the subsidy agreement and an update on achievement  
95.5 of those goals;

95.6 (6) the location of the recipient prior to receiving the business subsidy;

95.7 (7) the number of employees who ceased to be employed by the recipient when the  
95.8 recipient relocated to become eligible for the business subsidy;

95.9 (8) why the recipient did not complete the project outlined in the subsidy agreement at  
95.10 their previous location, if the recipient was previously located at another site in Minnesota;

95.11 (9) the name and address of the parent corporation of the recipient, if any;

95.12 (10) a list of all financial assistance by all grantors for the project; and

95.13 (11) other information the commissioner may request.

95.14 A report must be filed no later than March 1 of each year for the previous year. The local  
95.15 agency and the commissioner of Iron Range resources and rehabilitation Board must forward  
95.16 copies of the reports received by recipients to the commissioner by April 1.

95.17 (c) Financial assistance that is excluded from the definition of "business subsidy" by  
95.18 section 116J.993, subdivision 3, clauses (4), (5), (8), and (16), is subject to the reporting  
95.19 requirements of this subdivision, except that the report of the recipient must include instead:

95.20 (1) the type, public purpose, and amount of the financial assistance, and type of district  
95.21 if the assistance is tax increment financing;

95.22 (2) progress towards meeting goals stated in the assistance agreement and the public  
95.23 purpose of the assistance;

95.24 (3) if the agreement includes job creation, the hourly wage of each job created with  
95.25 separate bands of wages;

95.26 (4) if the agreement includes job creation, the sum of the hourly wages and cost of health  
95.27 insurance provided by the employer with separate bands of wages;

95.28 (5) the location of the recipient prior to receiving the assistance; and

95.29 (6) other information the grantor requests.

96.1 (d) If the recipient does not submit its report, the local government agency must mail  
 96.2 the recipient a warning within one week of the required filing date. If, after 14 days of the  
 96.3 postmarked date of the warning, the recipient fails to provide a report, the recipient must  
 96.4 pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The  
 96.5 maximum penalty shall not exceed \$1,000.

96.6 Sec. 14. Minnesota Statutes 2016, section 216B.161, subdivision 1, is amended to read:

96.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
 96.8 the meanings given them in this subdivision.

96.9 (b) "Area development rate" means a rate schedule established by a utility that provides  
 96.10 customers within an area development zone service under a base utility rate schedule, except  
 96.11 that charges may be reduced from the base rate as agreed upon by the utility and the customer  
 96.12 consistent with this section.

96.13 (c) "Area development zone" means a contiguous or noncontiguous area designated by  
 96.14 an authority or municipality for development or redevelopment and within which one of  
 96.15 the following conditions exists:

96.16 (1) obsolete buildings not suitable for improvement or conversion or other identified  
 96.17 hazards to the health, safety, and general well-being of the community;

96.18 (2) buildings in need of substantial rehabilitation or in substandard condition; or

96.19 (3) low values and damaged investments.

96.20 (d) "Authority" means a rural development financing authority established under sections  
 96.21 469.142 to 469.151; a housing and redevelopment authority established under sections  
 96.22 469.001 to 469.047; a port authority established under sections 469.048 to 469.068; an  
 96.23 economic development authority established under sections 469.090 to 469.108; a  
 96.24 redevelopment agency as defined in sections 469.152 to 469.165; the commissioner of Iron  
 96.25 Range resources and rehabilitation Board established under section 298.22; a municipality  
 96.26 that is administering a development district created under sections 469.124 to 469.133 or  
 96.27 any special law; a municipality that undertakes a project under sections 469.152 to 469.165,  
 96.28 except a town located outside the metropolitan area as defined in section 473.121, subdivision  
 96.29 2, or with a population of 5,000 persons or less; or a municipality that exercises the powers  
 96.30 of a port authority under any general or special law.

96.31 (e) "Municipality" means a city, however organized, and, with respect to a project  
 96.32 undertaken under sections 469.152 to 469.165, "municipality" has the meaning given in  
 96.33 sections 469.152 to 469.165, and, with respect to a project undertaken under sections 469.142



97.1 to 469.151 or a county or multicounty project undertaken under sections 469.004 to 469.008,  
97.2 also includes any county.

97.3 Sec. 15. Minnesota Statutes 2016, section 216B.1694, subdivision 1, is amended to read:

97.4 Subdivision 1. **Definition.** For the purposes of this section, the term "innovative energy  
97.5 project" means a proposed energy-generation facility or group of facilities which may be  
97.6 located on up to three sites:

97.7 (1) that makes use of an innovative generation technology utilizing coal as a primary  
97.8 fuel in a highly efficient combined-cycle configuration with significantly reduced sulfur  
97.9 dioxide, nitrogen oxide, particulate, and mercury emissions from those of traditional  
97.10 technologies;

97.11 (2) that the project developer or owner certifies is a project capable of offering a long-term  
97.12 supply contract at a hedged, predictable cost; and

97.13 (3) that is designated by the commissioner of ~~the~~ Iron Range resources and rehabilitation  
97.14 ~~Board~~ as a project that is located in the taconite tax relief area on a site that has substantial  
97.15 real property with adequate infrastructure to support new or expanded development and  
97.16 that has received prior financial and other support from the board.

97.17 Sec. 16. Minnesota Statutes 2016, section 276A.01, subdivision 8, is amended to read:

97.18 Subd. 8. **Municipality.** "Municipality" means a city, town, or township located in whole  
97.19 or part within the area. If a municipality is located partly within and partly without the area,  
97.20 the references in sections 276A.01 to 276A.09 to property or any portion thereof subject to  
97.21 taxation or taxing jurisdiction within the municipality are to the property or portion thereof  
97.22 that is located in that portion of the municipality within the area, except that the fiscal  
97.23 capacity of the municipality must be computed upon the basis of the valuation and population  
97.24 of the entire municipality. A municipality shall be excluded from the area if its municipal  
97.25 comprehensive zoning and planning policies conscientiously exclude most  
97.26 commercial-industrial development, for reasons other than preserving an agricultural use.  
97.27 The commissioner of Iron Range resources and rehabilitation Board and the commissioner  
97.28 of revenue shall jointly make this determination annually and shall notify those municipalities  
97.29 that are ineligible to participate in the tax base sharing program provided in this chapter for  
97.30 the following year. Before making the determination, the commissioner of Iron Range  
97.31 resources and rehabilitation must consult the Iron Range Resources and Rehabilitation  
97.32 Board.

98.1 Sec. 17. Minnesota Statutes 2016, section 276A.01, subdivision 17, is amended to read:

98.2 Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to  
98.3 25 percent of the areawide levy certified by the commissioner of Iron Range resources and  
98.4 rehabilitation Board, after consultation with the Iron Range Resources and Rehabilitation  
98.5 Board, to be used for the purposes of the Iron Range school consolidation and cooperatively  
98.6 operated school account under section 298.28, subdivision 7a.

98.7 (b) The allocation under paragraph (a) shall only be made after the commissioner of  
98.8 Iron Range resources and rehabilitation Board, after consultation with the Iron Range  
98.9 Resources and Rehabilitation Board, has certified by June 30 that the Iron Range school  
98.10 consolidation and cooperatively operated account has insufficient funds to make payments  
98.11 as authorized under section 298.28, subdivision 7a.

98.12 Sec. 18. Minnesota Statutes 2016, section 276A.06, subdivision 8, is amended to read:

98.13 Subd. 8. **Certification of values; payment.** The administrative auditor shall determine  
98.14 for each county the difference between the total levy on distribution value pursuant to  
98.15 subdivision 3, clause (1), including the school fund allocation within the county and the  
98.16 total tax on contribution value pursuant to subdivision 7, within the county. On or before  
98.17 May 16 of each year, the administrative auditor shall certify the differences so determined  
98.18 and the county's portion of the school fund allocation to each county auditor. In addition,  
98.19 the administrative auditor shall certify to those county auditors for whose county the total  
98.20 tax on contribution value exceeds the total levy on distribution value the settlement the  
98.21 county is to make to the other counties of the excess of the total tax on contribution value  
98.22 over the total levy on distribution value in the county. On or before June 15 and November  
98.23 15 of each year, each county treasurer in a county having a total tax on contribution value  
98.24 in excess of the total levy on distribution value shall pay one-half of the excess to the other  
98.25 counties in accordance with the administrative auditor's certification. On or before June 15  
98.26 and November 15 of each year, each county treasurer shall pay to the administrative auditor  
98.27 that county's share of the school fund allocation. On or before December 1 of each year,  
98.28 the administrative auditor shall pay the school fund allocation to the commissioner of Iron  
98.29 Range resources and rehabilitation Board for deposit in the Iron Range school consolidation  
98.30 and cooperatively operated account.

98.31 Sec. 19. Minnesota Statutes 2016, section 282.38, subdivision 1, is amended to read:

98.32 Subdivision 1. **Development.** In any county where the county board by proper resolution  
98.33 sets aside funds for forest development pursuant to section 282.08, clause (5), item (i), or

99.1 section 459.06, subdivision 2, the commissioner of Iron Range resources and rehabilitation  
 99.2 ~~with the approval of the board,~~ after consultation with the Iron Range Resources and  
 99.3 Rehabilitation Board, may upon request of the county board assist said county in carrying  
 99.4 out any project for the long range development of its forest resources through matching of  
 99.5 funds or otherwise.

99.6 Sec. 20. Minnesota Statutes 2016, section 282.38, subdivision 3, is amended to read:

99.7 Subd. 3. **Not to affect commissioner of Iron Range resources and rehabilitation.**  
 99.8 Nothing herein shall be construed to limit or abrogate the authority of the commissioner of  
 99.9 Iron Range resources and rehabilitation to give temporary assistance to any county in the  
 99.10 development of its land use program.

99.11 Sec. 21. Minnesota Statutes 2016, section 298.001, subdivision 8, is amended to read:

99.12 Subd. 8. **Commissioner.** "Commissioner" means the commissioner of revenue of the  
 99.13 state of Minnesota, except that when used in sections 298.22 to 298.227 and 298.291 to  
 99.14 298.297, "commissioner" means the commissioner of Iron Range resources and rehabilitation.

99.15 Sec. 22. Minnesota Statutes 2016, section 298.001, is amended by adding a subdivision  
 99.16 to read:

99.17 Subd. 11. **Advisory board.** "Advisory board" means the Iron Range Resources and  
 99.18 Rehabilitation Board, as established under section 298.22. The acronym "IRRRB" means  
 99.19 the advisory board.

99.20 Sec. 23. Minnesota Statutes 2016, section 298.018, subdivision 1, is amended to read:

99.21 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under  
 99.22 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the  
 99.23 taconite assistance area defined in section 273.1341, shall be allocated as follows:

99.24 (1) five percent to the city or town within which the minerals or energy resources are  
 99.25 mined or extracted, or within which the concentrate was produced. If the mining and  
 99.26 concentration, or different steps in either process, are carried on in more than one taxing  
 99.27 district, the commissioner shall apportion equitably the proceeds among the cities and towns  
 99.28 by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction,  
 99.29 and the remainder to the concentrating plant and to the processes of concentration, and with  
 99.30 respect to each thereof giving due consideration to the relative extent of the respective  
 99.31 operations performed in each taxing district;

100.1 (2) ten percent to the taconite municipal aid account to be distributed as provided in  
 100.2 section 298.282;

100.3 (3) ten percent to the school district within which the minerals or energy resources are  
 100.4 mined or extracted, or within which the concentrate was produced. If the mining and  
 100.5 concentration, or different steps in either process, are carried on in more than one school  
 100.6 district, distribution among the school districts must be based on the apportionment formula  
 100.7 prescribed in clause (1);

100.8 (4) 20 percent to a group of school districts comprised of those school districts wherein  
 100.9 the mineral or energy resource was mined or extracted or in which there is a qualifying  
 100.10 municipality as defined by section 273.134, paragraph (b), in direct proportion to school  
 100.11 district indexes as follows: for each school district, its pupil units determined under section  
 100.12 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted  
 100.13 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated  
 100.14 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution  
 100.15 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that  
 100.16 portion of the distribution which its index bears to the sum of the indices for all school  
 100.17 districts that receive the distributions;

100.18 (5) 20 percent to the county within which the minerals or energy resources are mined  
 100.19 or extracted, or within which the concentrate was produced. If the mining and concentration,  
 100.20 or different steps in either process, are carried on in more than one county, distribution  
 100.21 among the counties must be based on the apportionment formula prescribed in clause (1),  
 100.22 provided that any county receiving distributions under this clause shall pay one percent of  
 100.23 its proceeds to the Range Association of Municipalities and Schools;

100.24 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed  
 100.25 as provided in sections 273.134 to 273.136;

100.26 (7) five percent to the commissioner of Iron Range resources and rehabilitation ~~Board~~  
 100.27 for the purposes of section 298.22;

100.28 (8) three percent to the Douglas J. Johnson economic protection trust fund; and

100.29 (9) seven percent to the taconite environmental protection fund.

100.30 The proceeds of the tax shall be distributed on July 15 each year.

100.31 Sec. 24. Minnesota Statutes 2016, section 298.17, is amended to read:

100.32 **298.17 OCCUPATION TAXES TO BE APPORTIONED.**

101.1 (a) All occupation taxes paid by persons, copartnerships, companies, joint stock  
101.2 companies, corporations, and associations, however or for whatever purpose organized,  
101.3 engaged in the business of mining or producing iron ore or other ores, when collected shall  
101.4 be apportioned and distributed in accordance with the Constitution of the state of Minnesota,  
101.5 article X, section 3, in the manner following: 90 percent shall be deposited in the state  
101.6 treasury and credited to the general fund of which four-ninths shall be used for the support  
101.7 of elementary and secondary schools; and ten percent of the proceeds of the tax imposed  
101.8 by this section shall be deposited in the state treasury and credited to the general fund for  
101.9 the general support of the university.

101.10 (b) Of the money apportioned to the general fund by this section: (1) there is annually  
101.11 appropriated and credited to the mining environmental and regulatory account in the special  
101.12 revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax  
101.13 imposed by section 298.24 on each taxable ton produced in the preceding calendar year.  
101.14 Money in the mining environmental and regulatory account is appropriated annually to the  
101.15 commissioner of natural resources to fund agency staff to work on environmental issues  
101.16 and provide regulatory services for ferrous and nonferrous mining operations in this state.  
101.17 Payment to the mining environmental and regulatory account shall be made by July 1  
101.18 annually. The commissioner of natural resources shall execute an interagency agreement  
101.19 with the Pollution Control Agency to assist with the provision of environmental regulatory  
101.20 services such as monitoring and permitting required for ferrous and nonferrous mining  
101.21 operations; (2) there is annually appropriated and credited to the Iron Range resources and  
101.22 rehabilitation ~~Board~~ account in the special revenue fund an amount equal to that which  
101.23 would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable  
101.24 ton produced in the preceding calendar year, to be expended for the purposes of section  
101.25 298.22; and (3) there is annually appropriated and credited to the Iron Range resources and  
101.26 rehabilitation ~~Board~~ account in the special revenue fund for transfer to the Iron Range school  
101.27 consolidation and cooperatively operated school account under section 298.28, subdivision  
101.28 7a, an amount equal to that which would have been generated by a six cent tax imposed by  
101.29 section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the  
101.30 Iron Range resources and rehabilitation ~~Board~~ account shall be made by May 15 annually.

101.31 (c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to  
101.32 provide environmental development grants to local governments located within any county  
101.33 in region 3 as defined in governor's executive order number 60, issued on June 12, 1970,  
101.34 which does not contain a municipality qualifying pursuant to section 273.134, paragraph  
101.35 (b), or (ii) to provide economic development loans or grants to businesses located within

102.1 any such county, provided that the county board or an advisory group appointed by the  
 102.2 county board to provide recommendations on economic development shall make  
 102.3 recommendations to the commissioner of Iron Range resources and rehabilitation Board  
 102.4 regarding the loans. Payment to the Iron Range resources and rehabilitation ~~Board~~ account  
 102.5 shall be made by May 15 annually.

102.6 (d) Of the money allocated to Koochiching County, one-third must be paid to the  
 102.7 Koochiching County Economic Development Commission.

102.8 Sec. 25. Minnesota Statutes 2016, section 298.22, subdivision 1, is amended to read:

102.9 Subdivision 1. ~~The Office of Commissioner~~ Department of Iron Range Resources  
 102.10 **and Rehabilitation.** (a) The ~~Office of the Commissioner~~ Department of Iron Range  
 102.11 Resources and Rehabilitation is created as an agency in the executive branch of state  
 102.12 government. The governor shall appoint the commissioner of Iron Range resources and  
 102.13 rehabilitation under section 15.06. The commissioner may expend amounts appropriated  
 102.14 to the commissioner for projects after consultation with the advisory board created under  
 102.15 subdivision 1a.

102.16 (b) The commissioner may hold other positions or appointments that are not incompatible  
 102.17 with duties as commissioner of Iron Range resources and rehabilitation. The commissioner  
 102.18 may appoint a deputy commissioner. All expenses of the commissioner, including the  
 102.19 payment of staff and other assistance as may be necessary, must be paid out of the amounts  
 102.20 appropriated by section 298.28 or otherwise made available by law to the commissioner.  
 102.21 Notwithstanding chapters 16A, 16B, and 16C, the commissioner may utilize contracting  
 102.22 options available under section 471.345 when the commissioner determines it is in the best  
 102.23 interest of the agency. The agency is not subject to sections 16E.016 and 16C.05. The  
 102.24 commissioner has the authority to reimburse any nongovernmental manager operating  
 102.25 state-owned facilities within the Giants Ridge Recreation Area for purchasing materials,  
 102.26 supplies, equipment, or other items used in the operations at such facilities.

102.27 (c) When the commissioner determines that distress and unemployment exists or may  
 102.28 exist in the future in any county by reason of the removal of natural resources or a possibly  
 102.29 limited use of natural resources in the future and any resulting decrease in employment, the  
 102.30 commissioner may use whatever amounts of the appropriation made to the commissioner  
 102.31 of revenue in section 298.28 that are determined to be necessary and proper in the  
 102.32 development of the remaining resources of the county and in the vocational training and  
 102.33 rehabilitation of its residents, ~~except that the amount needed to cover cost overruns awarded~~  
 102.34 ~~to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in~~

103.1 ~~effect after July 1, 1985, is appropriated from the general fund.~~ For the purposes of this  
 103.2 section, "development of remaining resources" includes, but is not limited to, the promotion  
 103.3 of tourism.

103.4 Sec. 26. Minnesota Statutes 2016, section 298.22, subdivision 1a, is amended to read:

103.5 Subd. 1a. **Iron Range Resources and Rehabilitation Board.** (a) The Iron Range  
 103.6 Resources and Rehabilitation Board consists of the state senators and representatives elected  
 103.7 from state senatorial or legislative districts in which one-third or more of the residents reside  
 103.8 in a taconite assistance area as defined in section 273.1341. One additional state senator  
 103.9 shall also be appointed by the senate Subcommittee on Committees of the Committee on  
 103.10 Rules and Administration. All expenditures and projects made by the commissioner shall  
 103.11 first be submitted to the advisory board for approval. The advisory board shall recommend  
 103.12 approval or disapproval or modification of the expenditures and projects. The expenses of  
 103.13 the advisory board shall be paid by the state from the funds raised pursuant to this section.  
 103.14 Members of the advisory board may be reimbursed for expenses in the manner provided in  
 103.15 sections 3.099, subdivision 1, and 3.101, and may receive per diem payments during the  
 103.16 interims between legislative sessions in the manner provided in section 3.099, subdivision  
 103.17 1.

103.18 The members shall be appointed in January of every odd-numbered year, and shall serve  
 103.19 until January of the next odd-numbered year. Vacancies on the board shall be filled in the  
 103.20 same manner as original members were chosen.

103.21 (b) The advisory board must develop procedures to elect a chair who shall preside over  
 103.22 and convene meetings as often as necessary to conduct duties prescribed by this chapter.  
 103.23 The advisory board must meet at least two times per year to review the actions of the  
 103.24 commissioner.

103.25 Sec. 27. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to  
 103.26 read:

103.27 Subd. 1b. **Evaluation of programs.** (a) In evaluating programs proposed by the  
 103.28 commissioner, the advisory board must consider factors, including but not limited to the  
 103.29 extent to which the program:

103.30 (1) contributes to increasing the effectiveness of promoting or managing Iron Range  
 103.31 economic and workforce development, community development, minerals and natural  
 103.32 resources development, and any other issue as determined by the advisory board; and

104.1 (2) advances the strategic plan adopted under subdivision 1c.

104.2 (b) In evaluating programs proposed by the commissioner, the advisory board must  
 104.3 consider factors, including but not limited to:

104.4 (1) job creation or retention goals for the program, including but not limited to wages  
 104.5 and benefits; whether the jobs created are full time, part time, temporary, or permanent; and  
 104.6 whether the stated job creation or retention goals in the program proposal can be adequately  
 104.7 measured using methods established by the commissioner;

104.8 (2) how and to what extent the program is expected to impact the economic climate of  
 104.9 the Iron Range resources and rehabilitation services area;

104.10 (3) how the program would meet match requirements, if any; and

104.11 (4) whether the program meets the written objectives, priorities, and policies established  
 104.12 by the commissioner.

104.13 Sec. 28. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to  
 104.14 read:

104.15 Subd. 1c. **Strategic plan required.** The commissioner, in consultation with the advisory  
 104.16 board, shall adopt a four-year strategic plan for making expenditures, including identifying  
 104.17 the priority areas for funding for the term of the commissioner's appointment. The strategic  
 104.18 plan must be reviewed annually. The strategic plan must have clearly stated short- and  
 104.19 long-term goals and strategies for expenditures, provide measurable outcomes for  
 104.20 expenditures, and determine areas of emphasis for funding.

104.21 Sec. 29. Minnesota Statutes 2016, section 298.22, subdivision 5a, is amended to read:

104.22 Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by the board~~ after consultation  
 104.23 with the advisory board, may purchase forest lands in the taconite assistance area defined  
 104.24 in under section 273.1341 with funds specifically authorized for the purchase. The acquired  
 104.25 forest lands must be held in trust for the benefit of the citizens of the taconite assistance  
 104.26 area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed  
 104.27 and developed for recreation and economic development purposes. The commissioner, ~~upon~~  
 104.28 ~~approval by the~~ after consultation with the advisory board, may sell forest lands purchased  
 104.29 under this subdivision if the ~~board finds~~ commissioner determines that the sale advances  
 104.30 the purposes of the trust. Proceeds derived from the management or sale of the lands and  
 104.31 from the sale of timber or removal of gravel or other minerals from these forest lands shall  
 104.32 be deposited into an Iron Range Miners' Memorial Forest account that is established within



105.1 the state financial accounts. Funds may be expended from the account ~~upon approval~~ by  
 105.2 the commissioner, after consultation with the advisory board, to purchase, manage,  
 105.3 administer, convey interests in, and improve the forest lands. ~~With approval by the board,~~  
 105.4 After consultation with the advisory board, the commissioner may transfer money in the  
 105.5 Iron Range Miners' Memorial Forest account ~~may be transferred~~ into the corpus of the  
 105.6 Douglas J. Johnson economic protection trust fund established under sections 298.291 to  
 105.7 298.294. The property acquired under the authority granted by this subdivision and income  
 105.8 derived from the property or the operation or management of the property are exempt from  
 105.9 taxation by the state or its political subdivisions while held by the forest trust.

105.10 Sec. 30. Minnesota Statutes 2016, section 298.22, subdivision 6, is amended to read:

105.11 Subd. 6. **Private entity participation.** The commissioner, after consultation with the  
 105.12 advisory board, may acquire an equity interest in any project for which ~~the commissioner~~  
 105.13 provides funding. The commissioner may, after consultation with the advisory board,  
 105.14 establish, participate in the management of, and dispose of the assets of charitable  
 105.15 foundations, nonprofit limited liability companies, and nonprofit corporations associated  
 105.16 with any project for which ~~the commissioner~~ provides funding, including specifically,  
 105.17 but without limitation, a corporation within the meaning of section 317A.011, subdivision  
 105.18 6.

105.19 Sec. 31. Minnesota Statutes 2016, section 298.22, subdivision 10, is amended to read:

105.20 Subd. 10. **Sale or privatization of functions.** The commissioner of Iron Range resources  
 105.21 and rehabilitation may not sell or privatize the ~~Ironworld~~ Minnesota Discovery Center or  
 105.22 Giants Ridge Golf and Ski Resort without prior approval by the advisory board.

105.23 Sec. 32. Minnesota Statutes 2016, section 298.22, subdivision 11, is amended to read:

105.24 Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation  
 105.25 shall annually prepare a budget for operational expenditures, programs, and projects, and  
 105.26 submit it to the Iron Range Resources and Rehabilitation Board. After the budget is approved  
 105.27 by the advisory board and the governor, the commissioner may spend money in accordance  
 105.28 with the approved budget.

106.1 Sec. 33. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to  
106.2 read:

106.3 Subd. 13. Grants and loans for economic development projects; requirements. (a)  
106.4 Prior to awarding any grants or approving loans from any fund or account from which the  
106.5 commissioner has the authority under law to expend money, the commissioner must evaluate  
106.6 applications based on criteria including, but not limited to:

106.7 (1) job creation or retention goals for the project, including but not limited to wages and  
106.8 benefits, and whether the jobs created are full time, part time, temporary, or permanent;

106.9 (2) whether the applicant's stated job creation or retention goals can be adequately  
106.10 measured using methods established by the commissioner;

106.11 (3) how and to what extent the project proposed by the applicant is expected to impact  
106.12 the economic climate of the Iron Range resources and rehabilitation services area;

106.13 (4) how the applicant would meet match requirements, if any; and

106.14 (5) whether the project for which a grant or loan application has been submitted meets  
106.15 the written objectives, priorities, and policies established by the commissioner.

106.16 (b) The commissioner, if appropriate, may include incentives in loan and grant award  
106.17 agreements to promote and assist grant recipients in achieving the stated job creation and  
106.18 retention objectives established by the commissioner.

106.19 (c) For all loans and grants awarded from funds under the commissioner's authority  
106.20 pursuant to this chapter, the commissioner must:

106.21 (1) maintain a database for tracking loan and grant awards;

106.22 (2) maintain an objective mechanism for measuring job creation and retention;

106.23 (3) verify achievement of job creation and retention goals by grant and loan recipients;

106.24 (4) monitor grant and loan awards to ensure that projects comply with applicable Iron  
106.25 Range resources and rehabilitation policies; and

106.26 (5) verify that grant or loan recipients have met applicable matching fund requirements.

106.27 Sec. 34. Minnesota Statutes 2016, section 298.221, is amended to read:

106.28 **298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.**

106.29 (a) Except as provided in paragraph (c), all money paid to the state of Minnesota pursuant  
106.30 to the terms of any contract entered into by the state under authority of section 298.22 and

107.1 any fees which may, in the discretion of the commissioner of Iron Range resources and  
 107.2 rehabilitation, be charged in connection with any project pursuant to that section as amended,  
 107.3 shall be deposited in the state treasury to the credit of the Iron Range resources and  
 107.4 rehabilitation ~~Board~~ account in the special revenue fund and are hereby appropriated for  
 107.5 the purposes of section 298.22.

107.6 (b) Notwithstanding section 16A.013, merchandise may be accepted by the commissioner  
 107.7 of the Iron Range resources and rehabilitation ~~Board~~ for payment of advertising contracts  
 107.8 if the commissioner determines that the merchandise can be used for special event prizes  
 107.9 or mementos at facilities operated by the ~~board~~ commissioner. Nothing in this paragraph  
 107.10 authorizes the commissioner or a member of the advisory board to receive merchandise for  
 107.11 personal use.

107.12 (c) All fees charged by the commissioner in connection with public use of the state-owned  
 107.13 ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived  
 107.14 by the commissioner from the operation or lease of those facilities and from the lease, sale,  
 107.15 or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be  
 107.16 deposited into an Iron Range resources and rehabilitation ~~Board~~ account that is created  
 107.17 within the state enterprise fund. All funds deposited in the enterprise fund account are  
 107.18 appropriated to the commissioner ~~to be expended, subject to approval by the board, and~~  
 107.19 may only be used, after consultation with the advisory board, as follows:

107.20 (1) to pay costs associated with the construction, equipping, operation, repair, or  
 107.21 improvement of the Giants Ridge Recreation Area facilities or lands;

107.22 (2) to pay principal, interest and associated bond issuance, reserve, and servicing costs  
 107.23 associated with the financing of the facilities; and

107.24 (3) to pay the costs of any other project authorized under section 298.22.

107.25 Sec. 35. Minnesota Statutes 2016, section 298.2211, subdivision 3, is amended to read:

107.26 Subd. 3. **Project approval.** ~~All projects authorized by this section shall be submitted~~  
 107.27 ~~by the commissioner to the Iron Range Resources and Rehabilitation Board for approval~~  
 107.28 ~~by the board~~ The commissioner may authorize a project under this section only after  
 107.29 consulting the advisory board. Prior to the commencement of a project involving the exercise  
 107.30 by the commissioner of any authority of sections 469.174 to 469.179, the governing body  
 107.31 of each municipality in which any part of the project is located and the county board of any  
 107.32 county containing portions of the project not located in an incorporated area shall by majority  
 107.33 vote approve or disapprove the project. Any project approved by the ~~board~~ commissioner

108.1 and the applicable governing bodies, if any, together with detailed information concerning  
108.2 the project, its costs, the sources of its funding, and the amount of any bonded indebtedness  
108.3 to be incurred in connection with the project, shall be transmitted to the governor, who shall  
108.4 approve, disapprove, or return the proposal for additional consideration within 30 days of  
108.5 receipt. No project authorized under this section shall be undertaken, and no obligations  
108.6 shall be issued and no tax increments shall be expended for a project authorized under this  
108.7 section until the project has been approved by the governor.

108.8 Sec. 36. Minnesota Statutes 2016, section 298.2211, subdivision 6, is amended to read:

108.9 Subd. 6. **Fee setting.** Fees for admission to or use of facilities operated by the  
108.10 commissioner of Iron Range resources and rehabilitation Board that have been established  
108.11 according to prevailing market conditions and to recover operating costs need not be set by  
108.12 rule.

108.13 Sec. 37. Minnesota Statutes 2016, section 298.2212, is amended to read:

108.14 **298.2212 INVESTMENT OF FUNDS.**

108.15 All funds credited to the Iron Range resources and rehabilitation ~~Board~~ account in the  
108.16 special revenue fund for the purposes of section 298.22 must be invested pursuant to law.  
108.17 The net interest and dividends from the investments are included and become part of the  
108.18 funds available for purposes of section 298.22.

108.19 Sec. 38. Minnesota Statutes 2016, section 298.223, subdivision 1, is amended to read:

108.20 Subdivision 1. **Creation; purposes.** A fund called the taconite environmental protection  
108.21 fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast  
108.22 Minnesota located within the taconite assistance area defined in section 273.1341, that are  
108.23 adversely affected by the environmentally damaging operations involved in mining taconite  
108.24 and iron ore and producing iron ore concentrate and for the purpose of promoting the  
108.25 economic development of northeast Minnesota. The taconite environmental protection fund  
108.26 shall be used for the following purposes:

108.27 (1) to initiate investigations into matters the commissioner of Iron Range resources and  
108.28 rehabilitation Board determines are in need of study and which will determine the  
108.29 environmental problems requiring remedial action;

108.30 (2) reclamation, restoration, or reforestation of mine lands not otherwise provided for  
108.31 by state law;

109.1 (3) local economic development projects ~~but only if those projects are approved by the~~  
 109.2 ~~board~~, and public works, including construction of sewer and water systems located within  
 109.3 the taconite assistance area defined in section 273.1341;

109.4 (4) monitoring of mineral industry related health problems among mining employees;  
 109.5 and

109.6 (5) local public works projects under section 298.227, paragraph (c).

109.7 Sec. 39. Minnesota Statutes 2016, section 298.223, subdivision 2, is amended to read:

109.8 Subd. 2. **Administration.** ~~(a) The taconite area environmental protection fund shall be~~  
 109.9 ~~administered by the commissioner of the Iron Range Resources and Rehabilitation Board,~~  
 109.10 ~~who must consult with the advisory board before expending any funds. The commissioner~~  
 109.11 ~~shall by September 1 of each year submit to the board a list of projects to be funded from~~  
 109.12 ~~the taconite area environmental protection fund, with such supporting information including~~  
 109.13 ~~description of the projects, plans, and cost estimates as may be necessary.~~

109.14 ~~(b) Each year no less than one-half of the amounts deposited into the taconite~~  
 109.15 ~~environmental protection fund must be used for public works projects, including construction~~  
 109.16 ~~of sewer and water systems, as specified under subdivision 1, clause (3). the Iron Range~~  
 109.17 ~~Resources and Rehabilitation Board may waive the requirements of this paragraph.~~

109.18 ~~(c) Upon approval by the board, the list of projects approved under this subdivision shall~~  
 109.19 ~~be submitted to the governor by November 1 of each year. By December 1 of each year,~~  
 109.20 ~~the governor shall approve or disapprove, or return for further consideration, each project.~~  
 109.21 ~~Funds for a project may be expended only upon approval of the project by the board and~~  
 109.22 ~~the governor. The commissioner may submit supplemental projects to the board and governor~~  
 109.23 ~~for approval at any time.~~

109.24 Sec. 40. Minnesota Statutes 2016, section 298.227, is amended to read:

109.25 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

109.26 ~~(a) An amount equal to that distributed pursuant to each taconite producer's taxable~~  
 109.27 ~~production and qualifying sales under section 298.28, subdivision 9a, shall be held by the~~  
 109.28 ~~commissioner of Iron Range resources and rehabilitation Board in a separate taconite~~  
 109.29 ~~economic development fund for each taconite and direct reduced ore producer. Money from~~  
 109.30 ~~the fund for each producer shall be released by the commissioner after review by a joint~~  
 109.31 ~~committee consisting of an equal number of representatives of the salaried employees and~~  
 109.32 ~~the nonsalaried production and maintenance employees of that producer. The District 11~~

110.1 director of the United States Steelworkers of America, on advice of each local employee  
110.2 president, shall select the employee members. In nonorganized operations, the employee  
110.3 committee shall be elected by the nonsalaried production and maintenance employees. The  
110.4 review must be completed no later than six months after the producer presents a proposal  
110.5 for expenditure of the funds to the committee. The funds held pursuant to this section may  
110.6 be released only for workforce development and associated public facility improvement,  
110.7 or for acquisition of plant and stationary mining equipment and facilities for the producer  
110.8 or for research and development in Minnesota on new mining, or taconite, iron, or steel  
110.9 production technology, but only if the producer provides a matching expenditure equal to  
110.10 the amount of the distribution to be used for the same purpose beginning with distributions  
110.11 in 2014. Effective for proposals for expenditures of money from the fund beginning May  
110.12 26, 2007, the commissioner may not release the funds before the next scheduled meeting  
110.13 of the board. If a proposed expenditure is not approved by the commissioner, after  
110.14 consultation with the advisory board, the funds must be deposited in the Taconite  
110.15 Environmental Protection Fund under sections 298.222 to 298.225. ~~If a producer uses money~~  
110.16 ~~which has been released from the fund prior to May 26, 2007 to procure haulage trucks,~~  
110.17 ~~mobile equipment, or mining shovels, and the producer removes the piece of equipment~~  
110.18 ~~from the taconite tax relief area defined in section 273.134 within ten years from the date~~  
110.19 ~~of receipt of the money from the fund, a portion of the money granted from the fund must~~  
110.20 ~~be repaid to the taconite economic development fund. The portion of the money to be repaid~~  
110.21 ~~is 100 percent of the grant if the equipment is removed from the taconite tax relief area~~  
110.22 ~~within 12 months after receipt of the money from the fund, declining by ten percent for~~  
110.23 ~~each of the subsequent nine years during which the equipment remains within the taconite~~  
110.24 ~~tax relief area.~~ If a taconite production facility is sold after operations at the facility had  
110.25 ceased, any money remaining in the fund for the former producer may be released to the  
110.26 purchaser of the facility on the terms otherwise applicable to the former producer under this  
110.27 section. If a producer fails to provide matching funds for a proposed expenditure within six  
110.28 months after the commissioner approves release of the funds, the funds are available for  
110.29 release to another producer in proportion to the distribution provided and under the conditions  
110.30 of this section. Any portion of the fund which is not released by the commissioner within  
110.31 one year of its deposit in the fund shall be divided between the taconite environmental  
110.32 protection fund created in section 298.223 and the Douglas J. Johnson economic protection  
110.33 trust fund created in section 298.292 for placement in their respective special accounts.  
110.34 Two-thirds of the unreleased funds shall be distributed to the taconite environmental  
110.35 protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

111.1 ~~(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of~~  
 111.2 ~~distributions and the review process, an amount equal to ten cents per taxable ton of~~  
 111.3 ~~production in 2007, for distribution in 2008 only, that would otherwise be distributed under~~  
 111.4 ~~paragraph (a), may be used for a loan or grant for the cost of providing for a value-added~~  
 111.5 ~~wood product facility located in the taconite tax relief area and in a county that contains a~~  
 111.6 ~~city of the first class. This amount must be deducted from the distribution under paragraph~~  
 111.7 ~~(a) for which a matching expenditure by the producer is not required. The granting of the~~  
 111.8 ~~loan or grant is subject to approval by the board. If the money is provided as a loan, interest~~  
 111.9 ~~must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii)~~  
 111.10 ~~Repayments of the loan and interest, if any, must be deposited in the taconite environment~~  
 111.11 ~~protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this~~  
 111.12 ~~paragraph by July 1, 2012, the amount that had been made available for the loan under this~~  
 111.13 ~~paragraph must be transferred to the taconite environment protection fund under sections~~  
 111.14 ~~298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section~~  
 111.15 ~~that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a~~  
 111.16 ~~pro rata basis.~~

111.17 ~~(e) Repayment or transfer of money to the taconite environmental protection fund under~~  
 111.18 ~~paragraph (b), item (ii), must be allocated by the Iron Range resources and rehabilitation~~  
 111.19 ~~Board for public works projects in house legislative districts in the same proportion as~~  
 111.20 ~~taxable tonnage of production in 2007 in each house legislative district, for distribution in~~  
 111.21 ~~2008, bears to total taxable tonnage of production in 2007, for distribution in 2008.~~  
 111.22 ~~Notwithstanding any other law to the contrary, expenditures under this paragraph do not~~  
 111.23 ~~require approval by the governor. For purposes of this paragraph, "house legislative districts"~~  
 111.24 ~~means the legislative districts in existence on May 15, 2009.~~

111.25 Sec. 41. Minnesota Statutes 2016, section 298.27, is amended to read:

111.26 **298.27 COLLECTION AND PAYMENT OF TAX.**

111.27 The taxes provided by section 298.24 shall be paid directly to each eligible county and  
 111.28 the commissioner of Iron Range resources and rehabilitation Board. The commissioner of  
 111.29 revenue shall notify each producer of the amount to be paid each recipient prior to February  
 111.30 15. Every person subject to taxes imposed by section 298.24 shall file a correct report  
 111.31 covering the preceding year. The report must contain the information required by the  
 111.32 commissioner of revenue. The report shall be filed by each producer on or before February  
 111.33 1. A remittance equal to 50 percent of the total tax required to be paid hereunder shall be  
 111.34 paid on or before February 24. A remittance equal to the remaining total tax required to be

112.1 paid hereunder shall be paid on or before August 24. On or before February 25 and August  
112.2 25, the county auditor shall make distribution of the payments previously received by the  
112.3 county in the manner provided by section 298.28. Reports shall be made and hearings held  
112.4 upon the determination of the tax in accordance with procedures established by the  
112.5 commissioner of revenue. The commissioner of revenue shall have authority to make  
112.6 reasonable rules as to the form and manner of filing reports necessary for the determination  
112.7 of the tax hereunder, and by such rules may require the production of such information as  
112.8 may be reasonably necessary or convenient for the determination and apportionment of the  
112.9 tax. All the provisions of the occupation tax law with reference to the assessment and  
112.10 determination of the occupation tax, including all provisions for appeals from or review of  
112.11 the orders of the commissioner of revenue relative thereto, but not including provisions for  
112.12 refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent  
112.13 herewith. If any person subject to section 298.24 shall fail to make the report provided for  
112.14 in this section at the time and in the manner herein provided, the commissioner of revenue  
112.15 shall in such case, upon information possessed or obtained, ascertain the kind and amount  
112.16 of ore mined or produced and thereon find and determine the amount of the tax due from  
112.17 such person. There shall be added to the amount of tax due a penalty for failure to report  
112.18 on or before February 1, which penalty shall equal ten percent of the tax imposed and be  
112.19 treated as a part thereof.

112.20 If any person responsible for making a tax payment at the time and in the manner herein  
112.21 provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount  
112.22 so due, which penalty shall be treated as part of the tax due.

112.23 In the case of any underpayment of the tax payment required herein, there may be added  
112.24 and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

112.25 A person having a liability of \$120,000 or more during a calendar year must remit all  
112.26 liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The  
112.27 funds transfer payment date, as defined in section 336.4A-401, must be on or before the  
112.28 date the tax is due. If the date the tax is due is not a funds transfer business day, as defined  
112.29 in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the  
112.30 funds transfer business day next following the date the tax is due.

112.31 Sec. 42. Minnesota Statutes 2016, section 298.28, subdivision 7, is amended to read:

112.32 Subd. 7. **Iron Range resources and rehabilitation ~~Board~~ account.** For the 1998  
112.33 distribution, 6.5 cents per taxable ton shall be paid to the Iron Range resources and  
112.34 rehabilitation ~~Board~~ account for the purposes of section 298.22. That amount shall be



113.1 increased for distribution years 1999 through 2014 and for distribution in 2018 and  
 113.2 subsequent years in the same proportion as the increase in the implicit price deflator as  
 113.3 provided in section 298.24, subdivision 1. The amount distributed pursuant to this subdivision  
 113.4 shall be expended within or for the benefit of the taconite assistance area defined in section  
 113.5 273.1341. ~~No part of the fund provided in this subdivision may be used to provide loans~~  
 113.6 ~~for the operation of private business unless the loan is approved by the governor.~~

113.7 Sec. 43. Minnesota Statutes 2016, section 298.28, subdivision 7a, is amended to read:

113.8 Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.**

113.9 (a) The following amounts must be allocated to the commissioner of Iron Range resources  
 113.10 and rehabilitation ~~Board~~ to be deposited in the Iron Range school consolidation and  
 113.11 cooperatively operated school account that is hereby created:

113.12 (1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax imposed  
 113.13 under section 298.24; and

113.14 (ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed  
 113.15 under section 298.24;

113.16 (2) the amount as determined under section 298.17, paragraph (b), clause (3);

113.17 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax  
 113.18 proceeds attributable to the increase in the implicit price deflator as provided in section  
 113.19 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.  
 113.20 Johnson economic protection trust fund;

113.21 (ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased  
 113.22 tax proceeds attributable to the increase in the implicit price deflator as provided in section  
 113.23 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining one-third  
 113.24 to be distributed to the Douglas J. Johnson economic protection trust fund; and

113.25 (iii) for distributions in 2017, an amount equal to two-thirds of the sum of the increased  
 113.26 tax proceeds attributable to the increase in the implicit price deflator as provided in section  
 113.27 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining  
 113.28 one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

113.29 (4) any other amount as provided by law.

113.30 (b) Expenditures from this account may be approved as ongoing annual expenditures  
 113.31 and shall be made only to provide disbursements to assist school districts with the payment  
 113.32 of bonds that were issued for qualified school projects, or for any other school disbursement

114.1 as approved by the commissioner of Iron Range resources and rehabilitation after consultation  
 114.2 with the Iron Range Resources and Rehabilitation Board. For purposes of this section,  
 114.3 "qualified school projects" means school projects within the taconite assistance area as  
 114.4 defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006;  
 114.5 and (2) approved by the commissioner of education pursuant to section 123B.71.

114.6 (c) Beginning in fiscal year 2019, the disbursement to school districts for payments for  
 114.7 bonds issued under section 123A.482, subdivision 9, must be increased each year to offset  
 114.8 any reduction in debt service equalization aid that the school district qualifies for in that  
 114.9 year, under section 123B.53, subdivision 6, compared with the amount the school district  
 114.10 qualified for in fiscal year 2018.

114.11 (d) No expenditure under this section shall be made unless approved by ~~seven members~~  
 114.12 ~~of the commissioner of Iron Range resources and rehabilitation after consultation with the~~  
 114.13 Iron Range Resources and Rehabilitation Board.

114.14 Sec. 44. Minnesota Statutes 2016, section 298.28, subdivision 9c, is amended to read:

114.15 Subd. 9c. **Distribution; city of Eveleth.** 0.20 cent per taxable ton must be paid to the  
 114.16 city of Eveleth for distribution in 2013 and thereafter, to be used for the support of the  
 114.17 Hockey Hall of Fame, provided that it continues to operate in that city, and provided that  
 114.18 the city of Eveleth certifies to the St. Louis County auditor that it has received donations  
 114.19 for the support of the Hockey Hall of Fame from other donors. If the Hockey Hall of Fame  
 114.20 ceases to operate in the city of Eveleth prior to receipt of the distribution in any year, and  
 114.21 the governing body of the city determines that it is unlikely to resume operation there within  
 114.22 a six-month period, the distribution under this subdivision shall be made to the commissioner  
 114.23 of Iron Range resources and rehabilitation Board.

114.24 Sec. 45. Minnesota Statutes 2016, section 298.28, subdivision 9d, is amended to read:

114.25 Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must be  
 114.26 ~~allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an Iron~~  
 114.27 ~~Range higher education account that is hereby created, to be used for higher education~~  
 114.28 ~~programs conducted at educational institutions in the taconite assistance area defined in~~  
 114.29 ~~section 273.1341. The Iron Range Higher Education committee under section 298.2214,~~  
 114.30 ~~and the commissioner of Iron Range resources and rehabilitation Board, after consultation~~  
 114.31 with the advisory board, must approve all expenditures from the account.

115.1 Sec. 46. Minnesota Statutes 2016, section 298.28, subdivision 11, is amended to read:

115.2 Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which  
115.3 remain after the distributions and payments in subdivisions 2 to 10a, as certified by the  
115.4 commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with  
115.5 interest earned on all money distributed under this section prior to distribution, shall be  
115.6 divided between the taconite environmental protection fund created in section 298.223 and  
115.7 the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows:  
115.8 Two-thirds to the taconite environmental protection fund and one-third to the Douglas J.  
115.9 Johnson economic protection trust fund. The proceeds shall be placed in the respective  
115.10 special accounts.

115.11 (b) There shall be distributed to each city, town, and county the amount that it received  
115.12 under Minnesota Statutes 1978, section 294.26<sub>2</sub> in calendar year 1977; provided, however,  
115.13 that the amount distributed in 1981 to the unorganized territory number 2 of Lake County  
115.14 and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company  
115.15 will be distributed in 1982 and subsequent years to the unorganized territory number 2 of  
115.16 Lake County and the towns of Beaver Bay and Stony River based on the miles of track of  
115.17 Erie Mining Company in each taxing district.

115.18 (c) There shall be distributed to the Iron Range resources and rehabilitation ~~Board~~ account  
115.19 the amounts it received in 1977 under Minnesota Statutes 1978, section 298.22. The amount  
115.20 distributed under this paragraph shall be expended within or for the benefit of the taconite  
115.21 assistance area defined in section 273.1341.

115.22 (d) There shall be distributed to each school district 62 percent of the amount that it  
115.23 received under Minnesota Statutes 1978, section 294.26<sub>2</sub> in calendar year 1977.

115.24 Sec. 47. Minnesota Statutes 2016, section 298.292, subdivision 2, is amended to read:

115.25 Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust  
115.26 fund may be used for the following purposes:

115.27 (1) to provide loans, loan guarantees, interest buy-downs and other forms of participation  
115.28 with private sources of financing, but a loan to a private enterprise shall be for a principal  
115.29 amount not to exceed one-half of the cost of the project for which financing is sought, and  
115.30 the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight  
115.31 percent or an interest rate three percentage points less than a full faith and credit obligation  
115.32 of the United States government of comparable maturity, at the time that the loan is approved;

116.1 (2) to fund reserve accounts established to secure the payment when due of the principal  
116.2 of and interest on bonds issued pursuant to section 298.2211;

116.3 (3) to pay in periodic payments or in a lump-sum payment any or all of the interest on  
116.4 bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or  
116.5 retrofitting heating facilities in connection with district heating systems or systems utilizing  
116.6 alternative energy sources;

116.7 (4) to invest in a venture capital fund or enterprise that will provide capital to other  
116.8 entities that are engaging in, or that will engage in, projects or programs that have the  
116.9 purposes set forth in subdivision 1. No investments may be made in a venture capital fund  
116.10 or enterprise unless at least two other unrelated investors make investments of at least  
116.11 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J.  
116.12 Johnson economic protection trust fund may not exceed the amount of the largest investment  
116.13 by an unrelated investor in the venture capital fund or enterprise. For purposes of this  
116.14 subdivision, an "unrelated investor" is a person or entity that is not related to the entity in  
116.15 which the investment is made or to any individual who owns more than 40 percent of the  
116.16 value of the entity, in any of the following relationships: spouse, parent, child, sibling,  
116.17 employee, or owner of an interest in the entity that exceeds ten percent of the value of all  
116.18 interests in it. For purposes of determining the limitations under this clause, the amount of  
116.19 investments made by an investor other than the Douglas J. Johnson economic protection  
116.20 trust fund is the sum of all investments made in the venture capital fund or enterprise during  
116.21 the period beginning one year before the date of the investment by the Douglas J. Johnson  
116.22 economic protection trust fund; and

116.23 (5) to purchase forest land in the taconite assistance area defined in section 273.1341 to  
116.24 be held and managed as a public trust for the benefit of the area for the purposes authorized  
116.25 in section 298.22, subdivision 5a. Property purchased under this section may be sold by the  
116.26 commissioner ~~upon approval by the~~, after consultation with the advisory board. The net  
116.27 proceeds must be deposited in the trust fund for the purposes and uses of this section.

116.28 Money from the trust fund shall be expended only in or for the benefit of the taconite  
116.29 assistance area defined in section 273.1341.

116.30 Sec. 48. Minnesota Statutes 2016, section 298.296, is amended to read:

116.31 **298.296 OPERATION OF FUND.**

116.32 Subdivision 1. **Project approval.** ~~The board and commissioner shall by August 1 of~~  
116.33 ~~each year prepare a list of projects to be funded from the Douglas J. Johnson economic~~

117.1 ~~protection trust with necessary supporting information including description of the projects,~~  
 117.2 ~~plans, and cost estimates.~~ These Projects shall be consistent with the priorities established  
 117.3 in section 298.292 and shall not be approved by the ~~board unless it~~ commissioner unless  
 117.4 the commissioner, after consultation with the advisory board, finds that:

117.5 (a) the project will materially assist, directly or indirectly, the creation of additional  
 117.6 long-term employment opportunities;

117.7 (b) the prospective benefits of the expenditure exceed the anticipated costs; and

117.8 (c) in the case of assistance to private enterprise, the project will serve a sound business  
 117.9 purpose.

117.10 ~~Each project must be approved by over one-half of all of the members of the board and~~  
 117.11 ~~the commissioner of Iron Range resources and rehabilitation. The list of projects shall be~~  
 117.12 ~~submitted to the governor, who shall, by November 15 of each year, approve or disapprove,~~  
 117.13 ~~or return for further consideration, each project. The money for a project may be expended~~  
 117.14 ~~only upon approval of the project by the governor. The board may submit supplemental~~  
 117.15 ~~projects for approval at any time.~~

117.16 Subd. 2. **Expenditure of funds.** (a) Before January 1, 2028, funds may be expended on  
 117.17 projects and for administration of the trust fund only from the net interest, earnings, and  
 117.18 dividends arising from the investment of the trust at any time, including net interest, earnings,  
 117.19 and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for  
 117.20 use in fiscal year 1983, except that any amount required to be paid out of the trust fund to  
 117.21 provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and  
 117.22 to make school bond payments and payments to recipients of taconite production tax proceeds  
 117.23 pursuant to section 298.225, may be taken from the corpus of the trust.

117.24 ~~(b) Additionally, upon recommendation by the board, up to \$13,000,000 from the corpus~~  
 117.25 ~~of the trust may be made available for use as provided in subdivision 4, and up to \$10,000,000~~  
 117.26 ~~from the corpus of the trust may be made available for use as provided in section 298.2961.~~

117.27 ~~(e)~~ (b) Additionally, an amount equal to 20 percent of the value of the corpus of the trust  
 117.28 on May 18, 2002, ~~not including the funds authorized in paragraph (b),~~ plus the amounts  
 117.29 made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article 8,  
 117.30 section 17, may be expended on projects. ~~Funds~~ The commissioner may be expended expend  
 117.31 funds for projects under this paragraph only if ~~the project~~:

117.32 (1) the project is for the purposes established under section 298.292, subdivision 1,  
 117.33 clause (1) or (2); and

118.1 ~~(2) is approved by two-thirds of all of the members of the board~~ the commissioner has  
 118.2 consulted with the advisory board.

118.3 No money made available under this paragraph or paragraph ~~(d)~~ (c) can be used for  
 118.4 administrative or operating expenses of the Department of Iron Range Resources and  
 118.5 Rehabilitation Board or expenses relating to any facilities owned or operated by the ~~board~~  
 118.6 commissioner on May 18, 2002.

118.7 ~~(d) Upon recommendation by a unanimous vote of all members of the board,~~ (c) The  
 118.8 commissioner may spend amounts in addition to those authorized under paragraphs (a), and  
 118.9 ~~(b), and (e) may be expended~~ on projects described in section 298.292, subdivision 1, only  
 118.10 after consultation with the advisory board.

118.11 ~~(e)~~ (d) Annual administrative costs, not including detailed engineering expenses for the  
 118.12 projects, shall not exceed five percent of the net interest, dividends, and earnings arising  
 118.13 from the trust in the preceding fiscal year.

118.14 ~~(f)~~ (e) Principal and interest received in repayment of loans made pursuant to this section,  
 118.15 and earnings on other investments made under section 298.292, subdivision 2, clause (4),  
 118.16 shall be deposited in the state treasury and credited to the trust. These receipts are  
 118.17 appropriated to the board for the purposes of sections 298.291 to ~~298.298~~ 298.297.

118.18 ~~(g)~~ (f) Additionally, notwithstanding section 298.293, ~~upon the approval of the board,~~  
 118.19 the commissioner, after consultation with the advisory board, may expend money from the  
 118.20 corpus of the trust ~~may be expended~~ to purchase forest lands within the taconite assistance  
 118.21 area as provided in sections 298.22, subdivision 5a, and 298.292, subdivision 2, clause (5).

118.22 Subd. 3. **Administration.** The commissioner ~~and staff of the~~ Iron Range resources and  
 118.23 rehabilitation ~~Board~~ shall administer the program under which funds are expended pursuant  
 118.24 to sections 298.292 to ~~298.298~~ 298.297.

118.25 Subd. 4. **Temporary loan authority.** ~~(a) The board may recommend that~~ After  
 118.26 consultation with the advisory board, the commissioner may use up to \$7,500,000 from the  
 118.27 corpus of the trust ~~may be used~~ for loans, loan guarantees, grants, or equity investments as  
 118.28 provided in this subdivision. The money would be available for loans for construction and  
 118.29 equipping of facilities constituting (1) a value added iron products plant, which may be  
 118.30 either a new plant or a facility incorporated into an existing plant that produces iron upgraded  
 118.31 to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic  
 118.32 content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject  
 118.33 to the net proceeds tax imposed under section 298.015. A loan or loan guarantee under this  
 118.34 paragraph may not exceed \$5,000,000 for any facility.

119.1 ~~(b) Additionally, the board must reserve the first \$2,000,000 of the net interest, dividends,~~  
 119.2 ~~and earnings arising from the investment of the trust after June 30, 1996, to be used for~~  
 119.3 ~~grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph~~  
 119.4 ~~(a). This amount must be reserved until it is used as described in this subdivision.~~

119.5 ~~(e)~~ (b) Additionally, ~~the board may recommend that~~ the commissioner, after consultation  
 119.6 with the advisory board, may use up to \$5,500,000 from the corpus of the trust ~~may be used~~  
 119.7 for additional grants, loans, loan guarantees, or equity investments for the purposes set forth  
 119.8 in paragraph (a).

119.9 ~~(d)~~ (c) ~~The board~~ commissioner, after consultation with the advisory board, may require  
 119.10 that ~~it~~ the fund receive an equity percentage in any project to which it contributes under this  
 119.11 section.

119.12 Sec. 49. Minnesota Statutes 2016, section 298.2961, is amended to read:

119.13 **298.2961 PRODUCER GRANTS.**

119.14 Subdivision 1. **Appropriation.** (a) \$10,000,000 is appropriated from the Douglas J.  
 119.15 Johnson economic protection trust fund to a special account in the taconite area environmental  
 119.16 protection fund for grants to producers on a project-by-project basis as provided in this  
 119.17 section.

119.18 (b) The proceeds of the tax designated under section 298.28, subdivision 9b, are  
 119.19 appropriated for grants to producers on a project-by-project basis as provided in this section.

119.20 Subd. 2. **Projects; approval.** (a) Projects funded must be for:

119.21 (1) environmentally unique reclamation projects; or

119.22 (2) pit or plant repairs, expansions, or modernizations other than for a value added iron  
 119.23 products plant.

119.24 ~~(b) To be proposed by the board, a project must be approved by the board. The money~~  
 119.25 ~~for a project may be spent only upon approval of the project by the governor. The board~~  
 119.26 ~~may submit supplemental projects for approval at any time~~ The commissioner may approve  
 119.27 a project only after consultation with the advisory board.

119.28 (c) ~~The~~ commissioner, after consultation with the advisory board, may require that ~~it~~  
 119.29 the fund receive an equity percentage in any project to which it contributes under this section.

119.30 Subd. 3. **Redistribution.** (a) If a taconite production facility is sold after operations at  
 119.31 the facility had ceased, any money remaining in the taconite environmental fund for the

120.1 former producer may be released to the purchaser of the facility on the terms otherwise  
 120.2 applicable to the former producer under this section.

120.3 (b) Any portion of the taconite environmental fund that is not released by the  
 120.4 commissioner within three years of its deposit in the taconite environmental fund shall be  
 120.5 divided between the taconite environmental protection fund created in section 298.223 and  
 120.6 the Douglas J. Johnson economic protection trust fund created in section 298.292 for  
 120.7 placement in their respective special accounts. Two-thirds of the unreleased funds must be  
 120.8 distributed to the taconite environmental protection fund and one-third to the Douglas J.  
 120.9 Johnson economic protection trust fund.

120.10 Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions under  
 120.11 section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision.  
 120.12 Any grant or loan made under this subdivision must be approved by the commissioner, after  
 120.13 consultation with the advisory board, established under section 298.22.

120.14 (b) All distributions received in 2009 and subsequent years are allocated for projects  
 120.15 under section 298.223, subdivision 1.

120.16 Sec. 50. Minnesota Statutes 2016, section 298.297, is amended to read:

120.17 **298.297 ADVISORY COMMITTEES.**

120.18 Before submission of a project to the advisory board, the commissioner of Iron Range  
 120.19 resources and rehabilitation shall appoint a technical advisory committee consisting of one  
 120.20 or more persons who are knowledgeable in areas related to the objectives of the proposal.  
 120.21 Members of the committees shall be compensated as provided in section 15.059, subdivision  
 120.22 3. The advisory board shall not ~~æ~~ make recommendations on a proposal until it has received  
 120.23 the evaluation and recommendations of the technical advisory committee or until 15 days  
 120.24 have elapsed since the proposal was transmitted to the advisory committee, whichever  
 120.25 occurs first.

120.26 Sec. 51. Minnesota Statutes 2016, section 298.46, subdivision 2, is amended to read:

120.27 Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly  
 120.28 constituted authorities of a taxing district there are in existence reserves of unmined iron  
 120.29 ore located in such district, these authorities may petition the commissioner of Iron Range  
 120.30 resources and rehabilitation Board for authority to petition the county assessor to verify the  
 120.31 existence of such reserves and to ascertain the value thereof by drilling in a manner consistent  
 120.32 with established engineering and geological exploration methods, in order that such taxing



121.1 district may be able to forecast in a proper manner its future economic and fiscal potentials.  
 121.2 The commissioner may grant the authority to petition only after consultation with the  
 121.3 advisory board.

121.4 Sec. 52. Minnesota Statutes 2016, section 298.46, subdivision 5, is amended to read:

121.5 Subd. 5. **Payment of costs; reimbursement.** The cost of such exploration or drilling  
 121.6 plus any damages to the property which may be assessed by the district court shall be paid  
 121.7 by the commissioner of Iron Range resources and rehabilitation Board from amounts  
 121.8 appropriated to ~~that board~~ the commissioner under section 298.22. The commissioner of  
 121.9 Iron Range resources and rehabilitation Board shall be reimbursed for one-half of the  
 121.10 amounts thus expended. Such reimbursement shall be made by the taxing districts in the  
 121.11 proportion that each such taxing district's levy on the property involved bears to the total  
 121.12 levy on such property. Such reimbursement shall be made to the commissioner of Iron  
 121.13 Range resources and rehabilitation Board in the manner provided by section 298.221.

121.14 Sec. 53. Minnesota Statutes 2016, section 298.46, subdivision 6, is amended to read:

121.15 Subd. 6. **Refusal to reimburse; reduction of other payments.** If any taxing district  
 121.16 refuses to pay its share of the reimbursement as provided in subdivision 5, the county auditor  
 121.17 is hereby authorized to reduce payments required to be made by the county to such taxing  
 121.18 district under other provisions of law. Thereafter the auditor shall draw a warrant, which  
 121.19 shall be deposited with the state treasury in accordance with section 298.221, to the credit  
 121.20 of the commissioner of Iron Range resources and rehabilitation Board.

121.21 Sec. 54. Minnesota Statutes 2016, section 466.03, subdivision 6c, is amended to read:

121.22 Subd. 6c. **Water access sites.** Any claim based upon the construction, operation, or  
 121.23 maintenance by a municipality of a water access site created by the commissioner of Iron  
 121.24 Range resources and rehabilitation Board. A water access site under this subdivision that  
 121.25 provides access to an idled, water filled mine pit also includes the entire water filled area  
 121.26 of the pit, and, further, claims related to a mine pit water access site under this subdivision  
 121.27 include those based upon the caving or slumping of mine pit walls.

121.28 Sec. 55. Minnesota Statutes 2016, section 469.310, subdivision 9, is amended to read:

121.29 Subd. 9. **Local government unit.** "Local government unit" means a statutory or home  
 121.30 rule charter city, county, town, the Department of Iron Range Resources and Rehabilitation

122.1 agency, regional development commission, or a federally designated economic development  
122.2 district.

122.3 Sec. 56. Minnesota Statutes 2016, section 474A.02, subdivision 21, is amended to read:

122.4 Subd. 21. **Preliminary resolution.** "Preliminary resolution" means a resolution adopted  
122.5 by the governing body or board of the issuer, or ~~in the case of the~~ by the commissioner of  
122.6 Iron Range resources and rehabilitation ~~Board by the commissioner.~~ The resolution must  
122.7 express a preliminary intention of the issuer to issue obligations for a specific project,  
122.8 identify the proposed project, and disclose the proposed amount of qualified bonds to be  
122.9 issued. Preliminary resolutions for mortgage bonds and student loan bonds need not identify  
122.10 a specific project.

122.11 Sec. 57. Laws 2010, chapter 389, article 5, section 7, is amended to read:

122.12 Sec. 7. **GIANTS RIDGE RECREATION AREA TAXING AUTHORITY.**

122.13 Subdivision 1. **Additional taxes authorized.** Notwithstanding Minnesota Statutes,  
122.14 section 477A.016, or any other law, ordinance, or charter provision to the contrary, the city  
122.15 of Biwabik, upon approval both by its governing body and by the vote of at least seven  
122.16 members of the Iron Range Resources and Rehabilitation Board, may impose any or all of  
122.17 the taxes described in this section.

122.18 Subd. 2. **Use of proceeds.** The proceeds of any taxes imposed under this section, less  
122.19 refunds and costs of collection, must be deposited into the Iron Range Resources and  
122.20 Rehabilitation ~~Board~~ account enterprise fund created under the provisions of Minnesota  
122.21 Statutes, section 298.221, paragraph (c), and must be dedicated and expended by the  
122.22 commissioner of the Iron Range resources and rehabilitation ~~Board, upon approval by the~~  
122.23 ~~vote of at least seven members of~~ after consultation with the Iron Range Resources and  
122.24 Rehabilitation Board, to pay costs for the construction, renovation, improvement, expansion,  
122.25 and maintenance of public recreational facilities located in those portions of the city within  
122.26 the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22,  
122.27 subdivision 7, or to pay any principal, interest, or premium on any bond issued to finance  
122.28 the construction, renovation, improvement, or expansion of such public recreational facilities.

122.29 Subd. 3. **Lodging tax.** (a) The city of Biwabik, upon approval both by its governing  
122.30 body and by the vote of at least seven members of the Iron Range Resources and  
122.31 Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on the  
122.32 gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This  
122.33 tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may

123.1 be imposed only on gross lodging receipts generated within the Giants Ridge Recreation  
123.2 Area as defined in Minnesota Statutes, section 298.22, subdivision 7.

123.3 (b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax  
123.4 imposed under paragraph (a), the change must be approved by both the governing body of  
123.5 the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after  
123.6 the commissioner consults with the Iron Range Resources and Rehabilitation Board.

123.7 Subd. 4. **Admissions and recreation tax.** (a) The city of Biwabik, upon approval both  
123.8 by its governing body and by the vote of at least seven members of the Iron Range Resources  
123.9 and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent  
123.10 on admission receipts to entertainment and recreational facilities and on receipts from the  
123.11 rental of recreation equipment, at sites within the Giants Ridge Recreation Area as defined  
123.12 in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes,  
123.13 section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration,  
123.14 collection, and enforcement of the tax authorized in this subdivision.

123.15 (b) If the city imposes the tax under paragraph (a), it must include in the ordinance an  
123.16 exemption for purchases of season tickets or passes.

123.17 (c) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax  
123.18 imposed under paragraph (a), the change must be approved by both the governing body of  
123.19 the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after  
123.20 the commissioner consults with the Iron Range Resources and Rehabilitation Board.

123.21 Subd. 5. **Food and beverage tax.** (a) The city of Biwabik, upon approval both by its  
123.22 governing body and by the vote of at least seven members of the Iron Range Resources and  
123.23 Rehabilitation Board, may impose, by ordinance, an additional sales tax of not more than  
123.24 one percent on gross receipts of food and beverages sold whether it is consumed on or off  
123.25 the premises by restaurants and places of refreshment as defined by resolution of the city  
123.26 within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22,  
123.27 subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions  
123.28 2 and 3, govern the imposition, administration, collection, and enforcement of the tax  
123.29 authorized in this subdivision.

123.30 (b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax  
123.31 imposed under paragraph (a), the change must be approved by both the governing body of  
123.32 the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after  
123.33 the commissioner consults with the Iron Range Resources and Rehabilitation Board.

124.1 **EFFECTIVE DATE.** This section is effective August 1, 2017, without local approval  
124.2 pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

124.3 Sec. 58. **DEPARTMENT OF IRON RANGE RESOURCES AND**  
124.4 **REHABILITATION; EARLY SEPARATION INCENTIVE PROGRAM**  
124.5 **AUTHORIZATION.**

124.6 (a) "Commissioner" as used in this section means the commissioner of Iron Range  
124.7 resources and rehabilitation unless otherwise specified.

124.8 (b) Notwithstanding any law to the contrary, the commissioner, in consultation with the  
124.9 commissioner of management and budget, shall offer a targeted early separation incentive  
124.10 program for employees of the commissioner who have attained the age of 60 years or who  
124.11 have received credit for at least 30 years of allowable service under the provisions of  
124.12 Minnesota Statutes, chapter 352. The commissioner shall also offer a targeted separation  
124.13 incentive program for employees of the commissioner whose positions are in support of  
124.14 operations at Giants Ridge and will be eliminated if the department no longer directly  
124.15 manages Giants Ridge operations.

124.16 (c) The early separation incentive program may include one or more of the following:

124.17 (1) employer-paid postseparation health, medical, and dental insurance until age 65; and

124.18 (2) cash incentives that may, but are not required to be, used to purchase additional years  
124.19 of service credit through the Minnesota State Retirement System, to the extent that the  
124.20 purchases are otherwise authorized by law.

124.21 (d) The commissioner shall establish eligibility requirements for employees to receive  
124.22 an incentive. The commissioner must exclude from eligibility for the incentive program  
124.23 employees having less than 20 years of allowable service who would otherwise qualify for  
124.24 the incentive program.

124.25 (e) The commissioner, consistent with the established program provisions under paragraph  
124.26 (b), and with the eligibility requirements under paragraph (f), may designate specific  
124.27 programs or employees as eligible to be offered the incentive program.

124.28 (f) Acceptance of the offered incentive must be voluntary on the part of the employee  
124.29 and must be in writing. The incentive may only be offered at the sole discretion of the  
124.30 commissioner.

125.1 (g) The cost of the incentive is payable solely by funds made available to the  
 125.2 commissioner by law, but only on prior approval of the expenditures by the commissioner,  
 125.3 after consultation with the Iron Range Resources and Rehabilitation Board.

125.4 (h) Unilateral implementation of this section by the commissioner is not an unfair labor  
 125.5 practice under Minnesota Statutes, chapter 179A.

125.6 **EFFECTIVE DATE.** This section is effective the day following final enactment. This  
 125.7 section is repealed July 30, 2018.

125.8 Sec. 59. **REVISOR'S INSTRUCTION.**

125.9 The revisor of statutes, with cooperation from the House Research Department and the  
 125.10 Senate Counsel, Research and Fiscal Analysis Office, shall prepare legislation that makes  
 125.11 conforming changes in accordance with the provisions of this article. The revisor shall  
 125.12 submit the proposal, in a form ready for introduction, during the 2018 regular legislative  
 125.13 session to the chairs and ranking minority members of the senate and house of representatives  
 125.14 committees with jurisdiction over jobs and economic development.

125.15 Sec. 60. **REPEALER.**

125.16 Minnesota Statutes 2016, sections 298.22, subdivision 8; 298.2213; and 298.298, are  
 125.17 repealed.

## 125.18 **ARTICLE 5**

### 125.19 **UNEMPLOYMENT INSURANCE ADVISORY COUNCIL** 125.20 **POLICY**

125.21 Section 1. Minnesota Statutes 2016, section 268.046, subdivision 3, is amended to read:

125.22 Subd. 3. **Penalties; application.** (a) Any person that violates the requirements of this  
 125.23 section and any taxpaying employer that violates subdivision 1, paragraph (b), or any  
 125.24 nonprofit or government employer that violates subdivision 2, paragraph (b), is subject to  
 125.25 the penalties under section 268.184, subdivision 1a. Penalties are credited to the trust fund.

125.26 (b) Section 268.051, subdivision 4, does not apply to contracts under this section. This  
 125.27 section does not limit or prevent the application of section 268.051, subdivision 4, to any  
 125.28 other transactions or acquisitions involving the taxpaying employer. This section does not  
 125.29 limit or prevent the application of section 268.051, subdivision 4a.

125.30 (c) An assignment of an account upon the execution of a contract under this section and  
 125.31 a termination of a contract with the corresponding assignment of the account is not ~~considered~~

126.1 a separation from employment of any worker covered by the contract. Nothing under this  
 126.2 subdivision causes the person to be liable for any amounts past due under this chapter from  
 126.3 the taxpaying employer or the nonprofit or government employer.

126.4 ~~(d) This section applies to, but is not limited to, persons registered under section 79.255,~~  
 126.5 ~~but does not apply to persons that obtain~~ An exemption from registration under section  
 126.6 79.255, subdivision 9, does not determine the application of this section.

126.7 Sec. 2. Minnesota Statutes 2016, section 268.065, subdivision 2, is amended to read:

126.8 Subd. 2. **Employee leasing company, professional employer organization, or similar**  
 126.9 **person.** (a) A person whose work force consists of 50 percent or more of workers provided  
 126.10 by an employee leasing company, professional employer organization, or similar person  
 126.11 for a fee, is jointly and severally liable for the unpaid amounts that are due under this chapter  
 126.12 or section 116L.20 on the wages paid on the contract with the employee leasing company,  
 126.13 professional employer organization, or similar person.

126.14 ~~(b) This subdivision applies to, but is not limited to, persons registered under section~~  
 126.15 ~~79.255, but does not apply to agreements with persons that obtain~~ An exemption from  
 126.16 registration under section 79.255, subdivision 9, does not determine the application of this  
 126.17 section.

126.18 Sec. 3. Minnesota Statutes 2016, section 268.085, subdivision 13, is amended to read:

126.19 Subd. 13. **Suspension from employment.** (a) An applicant who has been suspended  
 126.20 from employment without pay for 30 calendar days or less, as a result of employment  
 126.21 misconduct or aggravated employment misconduct as defined under section 268.095,  
 126.22 ~~subdivision 6~~, is ineligible for unemployment benefits beginning the Sunday of the week  
 126.23 that the applicant was suspended and continuing for the duration of the suspension.

126.24 (b) A suspension from employment without pay that is of indefinite duration or is for  
 126.25 more than 30 calendar days is considered, at the time the suspension begins, a discharge  
 126.26 from employment under subject to section 268.095, ~~subdivision 5~~.

126.27 (c) A suspension from employment with pay, regardless of duration, is not ~~considered~~  
 126.28 a separation from employment and the applicant is ineligible for unemployment benefits  
 126.29 for the duration of the suspension with pay.

127.1 Sec. 4. Minnesota Statutes 2016, section 268.095, subdivision 5, is amended to read:

127.2 Subd. 5. **Discharge defined.** (a) A discharge from employment occurs when any words  
127.3 or actions by an employer would lead a reasonable employee to believe that the employer  
127.4 will no longer allow the employee to work for the employer in any capacity. A layoff because  
127.5 of lack of work is a discharge.

127.6 (b) A suspension from employment without pay that is of an indefinite duration or is  
127.7 for more than 30 calendar days is considered a discharge at the time the suspension begins.

127.8 ~~(b)~~ (c) When determining if an applicant was discharged, the theory of a constructive  
127.9 discharge does not apply.

127.10 ~~(e)~~ (d) An employee who gives notice of intention to quit the employment and is not  
127.11 allowed by the employer to work the entire notice period is discharged from the employment  
127.12 as of the date the employer will no longer allow the employee to work. If the discharge  
127.13 occurs within 30 calendar days before the intended date of quitting, then, as of the intended  
127.14 date of quitting, the separation from employment is a quit from employment subject to  
127.15 subdivision 1.

127.16 ~~(d)~~ (e) The end of a job assignment with the client of a staffing service is a discharge  
127.17 from employment with the staffing service unless subdivision 2, paragraph (e), applies.

127.18 Sec. 5. Minnesota Statutes 2016, section 268.101, subdivision 2, is amended to read:

127.19 Subd. 2. **Determination.** (a) The commissioner must determine any issue of ineligibility  
127.20 raised by information required from an applicant under subdivision 1, paragraph (a) or (c),  
127.21 and send to the applicant and any involved employer, by mail or electronic transmission, a  
127.22 document titled a determination of eligibility or a determination of ineligibility, as is  
127.23 appropriate. The determination on an issue of ineligibility as a result of a quit or a discharge  
127.24 of the applicant must state the effect on the employer under section 268.047. A determination  
127.25 must be made in accordance with this paragraph even if a notified employer has not raised  
127.26 the issue of ineligibility.

127.27 (b) The commissioner must determine any issue of ineligibility raised by an employer  
127.28 and send to the applicant and that employer, by mail or electronic transmission, a document  
127.29 titled a determination of eligibility or a determination of ineligibility as is appropriate. The  
127.30 determination on an issue of ineligibility as a result of a quit or discharge of the applicant  
127.31 must state the effect on the employer under section 268.047.

127.32 If a base period employer:

128.1 (1) was not the applicant's most recent employer before the application for unemployment  
128.2 benefits;

128.3 (2) did not employ the applicant during the six calendar months before the application  
128.4 for unemployment benefits; and

128.5 (3) did not raise an issue of ineligibility as a result of a quit or discharge of the applicant  
128.6 within ten calendar days of notification under subdivision 1, paragraph (b);

128.7 then any exception under section 268.047, subdivisions 2 and 3, begins the Sunday two  
128.8 weeks following the week that the issue of ineligibility as a result of a quit or discharge of  
128.9 the applicant was raised by the employer.

128.10 A communication from an employer must specifically set out why the applicant should  
128.11 be determined ineligible for unemployment benefits for that communication to be considered  
128.12 to have raised an issue of ineligibility for purposes of this section. A statement of "protest"  
128.13 or a similar term without more information does not constitute raising an issue of ineligibility  
128.14 for purposes of this section.

128.15 (c) Subject to section 268.031, an issue of ineligibility is determined based upon that  
128.16 information required of an applicant, any information that may be obtained from an applicant  
128.17 or employer, and information from any other source.

128.18 (d) Regardless of the requirements of this subdivision, the commissioner is not required  
128.19 to send to an applicant a copy of the determination where the applicant has satisfied a period  
128.20 of ineligibility because of a quit or a discharge under section 268.095, subdivision 10.

128.21 (e) ~~The commissioner may~~ department is authorized to issue a determination on an issue  
128.22 of ineligibility within 24 months from the establishment of a benefit account based upon  
128.23 information from any source, even if the issue of ineligibility was not raised by the applicant  
128.24 or an employer.

128.25 If an applicant obtained unemployment benefits through ~~fraud~~ misrepresentation under  
128.26 section 268.18, subdivision 2, the department is authorized to issue a determination of  
128.27 ineligibility ~~may be issued~~ within 48 months of the establishment of the benefit account.

128.28 If the department has filed an intervention in a worker's compensation matter under  
128.29 section 176.361, the department is authorized to issue a determination of ineligibility within  
128.30 48 months of the establishment of the benefit account.

128.31 (f) A determination of eligibility or determination of ineligibility is final unless an appeal  
128.32 is filed by the applicant or employer within 20 calendar days after sending. The determination



129.1 must contain a prominent statement indicating the consequences of not appealing.

129.2 Proceedings on the appeal are conducted in accordance with section 268.105.

129.3 (g) An issue of ineligibility required to be determined under this section includes any

129.4 question regarding the denial or allowing of unemployment benefits under this chapter

129.5 except for issues under section 268.07. An issue of ineligibility for purposes of this section

129.6 includes any question of effect on an employer under section 268.047.

129.7

## ARTICLE 6

129.8

### UNEMPLOYMENT INSURANCE ADVISORY COUNCIL

129.9

### HOUSEKEEPING

129.10 Section 1. Minnesota Statutes 2016, section 268.035, subdivision 20, is amended to read:

129.11 Subd. 20. **Noncovered employment.** "Noncovered employment" means:

129.12 (1) employment for the United States government or an instrumentality thereof, including  
129.13 military service;

129.14 (2) employment for a state, other than Minnesota, or a political subdivision or  
129.15 instrumentality thereof;

129.16 (3) employment for a foreign government;

129.17 (4) employment covered under the federal Railroad Unemployment Insurance Act;

129.18 (5) employment for a church or convention or association of churches, or a nonprofit  
129.19 organization operated primarily for religious purposes that is operated, supervised, controlled,  
129.20 or principally supported by a church or convention or association of churches;

129.21 (6) employment for an elementary or secondary school with a curriculum that includes  
129.22 religious education that is operated by a church, a convention or association of churches,  
129.23 or a nonprofit organization that is operated, supervised, controlled, or principally supported  
129.24 by a church or convention or association of churches;

129.25 ~~(6)~~ (7) employment for Minnesota or a political subdivision, or a nonprofit organization,  
129.26 of a duly ordained or licensed minister of a church in the exercise of a ministry or by a  
129.27 member of a religious order in the exercise of duties required by the order;

129.28 ~~(7)~~ (8) employment for Minnesota or a political subdivision, or a nonprofit organization,  
129.29 of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the  
129.30 purpose of carrying out a program of rehabilitation for individuals whose earning capacity  
129.31 is impaired by age or physical or mental deficiency or injury or a program providing  
129.32 "sheltered" work for individuals who because of an impaired physical or mental capacity

130.1 cannot be readily absorbed in the competitive labor market. This clause applies only to  
130.2 services performed in a facility certified by the Rehabilitation Services Branch of the  
130.3 department or in a day training or habilitation program licensed by the Department of Human  
130.4 Services;

130.5 ~~(8)~~(9) employment for Minnesota or a political subdivision, or a nonprofit organization,  
130.6 of an individual receiving work relief or work training as part of an unemployment work  
130.7 relief or work training program ~~assisted or~~ financed in whole or in part by any federal agency  
130.8 or an agency of a state or political subdivision thereof. This clause does not apply to programs  
130.9 that require unemployment benefit coverage for the participants;

130.10 ~~(9)~~(10) employment for Minnesota or a political subdivision, as an elected official, a  
130.11 member of a legislative body, or a member of the judiciary;

130.12 ~~(10)~~(11) employment as a member of the Minnesota National Guard or Air National  
130.13 Guard;

130.14 ~~(11)~~(12) employment for Minnesota or a political subdivision, or instrumentality thereof,  
130.15 of an individual serving on a temporary basis in case of fire, flood, tornado, or similar  
130.16 emergency;

130.17 ~~(12)~~(13) employment as an election official or election worker for Minnesota or a  
130.18 political subdivision, if the compensation for that employment was less than \$1,000 in a  
130.19 calendar year;

130.20 ~~(13)~~(14) employment for Minnesota that is a major policy-making or advisory position  
130.21 in the unclassified service;

130.22 ~~(14)~~(15) employment for Minnesota in an unclassified position established under section  
130.23 43A.08, subdivision 1a;

130.24 ~~(15)~~(16) employment for a political subdivision of Minnesota that is a nontenured major  
130.25 policy making or advisory position;

130.26 ~~(16)~~(17) domestic employment in a private household, local college club, or local chapter  
130.27 of a college fraternity or sorority, if the wages paid in any calendar quarter in either the  
130.28 current or prior calendar year to all individuals in domestic employment totaled less than  
130.29 \$1,000.

130.30 "Domestic employment" includes all service in the operation and maintenance of a  
130.31 private household, for a local college club, or local chapter of a college fraternity or sorority  
130.32 as distinguished from service as an employee in the pursuit of an employer's trade or business;

131.1 ~~(17)~~ (18) employment of an individual by a son, daughter, or spouse, and employment  
131.2 of a child under the age of 18 by the child's father or mother;

131.3 ~~(18)~~ (19) employment of an inmate of a custodial or penal institution;

131.4 ~~(19)~~ (20) employment for a school, college, or university, by a student who is enrolled  
131.5 and whose primary relation to the school, college, or university is as a student. This does  
131.6 not include an individual whose primary relation to the school, college, or university is as  
131.7 an employee who also takes courses;

131.8 ~~(20)~~ (21) employment of an individual who is enrolled as a student in a full-time program  
131.9 at a nonprofit or public educational institution that maintains a regular faculty and curriculum  
131.10 and has a regularly organized body of students in attendance at the place where its educational  
131.11 activities are carried on, taken for credit at the institution, that combines academic instruction  
131.12 with work experience, if the employment is an integral part of the program, and the institution  
131.13 has so certified to the employer, except that this clause does not apply to employment in a  
131.14 program established for or on behalf of an employer or group of employers;

131.15 ~~(21)~~ (22) employment of university, college, or professional school students in an  
131.16 internship or other training program with the city of St. Paul or the city of Minneapolis  
131.17 under Laws 1990, chapter 570, article 6, section 3;

131.18 ~~(22)~~ (23) employment for a hospital by a patient of the hospital. "Hospital" means an  
131.19 institution that has been licensed by the Department of Health as a hospital;

131.20 ~~(23)~~ (24) employment as a student nurse for a hospital or a nurses' training school by  
131.21 an individual who is enrolled and is regularly attending classes in an accredited nurses'  
131.22 training school;

131.23 ~~(24)~~ (25) employment as an intern for a hospital by an individual who has completed a  
131.24 four-year course in an accredited medical school;

131.25 ~~(25)~~ (26) employment as an insurance salesperson, by other than a corporate officer, if  
131.26 all the wages from the employment is solely by way of commission. The word "insurance"  
131.27 includes an annuity and an optional annuity;

131.28 ~~(26)~~ (27) employment as an officer of a township mutual insurance company or farmer's  
131.29 mutual insurance company under chapter 67A;

131.30 ~~(27)~~ (28) employment of a corporate officer, if the officer directly or indirectly, including  
131.31 through a subsidiary or holding company, owns 25 percent or more of the employer  
131.32 corporation, and employment of a member of a limited liability company, if the member

132.1 directly or indirectly, including through a subsidiary or holding company, owns 25 percent  
 132.2 or more of the employer limited liability company;

132.3 ~~(28)~~ (29) employment as a real estate salesperson, other than a corporate officer, if all  
 132.4 the wages from the employment is solely by way of commission;

132.5 ~~(29)~~ (30) employment as a direct seller as defined in United States Code, title 26, section  
 132.6 3508;

132.7 ~~(30)~~ (31) employment of an individual under the age of 18 in the delivery or distribution  
 132.8 of newspapers or shopping news, not including delivery or distribution to any point for  
 132.9 subsequent delivery or distribution;

132.10 ~~(31)~~ (32) casual employment performed for an individual, other than domestic  
 132.11 employment under clause ~~(16)~~ (17), that does not promote or advance that employer's trade  
 132.12 or business;

132.13 ~~(32)~~ (33) employment in "agricultural employment" unless it is "covered agricultural  
 132.14 employment" under subdivision 11; or

132.15 ~~(33)~~ (34) if employment during one-half or more of any pay period was covered  
 132.16 employment, all the employment for the pay period is covered employment; but if during  
 132.17 more than one-half of any pay period the employment was noncovered employment, then  
 132.18 all of the employment for the pay period is noncovered employment. "Pay period" means  
 132.19 a period of not more than a calendar month for which a payment or compensation is ordinarily  
 132.20 made to the employee by the employer.

132.21 Sec. 2. Minnesota Statutes 2016, section 268.035, subdivision 21d, is amended to read:

132.22 Subd. 21d. **Staffing service.** A "staffing service" is an employer whose business involves  
 132.23 employing individuals directly for the purpose of furnishing temporary assignment workers  
 132.24 to ~~clients~~ support or supplement the workforce of the business that is a client of the staffing  
 132.25 service.

132.26 Sec. 3. Minnesota Statutes 2016, section 268.051, subdivision 9, is amended to read:

132.27 Subd. 9. **Assessments, fees, and surcharges; treatment.** ~~Any assessment, fee, or~~  
 132.28 ~~surcharge imposed under the Minnesota Unemployment Insurance Law is treated the same~~  
 132.29 ~~as, and considered as, a tax.~~ Any assessment, fee, or surcharge is subject to the same  
 132.30 collection procedures that apply to past due taxes.

133.1 Sec. 4. Minnesota Statutes 2016, section 268.07, subdivision 3b, is amended to read:

133.2 Subd. 3b. **Limitations on applications and benefit accounts.** (a) An application for  
133.3 unemployment benefits is effective the Sunday of the calendar week that the application  
133.4 was filed. An application for unemployment benefits may be backdated one calendar week  
133.5 before the Sunday of the week the application was actually filed if the applicant requests  
133.6 the backdating within seven calendar days of the date the application is filed. An application  
133.7 may be backdated only if the applicant was unemployed during the period of the backdating.  
133.8 If an individual attempted to file an application for unemployment benefits, but was prevented  
133.9 from filing an application by the department, the application is effective the Sunday of the  
133.10 calendar week the individual first attempted to file an application.

133.11 (b) A benefit account established under subdivision 2 is effective the date the application  
133.12 for unemployment benefits was effective.

133.13 (c) A benefit account, once established, may later be withdrawn only if:

133.14 (1) the applicant has not been paid any unemployment benefits on that benefit account;  
133.15 and

133.16 (2) a new application for unemployment benefits is filed and a new benefit account is  
133.17 established at the time of the withdrawal.

133.18 A benefit account may be withdrawn after the expiration of the benefit year, and the  
133.19 new work requirements of subdivision 2, paragraph (b), do not apply if the applicant was  
133.20 not paid any unemployment benefits on the benefit account that is being withdrawn.

133.21 A determination or amended determination of eligibility or ineligibility issued under  
133.22 section 268.101, that was sent before the withdrawal of the benefit account, remains in  
133.23 effect and is not voided by the withdrawal of the benefit account.

133.24 (d) An application for unemployment benefits is not allowed before the Sunday following  
133.25 the expiration of the benefit year on a prior benefit account. Except as allowed under  
133.26 paragraph (c), an applicant may establish only one benefit account each 52 calendar weeks.  
133.27 This paragraph applies to benefit accounts established under any federal law or the law of  
133.28 any other state.

133.29 Sec. 5. Minnesota Statutes 2016, section 268.085, subdivision 1, is amended to read:

133.30 Subdivision 1. **Eligibility conditions.** An applicant may be eligible to receive  
133.31 unemployment benefits for any week if:

134.1 (1) the applicant has filed a continued request for unemployment benefits for that week  
134.2 under section 268.0865;

134.3 (2) the week for which unemployment benefits are requested is in the applicant's benefit  
134.4 year;

134.5 (3) the applicant was unemployed as defined in section 268.035, subdivision 26;

134.6 (4) the applicant was available for suitable employment as defined in subdivision 15.

134.7 The applicant's weekly unemployment benefit amount is reduced one-fifth for each day the  
134.8 applicant is unavailable for suitable employment. This clause does not apply to an applicant  
134.9 who is in reemployment assistance training, or each day the applicant is on jury duty or  
134.10 serving as an election judge;

134.11 (5) the applicant was actively seeking suitable employment as defined in subdivision  
134.12 16. This clause does not apply to an applicant who is in reemployment assistance training  
134.13 or who was on jury duty throughout the week;

134.14 (6) the applicant has served a nonpayable period of one week that the applicant is  
134.15 otherwise eligible for some amount of unemployment benefits. This clause does not apply  
134.16 if the applicant would have been eligible for federal disaster unemployment assistance  
134.17 because of a disaster in Minnesota, but for the applicant's establishment of a benefit account  
134.18 under section 268.07; and

134.19 (7) the applicant has been participating in reemployment assistance services, such as  
134.20 development of, and adherence to, a work search plan, if the applicant has been directed to  
134.21 participate by the commissioner. This clause does not apply if the applicant has good cause  
134.22 for failing to participate. "Good cause" is a reason that would have prevented a reasonable  
134.23 person acting with due diligence from participating.

134.24 Sec. 6. Minnesota Statutes 2016, section 268.085, subdivision 13a, is amended to read:

134.25 Subd. 13a. **Leave of absence.** (a) An applicant on a voluntary leave of absence is  
134.26 ineligible for unemployment benefits for the duration of the leave of absence. An applicant  
134.27 on an involuntary leave of absence is not ineligible under this subdivision.

134.28 A leave of absence is voluntary when work that the applicant can then perform is available  
134.29 with the applicant's employer but the applicant chooses not to work. A medical leave of  
134.30 absence is not presumed to be voluntary.

134.31 (b) A period of vacation requested by the applicant, paid or unpaid, is ~~considered~~ a  
134.32 voluntary leave of absence. A vacation period assigned by an employer under: (1) a uniform

135.1 vacation shutdown; (2) a collective bargaining agreement; or (3) an established employer  
135.2 policy, is ~~considered~~ an involuntary leave of absence.

135.3 (c) A leave of absence is a temporary stopping of work that has been approved by the  
135.4 employer. A voluntary leave of absence is not ~~considered~~ a quit and an involuntary leave  
135.5 of absence is not ~~considered~~ a discharge from employment for purposes of section 268.095.

135.6 (d) An applicant who is on a paid leave of absence, whether the leave of absence is  
135.7 voluntary or involuntary, is ineligible for unemployment benefits for the duration of the  
135.8 leave.

135.9 (e) This subdivision applies to a leave of absence from a base period employer, an  
135.10 employer during the period between the end of the base period and the effective date of the  
135.11 benefit account, or an employer during the benefit year.

135.12 Sec. 7. Minnesota Statutes 2016, section 268.105, subdivision 2, is amended to read:

135.13 Subd. 2. **Request for reconsideration.** (a) Any party, or the commissioner, may within  
135.14 20 calendar days of the sending of the unemployment law judge's decision under subdivision  
135.15 1a, file a request for reconsideration asking the judge to reconsider that decision.

135.16 (b) Upon a request for reconsideration having been filed, the chief unemployment law  
135.17 judge must send a notice, by mail or electronic transmission, to all parties that a request for  
135.18 reconsideration has been filed. The notice must inform the parties:

135.19 (1) that reconsideration is the procedure for the unemployment law judge to correct any  
135.20 factual or legal mistake in the decision, or to order an additional hearing when appropriate;

135.21 (2) of the opportunity to provide comment on the request for reconsideration, and the  
135.22 right under subdivision 5 to obtain a copy of any recorded testimony and exhibits offered  
135.23 or received into evidence at the hearing;

135.24 (3) that providing specific comments as to a perceived factual or legal mistake in the  
135.25 decision, or a perceived mistake in procedure during the hearing, will assist the  
135.26 unemployment law judge in deciding the request for reconsideration;

135.27 (4) of the right to obtain any comments and submissions provided by any other party  
135.28 regarding the request for reconsideration; and

135.29 (5) of the provisions of paragraph (c) regarding additional evidence.

135.30 This paragraph does not apply if paragraph (d) is applicable. Sending the notice does not  
135.31 mean the unemployment law judge has decided the request for reconsideration was timely  
135.32 filed.

136.1 (c) In deciding a request for reconsideration, the unemployment law judge must not  
136.2 consider any evidence that was not submitted at the hearing, except for purposes of  
136.3 determining whether to order an additional hearing.

136.4 The unemployment law judge must order an additional hearing if a party shows that  
136.5 evidence which was not submitted at the hearing:

136.6 (1) would likely change the outcome of the decision and there was good cause for not  
136.7 having previously submitted that evidence; or

136.8 (2) would show that the evidence that was submitted at the hearing was likely false and  
136.9 that the likely false evidence had an effect on the outcome of the decision.

136.10 "Good cause" for purposes of this paragraph is a reason that would have prevented a  
136.11 reasonable person acting with due diligence from submitting the evidence.

136.12 (d) If the party who filed the request for reconsideration failed to participate in the  
136.13 hearing, the unemployment law judge must issue an order setting aside the decision and  
136.14 ordering an additional hearing if the party who failed to participate had good cause for  
136.15 failing to do so. The party who failed to participate in the hearing must be informed of the  
136.16 requirement to show good cause for failing to participate. If the unemployment law judge  
136.17 determines that good cause for failure to participate has not been shown, the judge must  
136.18 state that in the decision issued under paragraph (f).

136.19 Submission of a written statement at the hearing does not constitute participation for  
136.20 purposes of this paragraph.

136.21 "Good cause" for purposes of this paragraph is a reason that would have prevented a  
136.22 reasonable person acting with due diligence from participating in the hearing.

136.23 (e) A request for reconsideration must be decided by the unemployment law judge who  
136.24 issued the decision under subdivision 1a unless that judge:

136.25 (1) is no longer employed by the department;

136.26 (2) is on an extended or indefinite leave; or

136.27 (3) has been removed from the proceedings by the chief unemployment law judge.

136.28 (f) If a request for reconsideration is timely filed, the unemployment law judge must  
136.29 issue:

136.30 (1) a decision affirming the findings of fact, reasons for decision, and decision issued  
136.31 under subdivision 1a;



137.1 (2) a decision modifying the findings of fact, reasons for decision, and decision under  
137.2 subdivision 1a; or

137.3 (3) an order setting aside the findings of fact, reasons for decision, and decision issued  
137.4 under subdivision 1a, and ordering an additional hearing.

137.5 The unemployment law judge must issue a decision dismissing the request for  
137.6 reconsideration as untimely if the judge decides the request for reconsideration was not  
137.7 filed within 20 calendar days after the sending of the decision under subdivision 1a.

137.8 The unemployment law judge must send to all parties, by mail or electronic transmission,  
137.9 the decision or order issued under this subdivision. A decision affirming or modifying the  
137.10 previously issued findings of fact, reasons for decision, and decision, or a decision dismissing  
137.11 the request for reconsideration as untimely, is the final decision on the matter and is binding  
137.12 on the parties unless judicial review is sought under subdivision 7.

## 137.13 ARTICLE 7

### 137.14 UNEMPLOYMENT INSURANCE ADVISORY COUNCIL 137.15 TECHNICAL

137.16 Section 1. Minnesota Statutes 2016, section 268.031, subdivision 1, is amended to read:

137.17 Subdivision 1. **Standard of proof.** All issues ~~of fact~~ under the Minnesota Unemployment  
137.18 Insurance Law are determined by a preponderance of the evidence.

137.19 Sec. 2. Minnesota Statutes 2016, section 268.035, subdivision 15, is amended to read:

137.20 Subd. 15. **Employment.** (a) "Employment" means service performed by:

137.21 (1) an individual who is ~~considered~~ an employee under the common law of  
137.22 employer-employee and not ~~considered~~ an independent contractor;

137.23 (2) an officer of a corporation;

137.24 (3) a member of a limited liability company who is ~~considered~~ an employee under the  
137.25 common law of employer-employee; or

137.26 (4) product demonstrators in retail stores or other locations to aid in the sale of products.  
137.27 The person that pays the wages is ~~considered~~ the employer; or

137.28 ~~(5) an individual who performs services for a person for compensation, as:~~

137.29 ~~(i) an agent driver or commission driver engaged in distributing meat products, vegetable~~  
137.30 ~~products, fruit products, beverages, or laundry or dry cleaning services; or~~

138.1 ~~(ii) a traveling or city salesperson, other than as an agent-driver or commission-driver,~~  
 138.2 ~~engaged full-time in the solicitation on behalf of the person, of orders from wholesalers,~~  
 138.3 ~~retailers, contractors, or operators of hotels, restaurants, or other similar establishments for~~  
 138.4 ~~merchandise for resale or supplies for use in their business operations.~~

138.5 ~~This clause applies only if the contract of service provides that substantially all of the~~  
 138.6 ~~services are to be performed personally by the individual, and the services are part of a~~  
 138.7 ~~continuing relationship with the person for whom the services are performed, and the~~  
 138.8 ~~individual does not have a substantial investment in facilities used in connection with the~~  
 138.9 ~~performance of the services, other than facilities for transportation.~~

138.10 (b) Employment does not include service as a juror.

138.11 (c) Construction industry employment is defined in subdivision 9a. Trucking and  
 138.12 messenger/courier industry employment is defined in subdivision 25b. Rules on determining  
 138.13 worker employment status are described under Minnesota Rules, chapter 3315.

138.14 Sec. 3. Minnesota Statutes 2016, section 268.035, subdivision 23, is amended to read:

138.15 Subd. 23. **State's average annual and average weekly wage.** (a) On or before June 30  
 138.16 of each year, the commissioner must calculate, from wage detail reports under section  
 138.17 268.044, the state's average annual wage and the state's average weekly wage in the following  
 138.18 manner:

138.19 (1) the sum of the total monthly covered employment reported by all employers for the  
 138.20 prior calendar year is divided by 12 to calculate the average monthly covered employment;

138.21 (2) the sum of the total wages paid for all covered employment reported by all employers  
 138.22 for the prior calendar year is divided by the average monthly covered employment to calculate  
 138.23 the state's average annual wage; and

138.24 (3) the state's average annual wage is divided by 52 to calculate the state's average weekly  
 138.25 wage.

138.26 (b) For purposes of calculating the amount of taxable wages under subdivision 24, the  
 138.27 state's average annual wage applies to the calendar year following the calculation.

138.28 (c) For purposes of calculating ~~(1)~~ the state's maximum weekly unemployment benefit  
 138.29 amount available on any benefit account under section 268.07, subdivision 2a, ~~and (2)~~ the  
 138.30 state's average weekly wage applies to the one-year period beginning the last Sunday in  
 138.31 October of the calendar year of the calculation.

139.1 (d) For purposes of calculating the wage credits necessary to establish a benefit account  
139.2 under section 268.07, subdivision 2, the state's average weekly wage applies to the one-year  
139.3 period beginning the last Sunday in October of the calendar year of the calculation.

139.4 Sec. 4. Minnesota Statutes 2016, section 268.035, subdivision 30, is amended to read:

139.5 Subd. 30. **Wages paid.** (a) "Wages paid" means the amount of wages:

139.6 (1) that have been actually paid; or

139.7 (2) that have been credited to or set apart so that payment and disposition is under the  
139.8 control of the employee.

139.9 (b) Wage payments delayed beyond the regularly scheduled pay date are ~~considered~~  
139.10 "wages paid" on the missed pay date. Back pay is ~~considered~~ "wages paid" on the date of  
139.11 actual payment. Any wages earned but not paid with no scheduled date of payment ~~is~~  
139.12 ~~considered~~ are "wages paid" on the last day of employment.

139.13 (c) Wages paid does not include wages earned but not paid except as provided for in  
139.14 this subdivision.

139.15 Sec. 5. Minnesota Statutes 2016, section 268.042, subdivision 1, is amended to read:

139.16 Subdivision 1. **Employer registration.** (a) Each employer must, upon or before the  
139.17 submission of its first wage detail report under section 268.044, register with the  
139.18 commissioner for a tax account or a reimbursable account, by electronic transmission in a  
139.19 format prescribed by the commissioner. The employer must provide all required information  
139.20 for registration, including the actual physical street and city address of the employer.

139.21 (b) Within 30 calendar days, each employer must notify the commissioner by electronic  
139.22 transmission, in a format prescribed, of a change in legal entity, of the transfer, sale, or  
139.23 acquisition of a business conducted in Minnesota, in whole or in part, if the transaction  
139.24 results in the creation of a new or different employer or affects the establishment of employer  
139.25 accounts, the assignment of tax rates, or the transfer of experience rating history.

139.26 (c) Except as provided in subdivision 3, any person that is or becomes an employer  
139.27 ~~subject to the Minnesota Unemployment Insurance Law~~ with covered employment within  
139.28 any calendar year is ~~considered to be~~ subject to this chapter the entire calendar year.

139.29 (d) Within 30 calendar days of the termination of business, an employer that has been  
139.30 assigned a tax account or reimbursable account must notify the commissioner by electronic  
139.31 transmission, in a format prescribed by the commissioner, if that employer does not intend

140.1 or expect to pay wages to any employees in covered employment during the current or the  
140.2 next calendar year. Upon notification, the employer is no longer required to file wage detail  
140.3 reports under section 268.044, subdivision 1, paragraph (d), and the employer's account  
140.4 must be terminated.

140.5 (e) An employer that has its account terminated regains its previous tax account under  
140.6 section 268.045, with the experience rating history of that account, if the employer again  
140.7 commences business and again pays wages in covered employment if:

140.8 (1) less than 14 calendar quarters have elapsed in which no wages were paid for covered  
140.9 employment;

140.10 (2) the experience rating history regained contains taxable wages; and

140.11 (3) the experience rating history has not been transferred to a successor under section  
140.12 268.051, subdivision 4.

140.13 Sec. 6. Minnesota Statutes 2016, section 268.051, subdivision 1, is amended to read:

140.14 Subdivision 1. **Payments.** (a) Unemployment insurance taxes ~~and any special~~  
140.15 ~~assessments, fees, or surcharges~~ accrue and become payable by each employer for each  
140.16 calendar year on the taxable wages that the employer paid to employees in covered  
140.17 employment, except for:

140.18 (1) nonprofit organizations that elect to make reimbursements as provided in section  
140.19 268.053; and

140.20 (2) the state of Minnesota and political subdivisions that make reimbursements, unless  
140.21 they elect to pay taxes as provided in section 268.052.

140.22 Each employer must pay taxes quarterly, at the employer's assigned tax rate under  
140.23 subdivision 6, on the taxable wages paid to each employee. The commissioner must compute  
140.24 the tax due from the wage detail report required under section 268.044 and notify the  
140.25 employer of the tax due. The taxes ~~and any special assessments, fees, or surcharges~~ must  
140.26 be paid to the trust fund and must be received by the department on or before the last day  
140.27 of the month following the end of the calendar quarter.

140.28 (b) If for any reason the wages on the wage detail report under section 268.044 are  
140.29 adjusted for any quarter, the commissioner must recompute the taxes due for that quarter  
140.30 and assess the employer for any amount due or credit the employer as appropriate.

141.1 Sec. 7. Minnesota Statutes 2016, section 268.07, subdivision 2, is amended to read:

141.2 Subd. 2. **Benefit account requirements.** (a) Unless paragraph (b) applies, to establish  
141.3 a benefit account an applicant must have ~~total~~ wage credits ~~in the applicant's four quarter~~  
141.4 ~~base period~~ of at least 5.3 percent of the state's average annual wage rounded down to the  
141.5 next lower \$100.

141.6 (b) To establish a new benefit account following the expiration of the benefit year on a  
141.7 prior benefit account, an applicant must have performed actual work in subsequent covered  
141.8 employment and have been paid wages in one or more completed calendar quarters that  
141.9 started after the effective date of the prior benefit account. The wages paid for that  
141.10 employment must be at least enough to meet the requirements of paragraph (a). A benefit  
141.11 account under this paragraph may not be established effective earlier than the Sunday  
141.12 following the end of the most recent completed calendar quarter in which the requirements  
141.13 of paragraph (a) were met. An applicant may not establish a second benefit account as a  
141.14 result of one loss of employment.

141.15 Sec. 8. Minnesota Statutes 2016, section 268.07, subdivision 3a, is amended to read:

141.16 Subd. 3a. **Right of appeal.** (a) A determination or amended determination of benefit  
141.17 account is final unless an applicant or base period employer within 20 calendar days after  
141.18 the sending of the determination or amended determination files an appeal. Every  
141.19 determination or amended determination of benefit account must contain a prominent  
141.20 statement indicating in clear language the consequences of not appealing. Proceedings on  
141.21 the appeal are conducted in accordance with section 268.105.

141.22 (b) Any applicant or base period employer may appeal from a determination or amended  
141.23 determination of benefit account on the issue of whether services performed constitute  
141.24 employment, whether the employment is ~~considered~~ covered employment, and whether  
141.25 money paid constitutes wages. ~~Proceedings on the appeal are conducted in accordance with~~  
141.26 ~~section 268.105.~~

141.27 Sec. 9. Minnesota Statutes 2016, section 268.085, subdivision 6, is amended to read:

141.28 Subd. 6. **Receipt of back pay.** (a) Back pay received by an applicant within 24 months  
141.29 of the establishment of the benefit account with respect to any week must be deducted from  
141.30 unemployment benefits paid for that week, and the applicant is ~~considered to have been~~  
141.31 overpaid the unemployment benefits under section 268.18, subdivision 1.

142.1 If the back pay is not paid with respect to a specific period, the back pay must be applied  
 142.2 to the period immediately following the last day of employment.

142.3 (b) If the back pay is reduced by the amount of unemployment benefits that have been  
 142.4 paid, the amount of back pay withheld and not paid the applicant must be:

142.5 (1) paid by the taxpaying or reimbursing employer to the trust fund within 30 calendar  
 142.6 days and is subject to the same collection procedures that apply to past due taxes and  
 142.7 reimbursements; and

142.8 (2) when received by the trust fund:

142.9 (i) an overpayment of unemployment benefits must be created which, under section  
 142.10 268.047, subdivision 2, clause (8), clears the employer's tax or reimbursable account of any  
 142.11 effect; and

142.12 (ii) the back pay must then be applied to the unemployment benefit overpayment,  
 142.13 eliminating any effect on the applicant.

142.14 (c) The following must result when applying paragraph (b):

142.15 (1) an employer neither overpays nor underpays the employer's proper portion of the  
 142.16 unemployment benefit costs; and

142.17 (2) the applicant is placed in the same position as never having been paid the  
 142.18 unemployment benefits.

142.19 (d) This subdivision applies to payments labeled front pay, settlement pay, and other  
 142.20 terms describing or dealing with wage loss.

142.21 Sec. 10. Minnesota Statutes 2016, section 268.085, subdivision 7, is amended to read:

142.22 Subd. 7. **School employees; between terms denial.** (a) ~~No~~ Wage credits ~~in any amount~~  
 142.23 from ~~any~~ employment with any an educational institution or institutions ~~earned in any~~  
 142.24 ~~capacity~~ may not be used for unemployment benefit purposes for any week during the period  
 142.25 between two successive academic years or terms if:

142.26 (1) the applicant had employment for any an educational institution or institutions in the  
 142.27 prior academic year or term; and

142.28 (2) there is a reasonable assurance that the applicant will have employment for any an  
 142.29 educational institution or institutions in the following academic year or term, ~~unless that~~.

142.30 This paragraph applies to a vacation period or holiday recess if the applicant was  
 142.31 employed immediately before the vacation period or holiday recess, and there is a reasonable

143.1 assurance that the applicant will be employed immediately following the vacation period  
 143.2 or holiday recess. This paragraph also applies to the period between two regular but not  
 143.3 successive terms if there is an agreement for that schedule between the applicant and the  
 143.4 educational institution.

143.5 This paragraph does not apply if the subsequent employment is substantially less  
 143.6 favorable than the employment of the prior academic year or term, or the employment prior  
 143.7 to the vacation period or holiday recess.

143.8 (b) Paragraph (a) does not apply to an applicant who, at the end of the prior academic  
 143.9 year or term, had an agreement for a definite period of employment between academic years  
 143.10 or terms in other than an instructional, research, or principal administrative capacity and  
 143.11 the educational institution or institutions failed to provide that employment.

143.12 (c) If unemployment benefits are denied to any applicant under paragraph (a) who was  
 143.13 employed in the prior academic year or term in other than an instructional, research, or  
 143.14 principal administrative capacity and who was not offered an opportunity to perform the  
 143.15 employment in the following academic year or term, the applicant is entitled to retroactive  
 143.16 unemployment benefits for each week during the period between academic years or terms  
 143.17 that the applicant filed a timely continued request for unemployment benefits, but  
 143.18 unemployment benefits were denied solely because of paragraph (a).

143.19 ~~(d) An educational assistant is not considered to be in an instructional, research, or~~  
 143.20 ~~principal administrative capacity.~~

143.21 ~~(e) Paragraph (a) applies to any vacation period or holiday recess if the applicant was~~  
 143.22 ~~employed immediately before the vacation period or holiday recess, and there is a reasonable~~  
 143.23 ~~assurance that the applicant will be employed immediately following the vacation period~~  
 143.24 ~~or holiday recess.~~

143.25 ~~(f)~~ (d) This subdivision applies to employment with an educational service agency if the  
 143.26 applicant performed the services at an educational institution or institutions. "Educational  
 143.27 service agency" means a governmental agency or entity established and operated exclusively  
 143.28 for the purpose of providing services to one or more educational institutions.

143.29 (e) This subdivision ~~also~~ applies to employment with Minnesota or, a political  
 143.30 subdivision, or a nonprofit organization, if the services are provided to or on behalf of an  
 143.31 educational institution or institutions.

143.32 ~~(g) Paragraphs (a) and (e) apply~~ (f) Paragraph (a) applies beginning the Sunday of the  
 143.33 week that there is a reasonable assurance of employment.

144.1 ~~(h)~~ (g) Employment and a reasonable assurance with multiple education institutions  
 144.2 must be aggregated for purposes of application of this subdivision.

144.3 ~~(i)~~ (h) If all of the applicant's employment with any educational institution or institutions  
 144.4 during the prior academic year or term consisted of on-call employment, and the applicant  
 144.5 has a reasonable assurance of any on-call employment with any educational institution or  
 144.6 institutions for the following academic year or term, it is not considered substantially less  
 144.7 favorable employment.

144.8 ~~(j) Paragraph (a) also applies to the period between two regular but not successive terms.~~

144.9 ~~(k)~~ (i) A "reasonable assurance" may be written, oral, implied, or established by custom  
 144.10 or practice.

144.11 ~~(l)~~ (j) An "educational institution" is ~~an~~ a school, college, university, or other educational  
 144.12 entity operated by Minnesota or a political subdivision or an instrumentality thereof, or an  
 144.13 educational a nonprofit organization described in United States Code, title 26, section  
 144.14 501(c)(3) of the federal Internal Revenue Code, and exempt from income tax under section  
 144.15 501(a).

144.16 (k) An "instructional, research, or principal administrative capacity" does not include  
 144.17 an educational assistant.

144.18 Sec. 11. Minnesota Statutes 2016, section 268.085, subdivision 12, is amended to read:

144.19 Subd. 12. **Aliens.** (a) An alien is ineligible for unemployment benefits for any week the  
 144.20 alien is not authorized to work in the United States under federal law. Information from the  
 144.21 Bureau of Citizenship and Immigration Services is ~~considered~~ conclusive, absent specific  
 144.22 evidence that the information was erroneous. Under the existing agreement between the  
 144.23 United States and Canada, this paragraph does not apply to an applicant who is a Canadian  
 144.24 citizen and has returned to and is living in Canada each week unemployment benefits are  
 144.25 requested.

144.26 (b) ~~Unemployment benefits must not be paid on the basis of~~ An alien's wage credits  
 144.27 earned by an alien may not be used for unemployment benefit purposes unless the alien  
 144.28 was:

144.29 (1) ~~was~~ lawfully admitted for permanent residence at the time of the employment;<sub>2</sub>

144.30 (2) ~~was~~ lawfully present for the purposes of the employment;<sub>2</sub> or

144.31 (3) ~~was~~ permanently residing in the United States under color of law at the time of the  
 144.32 employment.



145.1 (c) ~~Any~~ Information required of applicants applying for unemployment benefits to  
145.2 determine eligibility because of their alien status must be required ~~from~~ of all applicants.

145.3 Sec. 12. Minnesota Statutes 2016, section 268.0865, subdivision 5, is amended to read:

145.4 Subd. 5. **Good cause defined.** (a) "Good cause" for purposes of this section is a  
145.5 ~~compelling substantial~~ reason that would have prevented a reasonable person acting with  
145.6 due diligence from filing a continued request for unemployment benefits within the time  
145.7 periods required.

145.8 (b) "Good cause" does not include forgetfulness, loss of the continued request form if  
145.9 filing by mail, having returned to work, having an appeal pending, or inability to file a  
145.10 continued request for unemployment benefits by the method designated if the applicant was  
145.11 aware of the inability and did not make diligent effort to have the method of filing a continued  
145.12 request changed by the commissioner. "Good cause" does not include having previously  
145.13 made an attempt to file a continued request for unemployment benefits but where the  
145.14 communication was not considered a continued request because the applicant failed to  
145.15 submit all required information.

145.16 Sec. 13. Minnesota Statutes 2016, section 268.095, subdivision 1, is amended to read:

145.17 Subdivision 1. **Quit.** An applicant who quit employment is ineligible for all  
145.18 unemployment benefits according to subdivision 10 except when:

145.19 (1) the applicant quit the employment because of a good reason caused by the employer  
145.20 as defined in subdivision 3;

145.21 (2) the applicant quit the employment to accept other covered employment that provided  
145.22 equal to or better terms and conditions of employment, but the applicant did not work long  
145.23 enough at the second employment to have sufficient subsequent wages paid to satisfy the  
145.24 period of ineligibility that would otherwise be imposed under subdivision 10 for quitting  
145.25 the first employment;

145.26 (3) the applicant quit the employment within 30 calendar days of beginning the  
145.27 employment and the employment was unsuitable;

145.28 (4) the employment was unsuitable and the applicant quit to enter reemployment  
145.29 assistance training;

145.30 (5) the employment was part time and the applicant also had full-time employment in  
145.31 the base period, from which full-time employment the applicant separated because of reasons  
145.32 for which the applicant is would not be ineligible, and the wage credits from the full-time

146.1 employment are sufficient to meet the minimum requirements to establish a benefit account  
146.2 under section 268.07;

146.3 (6) the applicant quit because the employer notified the applicant that the applicant was  
146.4 going to be laid off because of lack of work within 30 calendar days. An applicant who quit  
146.5 employment within 30 calendar days of a notified date of layoff because of lack of work is  
146.6 ineligible for unemployment benefits through the end of the week that includes the scheduled  
146.7 date of layoff;

146.8 (7) the applicant quit the employment (i) because the applicant's serious illness or injury  
146.9 made it medically necessary that the applicant quit; or (ii) in order to provide necessary care  
146.10 because of the illness, injury, or disability of an immediate family member of the applicant.  
146.11 This exception only applies if the applicant informs the employer of the medical problem  
146.12 and requests accommodation and no reasonable accommodation is made available.

146.13 If the applicant's serious illness is chemical dependency, this exception does not apply  
146.14 if the applicant was previously diagnosed as chemically dependent or had treatment for  
146.15 chemical dependency, and since that diagnosis or treatment has failed to make consistent  
146.16 efforts to control the chemical dependency.

146.17 This exception raises an issue of the applicant's being available for suitable employment  
146.18 under section 268.085, subdivision 1, that the commissioner must determine;

146.19 (8) the applicant's loss of child care for the applicant's minor child caused the applicant  
146.20 to quit the employment, provided the applicant made reasonable effort to obtain other child  
146.21 care and requested time off or other accommodation from the employer and no reasonable  
146.22 accommodation is available.

146.23 This exception raises an issue of the applicant's being available for suitable employment  
146.24 under section 268.085, subdivision 1, that the commissioner must determine;

146.25 (9) the applicant quit because domestic abuse, sexual assault, or stalking of the applicant  
146.26 or an immediate family member of the applicant, necessitated the applicant's quitting the  
146.27 employment.

146.28 For purposes of this subdivision:

146.29 (i) "domestic abuse" has the meaning given in section 518B.01;

146.30 (ii) "sexual assault" means an act that would constitute a violation of sections 609.342  
146.31 to 609.3453 or 609.352; and

146.32 (iii) "stalking" means an act that would constitute a violation of section 609.749; or

147.1 (10) the applicant quit in order to relocate to accompany a spouse:

147.2 ~~(1)~~ (i) who is in the military; or

147.3 ~~(2)~~ (ii) whose job was transferred by the spouse's employer to a new location making it  
147.4 impractical for the applicant to commute.

147.5 Sec. 14. Minnesota Statutes 2016, section 268.095, subdivision 2, is amended to read:

147.6 Subd. 2. **Quit defined.** (a) A quit from employment occurs when the decision to end  
147.7 the employment was, at the time the employment ended, the employee's.

147.8 (b) When determining if an applicant quit, the theory of a constructive quit does not  
147.9 apply.

147.10 (c) An employee who has been notified that the employee will be discharged in the  
147.11 future, who chooses to end the employment while employment in any capacity is still  
147.12 available, has quit the employment.

147.13 (d) A notice of quitting in the future does not constitute a quit at the time the notice is  
147.14 given. An employee who seeks to withdraw a previously submitted notice of quitting in the  
147.15 future has quit the employment, as of the intended date of quitting, if the employer does not  
147.16 agree that the notice may be withdrawn.

147.17 (e) An applicant has quit employment with a staffing service if, within five calendar  
147.18 days after completion of a suitable job assignment from a staffing service, the applicant:

147.19 (1) fails without good cause to affirmatively request an additional suitable job assignment;

147.20 (2) refuses without good cause an additional suitable job assignment offered; or

147.21 (3) accepts employment with the client of the staffing service. Accepting employment  
147.22 with the client of the staffing service meets the requirements of the exception to ineligibility  
147.23 under subdivision 1, clause (2).

147.24 This paragraph applies only if, at the time of beginning of employment with the staffing  
147.25 service, the applicant signed and was provided a copy of a separate document written in  
147.26 clear and concise language that informed the applicant of this paragraph and that  
147.27 unemployment benefits may be affected.

147.28 For purposes of this paragraph, "good cause" is a reason that would compel an average,  
147.29 reasonable worker, who would otherwise want an additional suitable job assignment with  
147.30 the staffing service (1) to fail to contact the staffing service, or (2) to refuse an offered  
147.31 assignment.

148.1 Sec. 15. Minnesota Statutes 2016, section 268.131, is amended to read:

148.2 **268.131 RECIPROCAL UNEMPLOYMENT BENEFIT COMBINED WAGE**  
 148.3 **ARRANGEMENTS FOR WORK IN MULTIPLE STATES.**

148.4 ~~Subdivision 1. Cooperation with other states on combining wages.~~ (a) In accordance  
 148.5 with the requirements of ~~United States Code, title 26, section 3304(a)(9)(B),~~ the Federal  
 148.6 Unemployment Tax Act, the commissioner must participate in reciprocal arrangements with  
 148.7 other states for the payment of unemployment benefits on the basis of combining an  
 148.8 applicant's wages from multiple states for the purposes of collecting unemployment benefits  
 148.9 from a single state. ~~The reciprocal agreement must include provisions for applying the base~~  
 148.10 ~~period of a single state law to a benefit account involving the combining of an applicant's~~  
 148.11 ~~wages and employment and avoiding the duplicate use of wages by reason of such combining.~~  
 148.12 The commissioner may ~~not enter into any reciprocal arrangement unless it contains provisions~~  
 148.13 ~~for~~ only pay unemployment benefits from the trust fund under this section if:

148.14 (1) there are reimbursements to the trust fund, by the other state, for unemployment  
 148.15 benefits paid from the trust fund to applicants based upon wages and employment covered  
 148.16 under the laws of the other state; and

148.17 ~~(b) The commissioner is authorized to pay unemployment benefits based upon an~~  
 148.18 ~~applicant's wages paid in covered employment in another state only if~~ (2) the applicant is  
 148.19 combining Minnesota wage credits with the wages paid in covered employment from another  
 148.20 state or states.

148.21 ~~(c) Section 268.23 does not apply to this subdivision.~~

148.22 ~~(d) On any reciprocal arrangement,~~ (b) Under this section, the wages paid an applicant  
 148.23 from employment covered under an unemployment insurance program of another state are  
 148.24 considered wages from covered employment for the purpose of determining the applicant's  
 148.25 rights to unemployment benefits under the Minnesota Unemployment Insurance Law.

148.26 ~~Subd. 2. Cooperation with foreign governments.~~ The commissioner is authorized to  
 148.27 ~~enter into or cooperate in arrangements whereby facilities and services provided under the~~  
 148.28 ~~Minnesota Unemployment Insurance Law and facilities and services provided under the~~  
 148.29 ~~unemployment insurance program of any foreign government, may be used for the taking~~  
 148.30 ~~of applications for unemployment benefits and continued requests and the payment of~~  
 148.31 ~~unemployment benefits under this law or under a similar law of a foreign government.~~

149.1 Sec. 16. Minnesota Statutes 2016, section 268.18, subdivision 2, is amended to read:

149.2 Subd. 2. **Overpayment because of ~~fraud~~ misrepresentation.** (a) An applicant has  
149.3 committed ~~fraud~~ misrepresentation if the applicant is overpaid unemployment benefits by:  
149.4 ~~(1) knowingly misrepresenting, misstating, or failing to disclose any material fact; or~~  
149.5 ~~(2) making a false statement or representation without a good faith belief as to the~~  
149.6 correctness of the statement or representation.

149.7 After the discovery of facts indicating ~~fraud~~ misrepresentation, the commissioner must  
149.8 issue a determination of overpayment penalty assessing a penalty equal to 40 percent of the  
149.9 amount overpaid. This penalty is in addition to penalties under section 268.182.

149.10 (b) Unless the applicant files an appeal within 20 calendar days after the sending of a  
149.11 determination of overpayment penalty to the applicant by mail or electronic transmission,  
149.12 the determination is final. Proceedings on the appeal are conducted in accordance with  
149.13 section 268.105.

149.14 (c) A determination of overpayment penalty must state the methods of collection the  
149.15 commissioner may use to recover the overpayment, penalty, and interest assessed. Money  
149.16 received in repayment of overpaid unemployment benefits, penalties, and interest is first  
149.17 applied to the benefits overpaid, then to the penalty amount due, then to any interest due.  
149.18 62.5 percent of the payments made toward the penalty are credited to the contingent account  
149.19 and 37.5 percent credited to the trust fund.

149.20 (d) The department is authorized to issue a determination of overpayment penalty under  
149.21 this subdivision ~~may be issued~~ within 48 months of the establishment of the benefit account  
149.22 upon which the unemployment benefits were obtained through ~~fraud~~ misrepresentation.

149.23 Sec. 17. Minnesota Statutes 2016, section 268.18, subdivision 2b, is amended to read:

149.24 Subd. 2b. **Interest.** On any unemployment benefits ~~fraudulently~~ obtained by  
149.25 misrepresentation, and any penalty amounts assessed under subdivision 2, the commissioner  
149.26 must assess interest at the rate of one percent per month on any amount that remains unpaid  
149.27 beginning 30 calendar days after the date of a determination of overpayment penalty. A  
149.28 determination of overpayment penalty must state that interest will be assessed. Interest is  
149.29 assessed in the same manner as on employer debt under section 268.057, subdivision 5.  
149.30 Interest payments collected under this subdivision are credited to the trust fund.

150.1 Sec. 18. Minnesota Statutes 2016, section 268.18, subdivision 5, is amended to read:

150.2 Subd. 5. **Remedies.** (a) Any method undertaken to recover an overpayment of  
 150.3 unemployment benefits, including any penalties and interest, is not ~~considered~~ an election  
 150.4 of a method of recovery.

150.5 (b) Intervention or lack thereof, in whole or in part, in a workers' compensation matter  
 150.6 under section 176.361 is not ~~considered~~ an election of a remedy and does not prevent the  
 150.7 commissioner from determining any applicant ineligible for unemployment benefits  
 150.8 ~~overpaid under subdivision 1 or 2~~ or taking action under section 268.182.

150.9 Sec. 19. Minnesota Statutes 2016, section 268.182, is amended to read:

150.10 **~~268.182 APPLICANT'S FALSE REPRESENTATIONS; CONCEALMENT OF~~**  
 150.11 **FACTS FRAUD; CRIMINAL PENALTY.**

150.12 Subdivision 1. **Criminal penalties.** ~~Whoever~~ An individual has committed fraud and is  
 150.13 guilty of theft and must be sentenced under section 609.52 if the individual obtains, or  
 150.14 attempts to obtain, or aids or abets any other individual to obtain, by means of an intentional  
 150.15 false statement or representation, by intentional concealment of a material fact, or by  
 150.16 impersonation or other fraudulent means, unemployment benefits that the individual is not  
 150.17 entitled or unemployment benefits greater than the individual is entitled to under this chapter,  
 150.18 or under the federal law of any state or of the federal government, either personally or for  
 150.19 any other individual, is guilty of theft and must be sentenced under section 609.52.

150.20 Subd. 2. **Administrative penalties.** (a) Any applicant who ~~knowingly makes a false~~  
 150.21 ~~statement or representation, who knowingly fails to disclose a material fact, or who makes~~  
 150.22 a false statement or representation without a good faith belief as to the correctness of the  
 150.23 statement or representation, in order to obtain or in an attempt to obtain unemployment  
 150.24 benefits may be assessed, in addition to any other penalties, an administrative penalty of  
 150.25 being ineligible for unemployment benefits for 13 to 104 weeks.

150.26 (b) A determination of ineligibility setting out the weeks the applicant is ineligible must  
 150.27 be sent to the applicant by mail or electronic transmission. The department is authorized to  
 150.28 issue a determination of ineligibility under this subdivision ~~may be issued~~ within 48 months  
 150.29 of the establishment of the benefit account upon which the unemployment benefits were  
 150.30 obtained, or attempted to be obtained. Unless an appeal is filed within 20 calendar days of  
 150.31 sending, the determination is final. Proceedings on the appeal are conducted in accordance  
 150.32 with section 268.105.

151.1 Sec. 20. Minnesota Statutes 2016, section 268.184, is amended to read:

151.2 **268.184 EMPLOYER MISCONDUCT; PENALTY MISREPRESENTATION AND**  
 151.3 **MISREPORTING; ADMINISTRATIVE PENALTIES.**

151.4 Subdivision 1. **Misrepresentation; administrative penalties.** (a) The commissioner  
 151.5 must penalize an employer if that employer or any employee, officer, or agent of that  
 151.6 employer, ~~is in collusion with any applicant for the purpose of assisting the applicant to~~  
 151.7 ~~receive unemployment benefits fraudulently. The penalty is \$500 or the amount of~~  
 151.8 ~~unemployment benefits determined to be overpaid, whichever is greater.~~

151.9 ~~(b) The commissioner must penalize an employer if that employer or any employee,~~  
 151.10 ~~officer, or agent of that employer: (1) made a false statement or representation knowing it~~  
 151.11 ~~to be false; (2) made a false statement or representation without a good faith belief as to~~  
 151.12 ~~correctness of the statement or representation; (3) or knowingly failed to disclose a material~~  
 151.13 ~~fact; or (4) made an offer of employment to an applicant when, in fact, the employer had~~  
 151.14 ~~no employment available. in order to:~~

151.15 ~~(1) assist an applicant to receive unemployment benefits to which the applicant is not~~  
 151.16 ~~entitled;~~

151.17 ~~(2) prevent or reduce the payment of unemployment benefits to an applicant; or~~

151.18 ~~(3) avoid or reduce any payment required from an employer under this chapter or section~~  
 151.19 ~~116L.20.~~

151.20 The penalty is the greater of \$500 or 50 percent of the following resulting from the employer's  
 151.21 action:

151.22 (i) the amount of any overpaid unemployment benefits to an applicant;

151.23 (ii) the amount of unemployment benefits not paid to an applicant that would otherwise  
 151.24 have been paid; or

151.25 (iii) the amount of any payment required from the employer under this chapter or section  
 151.26 116L.20 that was not paid.

151.27 ~~(e)~~ (b) The commissioner must penalize an employer if that employer failed or refused  
 151.28 to honor a subpoena issued under section 268.188. The penalty is \$500 and any costs of  
 151.29 enforcing the subpoena, including attorney fees.

151.30 ~~(d)~~ (c) Penalties under this subdivision and under section 268.047, subdivision 4,  
 151.31 paragraph (b), are in addition to any other penalties and subject to the same collection

152.1 procedures that apply to past due taxes. Penalties must be paid within 30 calendar days of  
152.2 issuance of the determination of penalty and credited to the trust fund.

152.3 ~~(e)~~ (d) The determination of penalty is final unless the employer files an appeal within  
152.4 20 calendar days after the sending of the determination of penalty to the employer by mail  
152.5 or electronic transmission. Proceedings on the appeal are conducted in accordance with  
152.6 section 268.105.

152.7 Subd. 1a. **Notification and misreporting penalties.** (a) If the commissioner finds that  
152.8 any employer or agent of an employer failed to meet the notification requirements of section  
152.9 268.051, subdivision 4, the employer must be assessed a penalty of \$5,000 or two percent  
152.10 of the first full quarterly payroll acquired, whichever is higher. Payroll is wages paid as  
152.11 defined in section 268.035, subdivision 30. The penalty under this paragraph must be  
152.12 canceled if the commissioner determines that the failure occurred because of ignorance or  
152.13 inadvertence.

152.14 (b) If the commissioner finds that any individual advised an employer to violate the  
152.15 employer's notification requirements under section 268.051, subdivision 4, the individual,  
152.16 and that individual's employer, must each be assessed the penalty in paragraph (a).

152.17 (c) If the commissioner finds that any person or agent of a person violated the reporting  
152.18 requirements of section 268.046, the person must be assessed a penalty of \$5,000 or two  
152.19 percent of the quarterly payroll reported in violation of section 268.046, whichever is higher.  
152.20 Payroll is wages paid as defined in section 268.035, subdivision 30.

152.21 (d) Penalties under this subdivision are in addition to any other penalties and subject to  
152.22 the same collection procedures that apply to past due amounts from an employer. Penalties  
152.23 must be paid within 30 calendar days after sending of the determination of penalty and  
152.24 credited to the trust fund.

152.25 (e) The determination of penalty is final unless the person assessed files an appeal within  
152.26 20 calendar days after sending of the determination of penalty by mail or electronic  
152.27 transmission. Proceedings on the appeal are conducted in accordance with section 268.105.

152.28 Subd. 2. **Criminal penalties.** Any employer or any officer or agent of an employer or  
152.29 any other individual ~~who~~ has committed fraud and is guilty of a crime, if in order to avoid  
152.30 or reduce any payment required from an employer under this chapter or section 116L.20,  
152.31 or to prevent or reduce the payment of unemployment benefits to an applicant:

152.32 (1) makes a false statement or representation knowing it to be false;



153.1 (2) knowingly fails to disclose a material fact, including notification required under  
153.2 section 268.051, subdivision 4; or

153.3 (3) knowingly advises or assists an employer in violating clause (1) or (2), ~~to avoid or~~  
153.4 ~~reduce any payment required from an employer under this chapter or section 116L.20, or~~  
153.5 ~~to prevent or reduce the payment of unemployment benefits to any applicant.~~

153.6 The individual is guilty of a gross misdemeanor unless if the underpayment exceeds is \$500,  
153.7 in that case or less. The individual is guilty of a felony if the underpayment exceeds \$500.

153.8 Sec. 21. Minnesota Statutes 2016, section 268.194, subdivision 1, is amended to read:

153.9 Subdivision 1. **Establishment.** There is established as a special state trust fund, separate  
153.10 and apart from all other public money or funds of this state, an unemployment insurance  
153.11 trust fund, that is administered by the commissioner exclusively for the payment of  
153.12 unemployment benefits. This trust fund consists of:

153.13 (1) all taxes collected;

153.14 (2) interest earned upon any money in the trust fund;

153.15 (3) reimbursements paid by nonprofit organizations, and the state and political  
153.16 subdivisions;

153.17 (4) tax rate buydown payments under section 268.051, subdivision 7;

153.18 (5) ~~any~~ money received as a loan from the federal unemployment trust fund in accordance  
153.19 with United States Code, title 42, section 1321, of the Social Security Act;

153.20 (6) ~~any other~~ money received under a reciprocal unemployment benefit combined wage  
153.21 arrangement with the federal government or any other state;

153.22 (7) money received from the federal government for unemployment benefits paid under  
153.23 a federal program;

153.24 ~~(7)~~ (8) money recovered on overpaid unemployment benefits;

153.25 ~~(8)~~ (9) all money credited to the account under this chapter;

153.26 ~~(9)~~ (10) all money credited to the account of Minnesota in the federal unemployment  
153.27 trust fund under United States Code, title 42, section 1103, of the Social Security Act, also  
153.28 known as the Reed Act; and

153.29 ~~(10)~~ (11) all money received for the trust fund from any other source.

154.1 Sec. 22. Minnesota Statutes 2016, section 268.194, subdivision 4, is amended to read:

154.2 Subd. 4. **Reimbursements.** The commissioner is authorized to make to other state or  
 154.3 federal agencies and to receive from other state or federal agencies, reimbursements from  
 154.4 or to the trust fund, in accordance with ~~reciprocal~~ combined wage arrangements entered  
 154.5 into under section 268.131.

154.6 Money received under a ~~reciprocal agreement~~ combined wage arrangement must be  
 154.7 placed directly in the unemployment benefit payment account of the trust fund.

154.8 Sec. 23. **REVISOR'S INSTRUCTION.**

154.9 In the following sections of Minnesota Statutes, the revisor of statutes shall delete the  
 154.10 term "considered": Minnesota Statutes, sections 268.035, subdivisions 21c and 26; 268.07,  
 154.11 subdivision 1; 268.085, subdivisions 4a, 13c, 15, and 16; 268.095, subdivision 3; 268.101,  
 154.12 subdivision 6; and 268.105, subdivisions 3a and 7.

154.13 Sec. 24. **REVISOR'S INSTRUCTION.**

154.14 (a) In Minnesota Statutes, section 268.18, the revisor of statutes shall change the term  
 154.15 "fraud" to "misrepresentation" and "nonfraud" to "nonmisrepresentation."

154.16 (b) The revisor of statutes shall renumber Minnesota Statutes, section 268.184,  
 154.17 subdivision 2, as Minnesota Statutes, section 268.182, subdivision 1, paragraph (b).

154.18 (c) The revisor of statutes shall renumber Minnesota Statutes, section 268.182, subdivision  
 154.19 2, as Minnesota Statutes, section 268.183.

154.20 (d) The revisor of statutes shall make cross-reference changes needed arising out of the  
 154.21 renumbering in Minnesota Statutes, section 268.032, subdivision 20.

154.22 Sec. 25. **REPEALER.**

154.23 Laws 2005, chapter 112, article 1, section 14, is repealed.

## 154.24 **ARTICLE 8**

### 154.25 **COMMERCE POLICY**

154.26 Section 1. Minnesota Statutes 2016, section 45.0135, subdivision 6, is amended to read:

154.27 Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention account  
 154.28 is created in the state treasury. Money received from assessments under subdivision 7 and  
 154.29 transferred from the automobile theft prevention account in ~~section~~ sections 65B.84,

155.1 subdivision 1, and 297I.11, subdivision 2, is deposited in the account. Money in this fund  
155.2 is appropriated to the commissioner of commerce for the purposes specified in this section  
155.3 and sections 60A.951 to 60A.956.

155.4 Sec. 2. Minnesota Statutes 2016, section 65B.84, subdivision 1, is amended to read:

155.5 Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The  
155.6 commissioner of commerce shall:

155.7 (1) develop and sponsor the implementation of statewide plans, programs, and strategies  
155.8 to combat automobile theft, improve the administration of the automobile theft laws, and  
155.9 provide a forum for identification of critical problems for those persons dealing with  
155.10 automobile theft;

155.11 (2) coordinate the development, adoption, and implementation of plans, programs, and  
155.12 strategies relating to interagency and intergovernmental cooperation with respect to  
155.13 automobile theft enforcement;

155.14 (3) annually audit the plans and programs that have been funded in whole or in part to  
155.15 evaluate the effectiveness of the plans and programs and withdraw funding should the  
155.16 commissioner determine that a plan or program is ineffective or is no longer in need of  
155.17 further financial support from the fund;

155.18 (4) develop a plan of operation including:

155.19 (i) an assessment of the scope of the problem of automobile theft, including areas of the  
155.20 state where the problem is greatest;

155.21 (ii) an analysis of various methods of combating the problem of automobile theft;

155.22 (iii) a plan for providing financial support to combat automobile theft;

155.23 (iv) a plan for eliminating car hijacking; and

155.24 (v) an estimate of the funds required to implement the plan; and

155.25 (5) distribute money, in consultation with the commissioner of public safety, pursuant  
155.26 to subdivision 3 from the automobile theft prevention special revenue account for automobile  
155.27 theft prevention activities, including:

155.28 (i) paying the administrative costs of the program;

155.29 (ii) providing financial support to the State Patrol and local law enforcement agencies  
155.30 for automobile theft enforcement teams;

156.1 (iii) providing financial support to state or local law enforcement agencies for programs  
156.2 designed to reduce the incidence of automobile theft and for improved equipment and  
156.3 techniques for responding to automobile thefts;

156.4 (iv) providing financial support to local prosecutors for programs designed to reduce  
156.5 the incidence of automobile theft;

156.6 (v) providing financial support to judicial agencies for programs designed to reduce the  
156.7 incidence of automobile theft;

156.8 (vi) providing financial support for neighborhood or community organizations or business  
156.9 organizations for programs designed to reduce the incidence of automobile theft and to  
156.10 educate people about the common methods of automobile theft, the models of automobiles  
156.11 most likely to be stolen, and the times and places automobile theft is most likely to occur;  
156.12 and

156.13 (vii) providing financial support for automobile theft educational and training programs  
156.14 for state and local law enforcement officials, driver and vehicle services exam and inspections  
156.15 staff, and members of the judiciary.

156.16 (b) The commissioner may not spend in any fiscal year more than ten percent of the  
156.17 money in the fund for the program's administrative and operating costs. The commissioner  
156.18 is annually appropriated and must distribute the amount of the proceeds credited to the  
156.19 automobile theft prevention special revenue account each year, less the transfer of \$1,300,000  
156.20 each year to the ~~general fund~~ insurance fraud prevention account described in section 297I.11,  
156.21 subdivision 2.

156.22 (c) At the end of each fiscal year, the commissioner may transfer any unobligated balances  
156.23 in the auto theft prevention account to the insurance fraud prevention account under section  
156.24 45.0135, subdivision 6.

156.25 **Sec. 3. [239.7511] GAS TAX SIGN ON PETROLEUM DISPENSER.**

156.26 (a) The director must ensure that signs having 12-point font or greater are affixed on  
156.27 retail petroleum dispensers as follows:

156.28 (1) for regular or premium gasoline, a sign that reads: "The price for each gallon of  
156.29 gasoline includes the current state gasoline tax of 28.5 cents per gallon and federal gasoline  
156.30 tax of 18.4 cents per gallon. Revenue from the state fuel tax may be used only for roads and  
156.31 bridges, according to the Minnesota Constitution."; and

157.1 (2) for diesel fuel, a sign that reads: "The price for each gallon of diesel fuel includes  
157.2 the current state gasoline tax of 28.5 cents per gallon and federal gasoline tax of 24.4 cents  
157.3 per gallon. Revenue from the state fuel tax may be used only for roads and bridges, according  
157.4 to the Minnesota Constitution."

157.5 (b) The director must distribute the signs under this section to the owner or operator of  
157.6 retail petroleum dispensers. To the extent possible, the director must coordinate the  
157.7 distribution of signs with other duties the director may have involving retail petroleum  
157.8 dispensers.

157.9 (c) If the amount of the gasoline tax described in paragraph (a), clauses (1) and (2),  
157.10 changes, the director must distribute revised signs to reflect the updated gasoline tax amounts  
157.11 within 12 calendar months of the change.

157.12 (d) The director is prohibited from assessing any penalty, fine, or fee on the owner or  
157.13 operator of a retail petroleum dispenser that has a missing, destroyed, defaced, or otherwise  
157.14 damaged gas tax sign.

157.15 Sec. 4. Minnesota Statutes 2016, section 297I.11, subdivision 2, is amended to read:

157.16 Subd. 2. **Automobile theft prevention account.** A special revenue account in the state  
157.17 treasury shall be credited with the proceeds of the surcharge imposed under subdivision 1.  
157.18 Of the revenue in the account, \$1,300,000 each year must be transferred to the ~~general fund~~  
157.19 insurance fraud prevention account under section 45.0135, subdivision 6. Revenues in excess  
157.20 of \$1,300,000 each year may be used only for the automobile theft prevention program  
157.21 described in section 65B.84.

157.22 Sec. 5. Minnesota Statutes 2016, section 325J.06, is amended to read:

157.23 **325J.06 EFFECT OF NONREDEMPTION.**

157.24 (a) A pledgor shall have no obligation to redeem pledged goods or make any payment  
157.25 on a pawn transaction. Pledged goods not redeemed within at least 60 days of the date of  
157.26 the pawn transaction, ~~renewal, or extension~~ shall automatically be forfeited to the  
157.27 pawnbroker, and qualified right, title, and interest in and to the goods shall automatically  
157.28 vest in the pawnbroker.

157.29 (b) The pawnbroker's right, title, and interest in the pledged goods under paragraph (a)  
157.30 is qualified only by the pledgor's right, while the pledged goods remain in possession of the  
157.31 pawnbroker and not sold to a third party, to redeem the goods by paying the loan plus fees  
157.32 and/or interest accrued up to the date of redemption.

158.1 (c) A pawn transaction that involves holding only the title to property is subject to chapter  
158.2 168A or 336.

158.3 Sec. 6. Minnesota Statutes 2016, section 345.42, is amended by adding a subdivision to  
158.4 read:

158.5 Subd. 1a. **Required lists.** (a) Beginning July 1, 2017, and annually thereafter, and  
158.6 provided that a member has requested it, the commissioner shall provide to each member  
158.7 of the legislature a list in electronic form of all persons appearing to be owners of abandoned  
158.8 property whose last known address is located in the legislator's respective legislative district.

158.9 (b) Beginning July 1, 2017, and every six months thereafter, and provided that a county  
158.10 has requested it, the commissioner shall provide to the county a list in electronic form of  
158.11 all persons appearing to be owners of abandoned property whose last known address is  
158.12 located in the county. A request under this paragraph must be made in writing by a person  
158.13 authorized by the county to make the request and is good until canceled.

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

158.15 Sec. 7. Minnesota Statutes 2016, section 345.49, is amended to read:

158.16 **345.49 CLAIM FOR ABANDONED PROPERTY PAID OR DELIVERED.**

158.17 Subdivision 1. **Filing.** (a) Any person claiming an interest in any property delivered to  
158.18 the state under sections 345.31 to 345.60 may file a claim thereto or to the proceeds from  
158.19 the sale thereof on the form prescribed by the commissioner.

158.20 (b) Any person claiming an interest in property evidenced by a will or trust document,  
158.21 or court order, may submit to the commissioner only such portions of the document or order  
158.22 necessary to establish a claim.

158.23 Subd. 2. **Appropriation.** There is hereby appropriated to the persons entitled to a refund,  
158.24 from the fund in the state treasury to which the money was credited, an amount sufficient  
158.25 to make the refund and payment.

158.26 Subd. 3. **Data.** Government data received by the commissioner pursuant to this section  
158.27 is nonpublic data or private data on individuals, as defined in section 13.02, subdivisions 9  
158.28 and 12.

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

159.1 Sec. 8. **[471.9998] MERCHANT BAGS.**

159.2 Subdivision 1. **Merchant option.** All merchants, itinerant vendors, and peddlers doing  
 159.3 business in this state shall have the option to provide customers a paper, plastic, or reusable  
 159.4 bag for the packaging of any item or good purchased, provided such purchase is of a size  
 159.5 and manner commensurate with the use of paper, plastic, or reusable bags.

159.6 Subd. 2. **Prohibition; bag ban.** Notwithstanding any other provision of law, no political  
 159.7 subdivision shall impose any ban upon the use of paper, plastic, or reusable bags for  
 159.8 packaging of any item or good purchased from a merchant, itinerant vendor, or peddler.

159.9 **EFFECTIVE DATE.** This section is effective May 31, 2017. Ordinances existing on  
 159.10 the effective date of this section that would be prohibited under this section are invalid as  
 159.11 of the effective date of this section.

159.12 Sec. 9. **REPORT ON UNCLAIMED PROPERTY DIVISION.**

159.13 The commissioner shall report by February 15, 2018, to the chairs and ranking minority  
 159.14 members of the standing committees of the house of representatives and senate having  
 159.15 jurisdiction over commerce regarding the process owners of abandoned property must  
 159.16 comply with in order to file an allowed claim under Minnesota Statutes, chapter 345. The  
 159.17 report shall include information regarding the documentation and identification necessary  
 159.18 for owners of each type of abandoned property under Minnesota Statutes, chapter 345, to  
 159.19 file an allowed claim.

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

159.21 **ARTICLE 9**

159.22 **TELECOMMUNICATIONS POLICY**

159.23 Section 1. Minnesota Statutes 2016, section 237.01, is amended by adding a subdivision  
 159.24 to read:

159.25 Subd. 10. **Voice-over-Internet protocol service.** "Voice-over-Internet protocol service"  
 159.26 or "VoIP service" means any service that (1) enables real-time two-way voice  
 159.27 communications that originate from or terminate at the user's location in Internet protocol  
 159.28 or any successor protocol, and (2) permits users generally to receive calls that originate on  
 159.29 the public switched telephone network and terminate calls to the public switched telephone  
 159.30 network.

160.1 Sec. 2. Minnesota Statutes 2016, section 237.01, is amended by adding a subdivision to  
160.2 read:

160.3 Subd. 11. **Internet protocol-enabled service.** "Internet protocol-enabled service" or  
160.4 "IP-enabled service" means any service, capability, functionality, or application provided  
160.5 using Internet protocol, or any successor protocol, that enables an end user to send or receive  
160.6 a communication in Internet protocol format or any successor format, regardless of whether  
160.7 that communication is voice, data, or video.

160.8 Sec. 3. [237.037] **VOICE-OVER-INTERNET PROTOCOL SERVICE AND**  
160.9 **INTERNET PROTOCOL-ENABLED SERVICE.**

160.10 Subdivision 1. **Regulation prohibited.** Except as provided in this section, no state  
160.11 agency, including the commission and the Department of Commerce, or political subdivision  
160.12 of this state shall by rule, order, or other means directly or indirectly regulate the entry,  
160.13 rates, terms, quality of service, availability, classification, or any other aspect of VoIP service  
160.14 or IP-enabled service.

160.15 Subd. 2. **VoIP regulation.** (a) To the extent permitted by federal law, VoIP service is  
160.16 subject to the requirements of sections 237.49, 237.52, 237.70, and 403.11 with regard to  
160.17 the collection and remittance of the surcharges governed by those sections.

160.18 (b) A provider of VoIP service must comply with the requirements of chapter 403  
160.19 applicable to the provision of access to 911 service by service providers, except to the extent  
160.20 those requirements conflict with federal requirements for the provision of 911 service by  
160.21 VoIP providers under Code of Federal Regulations, title 47, part 9. A VoIP provider is  
160.22 entitled to the benefit of the limitation of liability provisions of section 403.07, subdivision  
160.23 5. Beginning June 1, 2017, and continuing each June 1 thereafter, each VoIP provider shall  
160.24 file a plan with the commission describing how it will comply with the requirements of this  
160.25 paragraph. After its initial filing under this paragraph, a VoIP provider shall file with the  
160.26 commission either an update of the plan or a statement certifying that the plan and personnel  
160.27 contact information previously filed is still current.

160.28 Subd. 3. **Relation to other law.** Nothing in this section restricts, creates, expands, or  
160.29 otherwise affects or modifies:

160.30 (1) the commission's authority under the Federal Communications Act of 1934, United  
160.31 States Code, title 47, sections 251 and 252;

160.32 (2) any applicable wholesale tariff or any commission authority related to wholesale  
160.33 services;



161.1 (3) any commission jurisdiction over (i) intrastate switched access rates, terms, and  
 161.2 conditions, including the implementation of federal law with respect to intercarrier  
 161.3 compensation, or (ii) existing commission authority to address or affect the resolution of  
 161.4 disputes regarding intercarrier compensation;

161.5 (4) the rights of any entity, or the authority of the commission and local government  
 161.6 authorities, with respect to the use and regulation of public rights-of-way under sections  
 161.7 237.162 and 237.163;

161.8 (5) the establishment or enforcement of standards, requirements or procedures in  
 161.9 procurement policies, internal operational policies, or work rules of any state agency or  
 161.10 political subdivision of the state relating to the protection of intellectual property; or

161.11 (6) the authority of the attorney general to apply and enforce chapters 325C to 325G,  
 161.12 325K to 325M, and other laws of general applicability governing consumer protection and  
 161.13 trade practices.

161.14 Subd. 4. **Exemption.** The following services delivered by IP-enabled service are not  
 161.15 regulated under this chapter:

161.16 (1) video services provided by a cable communications system, as defined in section  
 161.17 238.02, subdivision 3;

161.18 (2) cable service, as defined in United States Code, title 47, section 522, clause (6); or

161.19 (3) any other IP-enabled video service.

161.20 Subd. 5. **Preservation of existing landline telephone service.** Nothing in this section  
 161.21 restricts, creates, expands, or otherwise affects or modifies the obligations of a telephone  
 161.22 company under this chapter to offer landline telephone service that is not Voice over Internet  
 161.23 Protocol service.

161.24

## ARTICLE 10

161.25

### ENERGY POLICY

161.26 Section 1. Minnesota Statutes 2016, section 3.8851, subdivision 1, is amended to read:

161.27 Subdivision 1. **Establishment.** (a) There is established a Legislative Energy Commission  
 161.28 to study and to make recommendations for legislation concerning issues related to its duties  
 161.29 under subdivision 3.

161.30 (b) The commission consists of:

162.1 (1) ~~ten~~ nine members of the house of representatives, five of whom are appointed by  
 162.2 the speaker of the house; and four of whom must be from are appointed by the leader of the  
 162.3 minority caucus; ~~and including the chair of the committee with primary jurisdiction over~~  
 162.4 ~~energy policy; the chair or another member of each of the committees with primary~~  
 162.5 ~~jurisdiction over environmental policy, agricultural policy, and transportation policy; and~~

162.6 (2) ~~ten~~ nine members of the senate ~~to be~~, five of whom are appointed by the Subcommittee  
 162.7 ~~on Committees~~, leader of the majority caucus and four of whom must be from are appointed  
 162.8 by the leader of the minority caucus; ~~and including the chair of the committee with primary~~  
 162.9 ~~jurisdiction over energy policy; and the chair or another member of each of the committees~~  
 162.10 ~~with primary jurisdiction over environmental policy, agricultural policy, and transportation~~  
 162.11 ~~policy.~~

162.12 (c) The commission may employ full-time and part-time staff, contract for consulting  
 162.13 services, and may reimburse the expenses of persons requested to assist it in its duties. The  
 162.14 director of the Legislative Coordinating Commission shall assist the commission in  
 162.15 administrative matters. The commission shall elect cochairs, one member of the house of  
 162.16 representatives and one member of the senate from among the committee and subcommittee  
 162.17 chairs named to the commission. The commission members from the house of representatives  
 162.18 shall elect the house of representatives cochair, and the commission members from the  
 162.19 senate shall elect the senate cochair.

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

162.21 Sec. 2. Minnesota Statutes 2016, section 16B.323, is amended to read:

162.22 **16B.323 SOLAR ENERGY IN STATE BUILDINGS.**

162.23 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
 162.24 the meanings given.

162.25 (b) "Made in Minnesota" means the manufacture in this state of:

162.26 (1) ~~components of a solar thermal system certified by the Solar Rating and Certification~~  
 162.27 ~~Corporation; or~~

162.28 (2) ~~solar photovoltaic modules that:~~

162.29 (i) ~~are manufactured at a manufacturing facility in Minnesota that is registered and~~  
 162.30 ~~authorized to manufacture those solar photovoltaic modules by Underwriters Laboratory,~~  
 162.31 ~~CSA International, Intertek, or an equivalent independent testing agency;~~

163.1 ~~(ii) bear certification marks from Underwriters Laboratory, CSA International, Intertek,~~  
 163.2 ~~or an equivalent independent testing agency; and~~

163.3 ~~(iii) meet the requirements of section 116C.7791, subdivision 3, paragraph (a), clauses~~  
 163.4 ~~(1), (5), and (6).~~

163.5 ~~For the purposes of clause (2), "manufactured" has the meaning given in section~~  
 163.6 ~~116C.7791, subdivision 1, paragraph (b), clauses (1) and (2).~~

163.7 ~~(e)~~ (b) "Major renovation" means a substantial addition to an existing building, or a  
 163.8 substantial change to the interior configuration or the energy system of an existing building.

163.9 ~~(d)~~ (c) "Solar energy system" means solar photovoltaic ~~modules~~ devices alone or installed  
 163.10 in conjunction with a solar thermal system.

163.11 ~~(e) "Solar Photovoltaic module~~ (d) "Photovoltaic device" has the meaning given in  
 163.12 section ~~116C.7791, subdivision 1, paragraph (e)~~ 216C.06, subdivision 16.

163.13 ~~(f)~~ (e) "Solar thermal system" has the meaning given "qualifying solar thermal project"  
 163.14 in section 216B.2411, subdivision 2, paragraph (e).

163.15 ~~(g)~~ (f) "State building" means a building whose construction or renovation is paid wholly  
 163.16 or in part by the state from the bond proceeds fund.

163.17 Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project for  
 163.18 the construction or major renovation of a state building, after the completion of a cost-benefit  
 163.19 analysis, may include installation of "~~Made in Minnesota~~" solar energy systems of up to 40  
 163.20 kilowatts capacity on, adjacent, or in proximity to the state building.

163.21 (b) The capacity of a solar energy system must be less than 40 kilowatts to the extent  
 163.22 necessary to match the electrical load of the building or to the extent necessary to keep the  
 163.23 costs for the installation below the five percent maximum set by paragraph (c).

163.24 (c) The cost of the solar energy system must not exceed five percent of the appropriations  
 163.25 from the bond proceeds fund for the construction or renovation of the state building. Purchase  
 163.26 and installation of a solar thermal system may account for no more than 25 percent of the  
 163.27 cost of a solar energy system installation.

163.28 (d) A project subject to this section is ineligible to receive a rebate for the installation  
 163.29 of a solar energy system under section 116C.7791 or from any utility.

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

164.1 Sec. 3. Minnesota Statutes 2016, section 116.03, is amended by adding a subdivision to  
164.2 read:

164.3 Subd. 7. **Clean Air Act settlement money.** "Clean Air Act settlement money" means  
164.4 money required to be paid to the state as a result of litigation or settlements of alleged  
164.5 violations of the federal Clean Air Act, United States Code, title 42, section 7401, et seq.,  
164.6 or rules adopted thereunder, by an automobile manufacturer. Clean Air Act settlement  
164.7 money may not be spent until it is specifically appropriated by law.

164.8 Sec. 4. Minnesota Statutes 2016, section 116C.779, subdivision 1, is amended to read:

164.9 Subdivision 1. ~~Renewable development~~ Clean energy advancement fund (C-LEAF)  
164.10 account. (a) The clean energy advancement fund account, or C-LEAF account, is established  
164.11 as a separate account in the special revenue fund in the state treasury. Appropriations and  
164.12 transfers to the account shall be credited to the account. Earnings, such as interest, dividends,  
164.13 and any other earnings arising from assets of the account, shall be credited to the account.  
164.14 Funds remaining in the account at the end of a fiscal year are not canceled to the general  
164.15 fund but remain in the account until expended.

164.16 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating  
164.17 plant must transfer all funds in the renewable development account previously established  
164.18 under this subdivision and managed by the public utility to the C-LEAF account established  
164.19 in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been  
164.20 expended and unencumbered funds required to be paid in calendar year 2017 under  
164.21 paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject to transfer  
164.22 under this paragraph.

164.23 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing  
164.24 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating  
164.25 plant must transfer to a ~~renewable development~~ the C-LEAF account \$500,000 each year  
164.26 for each dry cask containing spent fuel that is located at the Prairie Island power plant for  
164.27 each year the plant is in operation, and \$7,500,000 each year the plant is not in operation if  
164.28 ordered by the commission pursuant to paragraph (e) (h). The fund transfer must be made  
164.29 if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie  
164.30 Island for any part of a year.

164.31 ~~(b)~~ (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing  
164.32 each January 15 thereafter, the public utility that owns the Monticello nuclear generating  
164.33 plant must transfer to the ~~renewable development~~ C-LEAF account \$350,000 each year for  
164.34 each dry cask containing spent fuel that is located at the Monticello nuclear power plant for

165.1 each year the plant is in operation, and \$5,250,000 each year the plant is not in operation if  
165.2 ordered by the commission pursuant to paragraph ~~(e)~~ (h). The fund transfer must be made  
165.3 if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at  
165.4 Monticello for any part of a year.

165.5 (e) Each year, the public utility shall withhold from the funds transferred to the C-LEAF  
165.6 account under paragraphs (c) and (d) the amount necessary to pay its obligations under  
165.7 paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

165.8 (f) If the commission approves a new or amended power purchase agreement, the  
165.9 termination of a power purchase agreement, or the purchase and closure of a facility under  
165.10 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,  
165.11 the public utility subject to this section shall enter into a contract with the city in which the  
165.12 poultry litter plant is located to provide grants to the city for the purposes of economic  
165.13 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each  
165.14 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid  
165.15 by the public utility from funds withheld from the transfer to the C-LEAF account, as  
165.16 provided in paragraphs (b) and (e).

165.17 (g) If the commission approves a new or amended power purchase agreement, or the  
165.18 termination of a power purchase agreement under section 216B.2424, subdivision 9, with  
165.19 an entity owned or controlled, directly or indirectly, by two municipal utilities located north  
165.20 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in  
165.21 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a  
165.22 grant contract with such entity to provide \$6,800,000 per year for five years, commencing  
165.23 on August 1, 2017, and on each June 1 thereafter through 2021, to assist the transition  
165.24 required by the new, amended, or terminated power purchase agreement. The grant shall  
165.25 be paid by the public utility from funds withheld from the transfer to the C-LEAF account  
165.26 as provided in paragraphs (b) and (e).

165.27 ~~(e)~~ (h) After discontinuation of operation of the Prairie Island nuclear plant or the  
165.28 Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the  
165.29 discontinued facility, the commission shall require the public utility to pay \$7,500,000 for  
165.30 the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello  
165.31 facility for any year in which the commission finds, by the preponderance of the evidence,  
165.32 that the public utility did not make a good faith effort to remove the spent nuclear fuel stored  
165.33 at the facility to a permanent or interim storage site out of the state. This determination shall  
165.34 be made at least every two years.

166.1 ~~(d)~~ (i) Funds in the account may be expended only for any of the following purposes:

166.2 ~~(1) to increase the market penetration within the state of renewable electric energy~~  
 166.3 ~~resources at reasonable costs;~~

166.4 ~~(2) to promote the start-up, expansion, and attraction of renewable electric energy projects~~  
 166.5 ~~and companies within the state;~~

166.6 ~~(3) to stimulate research and development within the state into~~ of renewable electric  
 166.7 energy technologies; and

166.8 ~~(4) to develop near-commercial and demonstration scale renewable electric projects or~~  
 166.9 ~~near-commercial and demonstration scale electric infrastructure delivery projects if those~~  
 166.10 ~~delivery projects enhance the delivery of renewable electric energy~~

166.11 (2) to encourage grid modernization, including, but not limited to, projects that implement  
 166.12 electricity storage, load control, and smart meter technology; and

166.13 (3) to stimulate other innovative energy projects that reduce demand and increase system  
 166.14 efficiency and flexibility.

166.15 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service  
 166.16 from the utility that owns a nuclear-powered electric generating plant in this state or the  
 166.17 Prairie Island Indian community or its members.

166.18 The utility that owns a nuclear generating plant is eligible to apply for ~~renewable development~~  
 166.19 ~~account~~ grants under this subdivision.

166.20 (j) For the purposes of paragraph (i), the following terms have the meanings given:

166.21 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph  
 166.22 (c), clauses (1), (2), (4), and (5); and

166.23 (2) "grid modernization" means:

166.24 (i) enhancing the reliability of the electrical grid;

166.25 (ii) improving the security of the electrical grid against cyberthreats and physical threats;  
 166.26 and

166.27 (iii) increasing energy conservation opportunities by facilitating communication between  
 166.28 the utility and its customers through the use of two-way meters, control technologies, energy  
 166.29 storage and microgrids, technologies to enable demand response, and other innovative  
 166.30 technologies.

167.1 ~~(e) Expenditures authorized by this subdivision from the account may be made only~~  
 167.2 ~~after approval by order of the Public Utilities Commission upon a petition by the public~~  
 167.3 ~~utility. The commission may approve proposed expenditures, may disapprove proposed~~  
 167.4 ~~expenditures that it finds to be not in compliance with this subdivision or otherwise not in~~  
 167.5 ~~the public interest, and may, if agreed to by the public utility, modify proposed expenditures.~~  
 167.6 ~~The commission may approve reasonable and necessary expenditures for administering the~~  
 167.7 ~~account in an amount not to exceed five percent of expenditures. Commission approval is~~  
 167.8 ~~not required for expenditures required under subdivisions 2 and 3, section 116C.7791, or~~  
 167.9 ~~other law.~~

167.10 ~~(f) The account shall be managed by the public utility but the public utility must consult~~  
 167.11 ~~about account expenditures with an~~ (k) A C-LEAF advisory group that includes, among  
 167.12 others, representatives of the public utility and its ratepayers, and includes at least one  
 167.13 representative of the Prairie Island Indian community appointed by that community's tribal  
 167.14 council, shall develop recommendations on account expenditures. ~~The commission may~~  
 167.15 ~~require that other interests be represented on the advisory group. The advisory group must~~  
 167.16 ~~be consulted with respect to the general scope of expenditures in designing~~ design a request  
 167.17 for proposal and ~~in evaluating~~ evaluate projects submitted in response to a request for  
 167.18 proposals. ~~In addition to consulting with~~ The advisory group, ~~the public utility~~ must utilize  
 167.19 an independent third-party expert to evaluate proposals submitted in response to a request  
 167.20 for proposal, including all proposals made by the public utility. A request for proposal for  
 167.21 research and development under paragraph ~~(d) (i), clause (3) (1),~~ may be limited to or include  
 167.22 a request to higher education institutions located in Minnesota for multiple projects authorized  
 167.23 under paragraph ~~(d) (i), clause (3) (1).~~ The request for multiple projects may include a  
 167.24 provision that exempts the projects from the third-party expert review and instead provides  
 167.25 for project evaluation and selection by a merit peer review grant system. ~~The utility should~~  
 167.26 ~~attempt to reach agreement with the advisory group after consulting with it but the public~~  
 167.27 utility has full and sole authority to determine which expenditures expenditure  
 167.28 recommendations shall be submitted by the advisory group to the ~~commission for commission~~  
 167.29 approval legislature as provided in paragraph (q). In the process of determining request for  
 167.30 proposal scope and subject and in evaluating responses to request for proposals, the ~~public~~  
 167.31 utility advisory group must strongly consider, where reasonable, potential benefit to  
 167.32 Minnesota citizens and businesses and the utility's ratepayers.

167.33 ~~(g) Funds in~~ (l) The C-LEAF advisory group shall present its recommended appropriations  
 167.34 from the account to the senate and house of representatives committees with jurisdiction  
 167.35 over energy policy and finance annually by February 15. Expenditures from the account

168.1 ~~may not~~ must be directly appropriated by the legislature by a law enacted after January 1,  
 168.2 2012, and unless appropriated by a law enacted prior to that date may be expended only  
 168.3 pursuant to an order of the commission according to this subdivision. In enacting  
 168.4 appropriations from the account, the legislature:

168.5 (1) may approve or disapprove, but may not modify, the amount of an appropriation for  
 168.6 a project recommended by the C-LEAF advisory group; and

168.7 (2) may not appropriate money for a project the C-LEAF advisory group has not  
 168.8 recommended funding.

168.9 ~~(h)~~ (m) A request for proposal for renewable energy generation projects must, when  
 168.10 feasible and reasonable, give preference to projects that are most cost-effective for a particular  
 168.11 energy source.

168.12 ~~(i)~~ (n) The public utility advisory group must annually, by February 15, report to the  
 168.13 chairs and ranking minority members of the legislative committees with jurisdiction over  
 168.14 energy policy on projects funded by the account for the prior year and all previous years.  
 168.15 The report must, to the extent possible and reasonable, itemize the actual and projected  
 168.16 financial benefit to the public utility's ratepayers of each project.

168.17 (o) By February 1, 2018, and each February 1 thereafter, the commissioner of  
 168.18 management and budget shall submit a written report regarding the availability of funds in  
 168.19 and obligations of the account to the chairs and ranking minority members of the senate  
 168.20 and house committees with jurisdiction over energy policy and finance, the public utility,  
 168.21 and the advisory group.

168.22 ~~(j)~~ (p) A project receiving funds from the account must produce a written final report  
 168.23 that includes sufficient detail for technical readers and a clearly written summary for  
 168.24 nontechnical readers. The report must include an evaluation of the project's financial,  
 168.25 environmental, and other benefits to the state and the public utility's ratepayers.

168.26 ~~(k)~~ (q) Final reports, any mid-project status reports, and renewable development account  
 168.27 financial reports must be posted online on a public Web site designated by the ~~commission~~  
 168.28 commissioner of commerce.

168.29 ~~(l)~~ (r) All final reports must acknowledge that the project was made possible in whole  
 168.30 or part by the Minnesota ~~renewable development fund~~ C-LEAF account, noting that the  
 168.31 ~~fund~~ account is financed by the public utility's ratepayers.

168.32 (s) Of the amount in the C-LEAF account, priority must be given to making the payments  
 168.33 required under section 216C.417.



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

169.2 Sec. 5. Minnesota Statutes 2016, section 116C.779, is amended by adding a subdivision  
169.3 to read:

169.4 Subd. 1a. **Payment termination.** (a) The commissioner shall track the cumulative  
169.5 transfers made to the clean energy advancement fund account and its predecessor, the  
169.6 renewable development account, each year since 1999 for each dry cask containing spent  
169.7 fuel that is stored at an independent spent-fuel storage facility at Prairie Island or Monticello.  
169.8 During the time when state law required the public utility to transfer a specific amount of  
169.9 funds to the account for all the casks stored, the per-cask allocation shall be calculated by  
169.10 dividing the total amount transferred by the number of casks stored that year.

169.11 (b) When the commissioner determines that the cumulative transfers calculated under  
169.12 paragraph (a) for a specific cask reach \$10,000,000, the commissioner shall notify the public  
169.13 utility that no additional transfers to the account for that cask shall be made.

169.14 (c) This subdivision does not affect any provisions of subdivision 1, paragraph (c) or  
169.15 (d), with respect to transfers to the account made after a plant has ceased operation.

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

169.17 Sec. 6. Minnesota Statutes 2016, section 116C.7792, is amended to read:

169.18 **116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

169.19 The utility subject to section 116C.779 shall operate a program to provide solar energy  
169.20 production incentives for solar energy systems of no more than a total nameplate capacity  
169.21 of 20 kilowatts direct current. The program shall be operated for five consecutive calendar  
169.22 years commencing in 2014. \$5,000,000 shall be allocated for each of the five years from  
169.23 ~~the renewable development~~ C-LEAF account established in section 116C.779 to a separate  
169.24 account for the purpose of the solar production incentive program. The solar system must  
169.25 be sized to less than 120 percent of the customer's on-site annual energy consumption. The  
169.26 production incentive must be paid for ten years commencing with the commissioning of  
169.27 the system. The utility must file a plan to operate the program with the commissioner of  
169.28 commerce. The utility may not operate the program until it is approved by the commissioner.

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

169.30 Sec. 7. Minnesota Statutes 2016, section 216B.03, is amended to read:

169.31 **216B.03 REASONABLE RATE.**

170.1 Every rate made, demanded, or received by any public utility, or by any two or more  
 170.2 public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably  
 170.3 preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable,  
 170.4 and consistent in application to a class of consumers. To the maximum reasonable extent,  
 170.5 the commission shall set rates to encourage economic growth, job retention, energy  
 170.6 conservation and renewable energy use, and to further the goals of sections 216B.164,  
 170.7 216B.1696, 216B.241, and 216C.05. Any doubt as to reasonableness should be resolved in  
 170.8 favor of the consumer. For rate-making purposes a public utility may treat two or more  
 170.9 municipalities served by it as a single class wherever the populations are comparable in size  
 170.10 or the conditions of service are similar.

170.11 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 170.12 applies immediately to all proceedings pending before the commission.

170.13 Sec. 8. Minnesota Statutes 2016, section 216B.16, subdivision 1a, is amended to read:

170.14 Subd. 1a. **Settlement.** (a) When a public utility submits a general rate filing, the Office  
 170.15 of Administrative Hearings, before conducting a contested case hearing, shall convene a  
 170.16 settlement conference including all of the parties for the purpose of encouraging settlement  
 170.17 of any or all of the issues in the contested case. If a stipulated settlement is not reached  
 170.18 before the contested case hearing, the Office of Administrative Hearings may reconvene  
 170.19 the settlement conference during or after completion of the contested case hearing at its  
 170.20 discretion or a party's request. The Office of Administrative Hearings or the commission  
 170.21 may, upon the request of any party and the public utility, extend the procedural schedule  
 170.22 of the contested case in order to permit the parties to engage in settlement discussions. An  
 170.23 extension must be for a definite period of time not to exceed 60 days.

170.24 (b) If the applicant and all intervening parties agree to a stipulated settlement of the case  
 170.25 or parts of the case, the settlement must be submitted to the commission. The commission  
 170.26 shall accept or reject the settlement in its entirety and, at any time until its final order is  
 170.27 issued in the case, may require the Office of Administrative Hearings to conduct a contested  
 170.28 case hearing. The commission may accept the settlement on finding that to do so the  
 170.29 settlement is supported by substantial evidence and approving the settlement is in the public  
 170.30 interest and is supported by substantial evidence. The analysis must consider the impact of  
 170.31 the proposed settlement on the economy, job growth, and job retention. If the commission  
 170.32 does not accept the settlement, it may issue an order modifying the settlement subject to  
 170.33 the approval of the parties. Each party shall have ten days in which to reject the proposed  
 170.34 modification. If no party rejects the proposed modification, the commission's order becomes

171.1 final. If the commission rejects the settlement, or a party rejects the commission's proposed  
 171.2 modification, a contested case hearing must be completed.

171.3 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 171.4 applies immediately to all proceedings pending before the commission.

171.5 Sec. 9. Minnesota Statutes 2016, section 216B.16, subdivision 6, is amended to read:

171.6 Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers  
 171.7 under this chapter to determine just and reasonable rates for public utilities, shall give due  
 171.8 consideration to the public need for adequate, efficient, and reasonable service, as well as  
 171.9 the need for competitive electric rates, job preservation, and economic growth, and to the  
 171.10 need of the public utility for revenue sufficient to enable it to meet the cost of furnishing  
 171.11 the service, including adequate provision for depreciation of its utility property used and  
 171.12 useful in rendering service to the public, and to earn a fair and reasonable return upon the  
 171.13 investment in such property. In determining the rate base upon which the utility is to be  
 171.14 allowed to earn a fair rate of return, the commission shall give due consideration to evidence  
 171.15 of the cost of the property when first devoted to public use, to prudent acquisition cost to  
 171.16 the public utility less appropriate depreciation on each, to construction work in progress, to  
 171.17 offsets in the nature of capital provided by sources other than the investors, and to other  
 171.18 expenses of a capital nature. For purposes of determining rate base, the commission shall  
 171.19 consider the original cost of utility property included in the base and shall make no allowance  
 171.20 for its estimated current replacement value. If the commission orders a generating facility  
 171.21 to terminate its operations before the end of the facility's physical life in order to comply  
 171.22 with a specific state or federal energy statute or policy, the commission may allow the public  
 171.23 utility to recover any positive net book value of the facility as determined by the commission.

171.24 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 171.25 applies immediately to all proceedings pending before the commission.

171.26 Sec. 10. Minnesota Statutes 2016, section 216B.164, subdivision 5, is amended to read:

171.27 Subd. 5. **Dispute; resolution.** In the event of disputes between ~~an electric~~ a public utility  
 171.28 and a qualifying facility, either party may request a determination of the issue by the  
 171.29 commission. In any such determination, the burden of proof shall be on the public utility.  
 171.30 The commission in its order resolving each such dispute shall require payments to the  
 171.31 prevailing party of the prevailing party's costs, disbursements, and reasonable attorneys'  
 171.32 fees, except that the qualifying facility will be required to pay the costs, disbursements, and

172.1 attorneys' fees of the public utility only if the commission finds that the claims of the  
 172.2 qualifying facility in the dispute have been made in bad faith, or are a sham, or are frivolous.

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

172.4 Sec. 11. Minnesota Statutes 2016, section 216B.164, subdivision 9, is amended to read:

172.5 Subd. 9. **Municipal electric utility.** For purposes of this section only, ~~except subdivision~~  
 172.6 ~~5,~~ and with respect to municipal electric utilities only, the term "commission" means the  
 172.7 governing body of each municipal electric utility that adopts and has in effect rules  
 172.8 implementing this section which are consistent with the rules adopted by the Minnesota  
 172.9 Public Utilities Commission under subdivision 6. As used in this subdivision, the governing  
 172.10 body of a municipal electric utility means the city council of that municipality; except that,  
 172.11 if another board, commission, or body is empowered by law or resolution of the city council  
 172.12 or by its charter to establish and regulate rates and days for the distribution of electric energy  
 172.13 within the service area of the city, that board, commission, or body shall be considered the  
 172.14 governing body of the municipal electric utility.

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

172.16 Sec. 12. Minnesota Statutes 2016, section 216B.164, is amended by adding a subdivision  
 172.17 to read:

172.18 **Subd. 11. Cooperative electric association.** (a) For purposes of this section only, the  
 172.19 term "commission" means the board of directors of a cooperative association that (1) elects,  
 172.20 by resolution, to assume the authority delegated to the Public Utilities Commission over  
 172.21 cooperative electric associations under this section, and (2) adopts and has in effect rules  
 172.22 implementing this section. The rules must provide for a process to resolve disputes that  
 172.23 arise under this section, and must include a provision that a request by either party for  
 172.24 mediation of the dispute by an independent third party must be implemented. A cooperative  
 172.25 electric association that has adopted a resolution and rules under this subdivision is exempt  
 172.26 from regulation by the Public Utilities Commission under this section.

172.27 (b) Except as provided in paragraph (c), any proceedings concerning the activities of a  
 172.28 cooperative electric association under this section that are pending at the Public Utilities  
 172.29 Commission on the effective date of this section are terminated on that date.

172.30 (c) The Public Utilities Commission shall limit its investigation in Docket No. 16-512  
 172.31 determining whether the methodology used by cooperative associations to establish a fee  
 172.32 under section 216B.164, subdivision 3, paragraph (a), complies with state law. The

173.1 commission may complete the investigation no later than December 31, 2017. A methodology  
 173.2 determined by the commission to comply with state law may not be challenged in a dispute  
 173.3 under section 216B.164. If the commission determines that a methodology does not comply  
 173.4 with state law, it shall clearly state the changes necessary to bring the methodology into  
 173.5 compliance, and the cooperative electric association shall proceed under paragraph (a).

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

173.7 Sec. 13. Minnesota Statutes 2016, section 216B.1691, subdivision 2f, is amended to read:

173.8 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a  
 173.9 and 2b, each public utility shall generate or procure sufficient electricity generated by solar  
 173.10 energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at  
 173.11 least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is  
 173.12 generated by solar energy.

173.13 (b) For a public utility with more than 200,000 retail electric customers, at least ten  
 173.14 percent of the 1.5 percent goal must be met by solar energy generated by or procured from  
 173.15 solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less.

173.16 (c) A public utility with between 50,000 and 200,000 retail electric customers:

173.17 (1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by  
 173.18 or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or  
 173.19 less; and

173.20 (2) may apply toward the ten percent goal in clause (1) individual customer subscriptions  
 173.21 of 40 kilowatts or less to a community solar garden program operated by the public utility  
 173.22 that has been approved by the commission.

173.23 ~~(b)~~ (d) The solar energy standard established in this subdivision is subject to all the  
 173.24 provisions of this section governing a utility's standard obligation under subdivision 2a.

173.25 ~~(e)~~ (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the  
 173.26 retail electric sales in Minnesota be generated by solar energy.

173.27 ~~(d)~~ (f) For the purposes of calculating the total retail electric sales of a public utility  
 173.28 under this subdivision, there shall be excluded retail electric sales to customers that are:

173.29 (1) an iron mining extraction and processing facility, including a scam mining facility  
 173.30 as defined in Minnesota Rules, part 6130.0100, subpart 16; or

173.31 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board  
 173.32 manufacturer.

174.1 Those customers may not have included in the rates charged to them by the public utility  
174.2 any costs of satisfying the solar standard specified by this subdivision.

174.3 ~~(e)~~(g) A public utility may not use energy used to satisfy the solar energy standard under  
174.4 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may  
174.5 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the  
174.6 solar standard under this subdivision.

174.7 ~~(f)~~(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated  
174.8 with a solar photovoltaic device installed and generating electricity in Minnesota after  
174.9 August 1, 2013, but before 2020 may be used to meet the solar energy standard established  
174.10 under this subdivision.

174.11 ~~(g)~~(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall  
174.12 file a report with the commission reporting its progress in achieving the solar energy standard  
174.13 established under this subdivision.

174.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

174.15 Sec. 14. Minnesota Statutes 2016, section 216B.1694, subdivision 3, is amended to read:

174.16 Subd. 3. **Staging and permitting.** (a) A natural gas-fired plant that is located on one  
174.17 site designated as an innovative energy project site under subdivision 1, clause (3), is  
174.18 accorded the regulatory incentives granted to an innovative energy project under subdivision  
174.19 2, clauses (1) to (3), and may exercise the authorities therein.

174.20 (b) Following issuance of a final state or federal environmental impact statement for an  
174.21 innovative energy project that was a subject of contested case proceedings before an  
174.22 administrative law judge:

174.23 (1) site and route permits and water appropriation approvals for an innovative energy  
174.24 project must also be deemed valid for a plant meeting the requirements of paragraph (a)  
174.25 and shall remain valid until the ~~earlier~~ later of (i) four years from the date the final required  
174.26 state or federal preconstruction permit is issued or (ii) June 30, ~~2019~~ 2025; and

174.27 (2) no air, water, or other permit issued by a state agency that is necessary for constructing  
174.28 an innovative energy project may be the subject of contested case hearings, notwithstanding  
174.29 Minnesota Rules, parts 7000.1750 to 7000.2200.

175.1 Sec. 15. [216B.1697] STATE-MANDATED ENERGY PURCHASES; PUBLIC  
 175.2 INFORMATION.

175.3 A utility serving Minnesota customers at retail must, within 30 days of entering into an  
 175.4 agreement to purchase energy that is used to meet a requirement under state law to purchase  
 175.5 or generate certain amounts and types of energy, including, but not limited to, requirements  
 175.6 in sections 216B.1691, 216B.2423, and 216B.2424, post the following information contained  
 175.7 in the agreement on the utility's Web site:

175.8 (1) the wholesale price per unit of energy over the term of the agreement, including any  
 175.9 escalator clauses or inflation factors; and

175.10 (2) the amount of energy to be purchased each year by the utility over the term of the  
 175.11 agreement.

175.12 **EFFECTIVE DATE.** This section is effective immediately and applies to all power  
 175.13 purchase agreements entered into on or after July 1, 2017.

175.14 Sec. 16. Minnesota Statutes 2016, section 216B.241, subdivision 1b, is amended to read:

175.15 Subd. 1b. **Conservation improvement by cooperative association or municipality.**

175.16 (a) This subdivision applies to:

175.17 (1) a cooperative electric association that provides retail service to its more than 5,000  
 175.18 members;

175.19 (2) a municipality that provides electric service to more than 1,000 retail customers; and

175.20 (3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales  
 175.21 to natural gas to retail customers.

175.22 (b) Each cooperative electric association and municipality subject to this subdivision  
 175.23 shall spend and invest for energy conservation improvements under this subdivision the  
 175.24 following amounts:

175.25 (1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas  
 175.26 and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross  
 175.27 operating revenues from electric and gas service provided in the state to large electric  
 175.28 customer facilities; and

175.29 (2) for a cooperative electric association, 1.5 percent of its gross operating revenues  
 175.30 from service provided in the state, excluding gross operating revenues from service provided  
 175.31 in the state to large electric customer facilities indirectly through a distribution cooperative  
 175.32 electric association.

176.1 (c) Each municipality and cooperative electric association subject to this subdivision  
176.2 shall identify and implement energy conservation improvement spending and investments  
176.3 that are appropriate for the municipality or association, except that a municipality or  
176.4 association may not spend or invest for energy conservation improvements that directly  
176.5 benefit a large energy facility or a large electric customer facility for which the commissioner  
176.6 has issued an exemption under subdivision 1a, paragraph (b).

176.7 (d) Each municipality and cooperative electric association subject to this subdivision  
176.8 may spend and invest annually up to ten percent of the total amount required to be spent  
176.9 and invested on energy conservation improvements under this subdivision on research and  
176.10 development projects that meet the definition of energy conservation improvement in  
176.11 subdivision 1 and that are funded directly by the municipality or cooperative electric  
176.12 association.

176.13 (e) Load-management activities may be used to meet 50 percent of the conservation  
176.14 investment and spending requirements of this subdivision.

176.15 (f) A generation and transmission cooperative electric association that provides energy  
176.16 services to cooperative electric associations that provide electric service at retail to consumers  
176.17 may invest in energy conservation improvements on behalf of the associations it serves and  
176.18 may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate  
176.19 basis. A municipal power agency or other not-for-profit entity that provides energy service  
176.20 to municipal utilities that provide electric service at retail may invest in energy conservation  
176.21 improvements on behalf of the municipal utilities it serves and may fulfill the conservation,  
176.22 spending, reporting, and energy-savings goals on an aggregate basis, under an agreement  
176.23 between the municipal power agency or not-for-profit entity and each municipal utility for  
176.24 funding the investments.

176.25 (g) Each municipality or cooperative shall file energy conservation improvement plans  
176.26 by June 1 on a schedule determined by order of the commissioner, but at least every three  
176.27 years. Plans received by June 1 must be approved or approved as modified by the  
176.28 commissioner by December 1 of the same year. The municipality or cooperative shall  
176.29 provide an evaluation to the commissioner detailing its energy conservation improvement  
176.30 spending and investments for the previous period. The evaluation must briefly describe  
176.31 each conservation program and must specify the energy savings or increased efficiency in  
176.32 the use of energy within the service territory of the utility or association that is the result of  
176.33 the spending and investments. The evaluation must analyze the cost-effectiveness of the  
176.34 utility's or association's conservation programs, using a list of baseline energy and capacity  
176.35 savings assumptions developed in consultation with the department. The commissioner



177.1 shall review each evaluation and make recommendations, where appropriate, to the  
177.2 municipality or association to increase the effectiveness of conservation improvement  
177.3 activities.

177.4 ~~(h) MS 2010 [Expired, 1Sp2003 c 11 art 3 s 4; 2007 c 136 art 2 s 5]~~

177.5 ~~(h)~~ (h) The commissioner shall consider and may require a utility, association, or other  
177.6 entity providing energy efficiency and conservation services under this section to undertake  
177.7 a program suggested by an outside source, including a political subdivision, nonprofit  
177.8 corporation, or community organization.

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

177.10 Sec. 17. Minnesota Statutes 2016, section 216B.241, subdivision 1c, is amended to read:

177.11 Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving  
177.12 goals for energy conservation improvement expenditures and shall evaluate an energy  
177.13 conservation improvement program on how well it meets the goals set.

177.14 (b) Each individual utility and association shall have an annual energy-savings goal  
177.15 equivalent to 1.5 percent of gross annual retail energy sales unless modified by the  
177.16 commissioner under paragraph (d). The savings goals must be calculated based on the most  
177.17 recent three-year weather-normalized average. A utility or association may elect to carry  
177.18 forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar  
177.19 years, except that savings from electric utility infrastructure projects allowed under paragraph  
177.20 (d) may be carried forward for five years. A particular energy savings can be used only for  
177.21 one year's goal.

177.22 (c) The commissioner must adopt a filing schedule that is designed to have all utilities  
177.23 and associations operating under an energy-savings plan by calendar year 2010.

177.24 (d) In its energy conservation improvement plan filing, a utility or association may  
177.25 request the commissioner to adjust its annual energy-savings percentage goal based on its  
177.26 historical conservation investment experience, customer class makeup, load growth, a  
177.27 conservation potential study, or other factors the commissioner determines warrants an  
177.28 adjustment. The commissioner may not approve a plan of a public utility that provides for  
177.29 an annual energy-savings goal of less than one percent of gross annual retail energy sales  
177.30 from energy conservation improvements.

177.31 A utility or association may include in its energy conservation plan energy savings from  
177.32 electric utility infrastructure projects approved by the commission under section 216B.1636  
177.33 or waste heat recovery converted into electricity projects that may count as energy savings

178.1 in addition to a minimum energy-savings goal of at least one percent for energy conservation  
178.2 improvements. Energy savings from electric utility infrastructure projects, as defined in  
178.3 section 216B.1636, may be included in the energy conservation plan of a municipal utility  
178.4 or cooperative electric association. Electric utility infrastructure projects must result in  
178.5 increased energy efficiency greater than that which would have occurred through normal  
178.6 maintenance activity.

178.7 (e) An energy-savings goal is not satisfied by attaining the revenue expenditure  
178.8 requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the  
178.9 energy-savings goal established in this subdivision.

178.10 (f) An association or utility is not required to make energy conservation investments to  
178.11 attain the energy-savings goals of this subdivision that are not cost-effective even if the  
178.12 investment is necessary to attain the energy-savings goals. For the purpose of this paragraph,  
178.13 in determining cost-effectiveness, the commissioner shall consider the costs and benefits  
178.14 to ratepayers, the utility, participants, and society. In addition, the commissioner shall  
178.15 consider the rate at which an association or municipal utility is increasing its energy savings  
178.16 and its expenditures on energy conservation.

178.17 (g) On an annual basis, the commissioner shall produce and make publicly available a  
178.18 report on the annual energy savings and estimated carbon dioxide reductions achieved by  
178.19 the energy conservation improvement programs for the two most recent years for which  
178.20 data is available. The commissioner shall report on program performance both in the  
178.21 aggregate and for each entity filing an energy conservation improvement plan for approval  
178.22 or review by the commissioner.

178.23 (h) By January 15, 2010, the commissioner shall report to the legislature whether the  
178.24 spending requirements under subdivisions 1a and 1b are necessary to achieve the  
178.25 energy-savings goals established in this subdivision.

178.26 (i) This subdivision does not apply to:

178.27 (1) a cooperative electric association with fewer than 5,000 members;

178.28 (2) a municipal utility with fewer than 1,000 retail electric customers; or

178.29 (3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales  
178.30 to retail natural gas customers.

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

179.1 Sec. 18. Minnesota Statutes 2016, section 216B.241, subdivision 2, is amended to read:

179.2 Subd. 2. **Programs.** (a) The commissioner may require public utilities to make  
179.3 investments and expenditures in energy conservation improvements, explicitly setting forth  
179.4 the interest rates, prices, and terms under which the improvements must be offered to the  
179.5 customers. The required programs must cover no more than a three-year period. Public  
179.6 utilities shall file conservation improvement plans by June 1, on a schedule determined by  
179.7 order of the commissioner, but at least every three years. Plans received by a public utility  
179.8 by June 1 must be approved or approved as modified by the commissioner by December 1  
179.9 of that same year. The commissioner shall evaluate the program on the basis of  
179.10 cost-effectiveness and the reliability of technologies employed. The commissioner's order  
179.11 must provide to the extent practicable for a free choice, by consumers participating in the  
179.12 program, of the device, method, material, or project constituting the energy conservation  
179.13 improvement and for a free choice of the seller, installer, or contractor of the energy  
179.14 conservation improvement, provided that the device, method, material, or project seller,  
179.15 installer, or contractor is duly licensed, certified, approved, or qualified, including under  
179.16 the residential conservation services program, where applicable.

179.17 (b) The commissioner may require a utility subject to subdivision 1c to make an energy  
179.18 conservation improvement investment or expenditure whenever the commissioner finds  
179.19 that the improvement will result in energy savings at a total cost to the utility less than the  
179.20 cost to the utility to produce or purchase an equivalent amount of new supply of energy.  
179.21 The commissioner shall nevertheless ensure that every public utility operate one or more  
179.22 programs under periodic review by the department.

179.23 (c) Each public utility subject to subdivision 1a may spend and invest annually up to ten  
179.24 percent of the total amount required to be spent and invested on energy conservation  
179.25 improvements under this section by the utility on research and development projects that  
179.26 meet the definition of energy conservation improvement in subdivision 1 and that are funded  
179.27 directly by the public utility.

179.28 (d) A public utility may not spend for or invest in energy conservation improvements  
179.29 that directly benefit a large energy facility or a large electric customer facility for which the  
179.30 commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b). The  
179.31 commissioner shall consider and may require a utility to undertake a program suggested by  
179.32 an outside source, including a political subdivision, a nonprofit corporation, or community  
179.33 organization.

180.1 (e) A utility, a political subdivision, or a nonprofit or community organization that has  
 180.2 suggested a program, the attorney general acting on behalf of consumers and small business  
 180.3 interests, or a utility customer that has suggested a program and is not represented by the  
 180.4 attorney general under section 8.33 may petition the commission to modify or revoke a  
 180.5 department decision under this section, and the commission may do so if it determines that  
 180.6 the program is not cost-effective, does not adequately address the residential conservation  
 180.7 improvement needs of low-income persons, has a long-range negative effect on one or more  
 180.8 classes of customers, or is otherwise not in the public interest. The commission shall reject  
 180.9 a petition that, on its face, fails to make a reasonable argument that a program is not in the  
 180.10 public interest.

180.11 (f) The commissioner may order a public utility to include, with the filing of the utility's  
 180.12 annual status report, the results of an independent audit of the utility's conservation  
 180.13 improvement programs and expenditures performed by the department or an auditor with  
 180.14 experience in the provision of energy conservation and energy efficiency services approved  
 180.15 by the commissioner and chosen by the utility. The audit must specify the energy savings  
 180.16 or increased efficiency in the use of energy within the service territory of the utility that is  
 180.17 the result of the spending and investments. The audit must evaluate the cost-effectiveness  
 180.18 of the utility's conservation programs.

180.19 (g) A gas utility may not spend for or invest in energy conservation improvements that  
 180.20 directly benefit a large customer facility or commercial gas customer facility for which the  
 180.21 commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or  
 180.22 (e). The commissioner shall consider and may require a utility to undertake a program  
 180.23 suggested by an outside source, including a political subdivision, a nonprofit corporation,  
 180.24 or a community organization.

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

180.26 Sec. 19. Minnesota Statutes 2016, section 216B.241, subdivision 5, is amended to read:

180.27 Subd. 5. **Efficient lighting program.** (a) Each public utility, cooperative electric  
 180.28 association, and municipal utility that provides electric service to retail customers and is  
 180.29 subject to subdivision 1c shall include as part of its conservation improvement activities a  
 180.30 program to strongly encourage the use of fluorescent and high-intensity discharge lamps.  
 180.31 The program must include at least a public information campaign to encourage use of the  
 180.32 lamps and proper management of spent lamps by all customer classifications.

180.33 (b) A public utility that provides electric service at retail to 200,000 or more customers  
 180.34 shall establish, either directly or through contracts with other persons, including lamp

181.1 manufacturers, distributors, wholesalers, and retailers and local government units, a system  
181.2 to collect for delivery to a reclamation or recycling facility spent fluorescent and  
181.3 high-intensity discharge lamps from households and from small businesses as defined in  
181.4 section 645.445 that generate an average of fewer than ten spent lamps per year.

181.5 (c) A collection system must include establishing reasonably convenient locations for  
181.6 collecting spent lamps from households and financial incentives sufficient to encourage  
181.7 spent lamp generators to take the lamps to the collection locations. Financial incentives may  
181.8 include coupons for purchase of new fluorescent or high-intensity discharge lamps, a cash  
181.9 back system, or any other financial incentive or group of incentives designed to collect the  
181.10 maximum number of spent lamps from households and small businesses that is reasonably  
181.11 feasible.

181.12 (d) A public utility that provides electric service at retail to fewer than 200,000 customers,  
181.13 a cooperative electric association, or a municipal utility that provides electric service at  
181.14 retail to customers may establish a collection system under paragraphs (b) and (c) as part  
181.15 of conservation improvement activities required under this section.

181.16 (e) The commissioner of the Pollution Control Agency may not, unless clearly required  
181.17 by federal law, require a public utility, cooperative electric association, or municipality that  
181.18 establishes a household fluorescent and high-intensity discharge lamp collection system  
181.19 under this section to manage the lamps as hazardous waste as long as the lamps are managed  
181.20 to avoid breakage and are delivered to a recycling or reclamation facility that removes  
181.21 mercury and other toxic materials contained in the lamps prior to placement of the lamps  
181.22 in solid waste.

181.23 (f) If a public utility, cooperative electric association, or municipal utility contracts with  
181.24 a local government unit to provide a collection system under this subdivision, the contract  
181.25 must provide for payment to the local government unit of all the unit's incremental costs of  
181.26 collecting and managing spent lamps.

181.27 (g) All the costs incurred by a public utility, cooperative electric association, or municipal  
181.28 utility for promotion and collection of fluorescent and high-intensity discharge lamps under  
181.29 this subdivision are conservation improvement spending under this section.

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

181.31 Sec. 20. Minnesota Statutes 2016, section 216B.241, subdivision 5d, is amended to read:

181.32 Subd. 5d. **On-bill repayment programs.** (a) For the purposes of this subdivision:

182.1 (1) "utility" means a public utility, municipal utility, or cooperative electric association  
182.2 subject to subdivision 1c that provides electric or natural gas service to retail customers;  
182.3 and

182.4 (2) "on-bill repayment program" means a program in which a utility collects on a  
182.5 customer's bill repayment of a loan to the customer by an eligible lender to finance the  
182.6 customer's investment in eligible energy conservation or renewable energy projects, and  
182.7 remits loan repayments to the lender.

182.8 (b) A utility may include as part of its conservation improvement plan an on-bill  
182.9 repayment program to enable a customer to finance eligible projects with installment loans  
182.10 originated by an eligible lender. An eligible project is one that is either an energy conservation  
182.11 improvement, or a project installed on the customer's site that uses an eligible renewable  
182.12 energy source as that term is defined in section 216B.2411, subdivision 2, paragraph (b),  
182.13 but does not include mixed municipal solid waste or refuse-derived fuel from mixed  
182.14 municipal solid waste. An eligible renewable energy source also includes solar thermal  
182.15 technology that collects the sun's radiant energy and uses that energy to heat or cool air or  
182.16 water, and meets the requirements of section 216C.25. To be an eligible lender, a lender  
182.17 must:

182.18 (1) have a federal or state charter and be eligible for federal deposit insurance;

182.19 (2) be a government entity, including an entity established under chapter 469, that has  
182.20 authority to provide financial assistance for energy efficiency and renewable energy projects;

182.21 (3) be a joint venture by utilities established under section 452.25; or

182.22 (4) be licensed, certified, or otherwise have its lending activities overseen by a state or  
182.23 federal government agency.

182.24 The commissioner must allow a utility broad discretion in designing and implementing an  
182.25 on-bill repayment program, provided that the program complies with this subdivision.

182.26 (c) A utility may establish an on-bill repayment program for all customer classes or for  
182.27 a specific customer class.

182.28 (d) A public utility that implements an on-bill repayment program under this subdivision  
182.29 must enter into a contract with one or more eligible lenders that complies with the  
182.30 requirements of this subdivision and contains provisions addressing capital commitments,  
182.31 loan origination, transfer of loans to the public utility for on-bill repayment, and acceptance  
182.32 of loans returned due to delinquency or default.

183.1 (e) A public utility's contract with a lender must require the lender to comply with all  
183.2 applicable federal and state laws, rules, and regulations related to lending practices and  
183.3 consumer protection; to conform to reasonable and prudent lending standards; and to provide  
183.4 businesses that sell, maintain, and install eligible projects the ability to participate in an  
183.5 on-bill repayment program under this subdivision on a nondiscriminatory basis.

183.6 (f) A public utility's contract with a lender may provide:

183.7 (1) for the public utility to purchase loans from the lender with a condition that the lender  
183.8 must purchase back loans in delinquency or default; or

183.9 (2) for the lender to retain ownership of loans with the public utility servicing the loans  
183.10 through on-bill repayment as long as payments are current.

183.11 The risk of default must remain with the lender. The lender shall not have recourse against  
183.12 the public utility except in the event of negligence or breach of contract by the utility.

183.13 (g) If a public utility customer makes a partial payment on a utility bill that includes a  
183.14 loan installment, the partial payment must be credited first to the amount owed for utility  
183.15 service, including taxes and fees. A public utility may not suspend or terminate a customer's  
183.16 utility service for delinquency or default on a loan that is being serviced through the public  
183.17 utility's on-bill repayment program.

183.18 (h) An outstanding balance on a loan being repaid under this subdivision is a financial  
183.19 obligation only of the customer who is signatory to the loan, and not to any subsequent  
183.20 customer occupying the property associated with the loan. If the public utility purchases  
183.21 loans from the lender as authorized under paragraph (f), clause (1), the public utility must  
183.22 return to the lender a loan not repaid when a customer borrower no longer occupies the  
183.23 property.

183.24 (i) Costs incurred by a public utility under this subdivision are recoverable as provided  
183.25 in section 216B.16, subdivision 6b, paragraph (c), including reasonable incremental costs  
183.26 for billing system modifications necessary to implement and operate an on-bill repayment  
183.27 program and for ongoing costs to operate the program. Costs in a plan approved by the  
183.28 commissioner may be counted toward a utility's conservation spending requirements under  
183.29 subdivisions 1a and 1b. Energy savings from energy conservation improvements resulting  
183.30 from this section may be counted toward satisfying a utility's energy-savings goals under  
183.31 subdivision 1c.

184.1 (j) This subdivision does not require a utility to terminate or modify an existing financing  
184.2 program and does not prohibit a utility from establishing an on-bill financing program in  
184.3 which the utility provides the financing capital.

184.4 (k) A municipal utility or cooperative electric association that implements an on-bill  
184.5 repayment program shall design the program to address the issues identified in paragraphs  
184.6 (d) through (h) as determined by the governing board of the utility or association.

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

184.8 Sec. 21. Minnesota Statutes 2016, section 216B.241, subdivision 7, is amended to read:

184.9 Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each utility  
184.10 and association subject to subdivision 1c provides low-income programs. When approving  
184.11 spending and energy-savings goals for low-income programs, the commissioner shall  
184.12 consider historic spending and participation levels, energy savings for low-income programs,  
184.13 and the number of low-income persons residing in the utility's service territory. A municipal  
184.14 utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing  
184.15 gas service must spend at least 0.4 percent, of its most recent three-year average gross  
184.16 operating revenue from residential customers in the state on low-income programs. A utility  
184.17 or association that furnishes electric service must spend at least 0.1 percent of its gross  
184.18 operating revenue from residential customers in the state on low-income programs. For a  
184.19 generation and transmission cooperative association, this requirement shall apply to each  
184.20 association's members' aggregate gross operating revenue from sale of electricity to residential  
184.21 customers in the state. Beginning in 2010, a utility or association that furnishes electric  
184.22 service must spend 0.2 percent of its gross operating revenue from residential customers in  
184.23 the state on low-income programs.

184.24 (b) To meet the requirements of paragraph (a), a utility or association may contribute  
184.25 money to the energy and conservation account. An energy conservation improvement plan  
184.26 must state the amount, if any, of low-income energy conservation improvement funds the  
184.27 utility or association will contribute to the energy and conservation account. Contributions  
184.28 must be remitted to the commissioner by February 1 of each year.

184.29 (c) The commissioner shall establish low-income programs to utilize money contributed  
184.30 to the energy and conservation account under paragraph (b). In establishing low-income  
184.31 programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and  
184.32 community organizations, especially organizations engaged in providing energy and  
184.33 weatherization assistance to low-income persons. Money contributed to the energy and  
184.34 conservation account under paragraph (b) must provide programs for low-income persons,



185.1 including low-income renters, in the service territory of the utility or association providing  
185.2 the money. The commissioner shall record and report expenditures and energy savings  
185.3 achieved as a result of low-income programs funded through the energy and conservation  
185.4 account in the report required under subdivision 1c, paragraph (g). The commissioner may  
185.5 contract with a political subdivision, nonprofit or community organization, public utility,  
185.6 municipality, or cooperative electric association to implement low-income programs funded  
185.7 through the energy and conservation account.

185.8 (d) A utility or association may petition the commissioner to modify its required spending  
185.9 under paragraph (a) if the utility or association and the commissioner have been unable to  
185.10 expend the amount required under paragraph (a) for three consecutive years.

185.11 (e) The costs and benefits associated with any approved low-income gas or electric  
185.12 conservation improvement program that is not cost-effective when considering the costs  
185.13 and benefits to the utility may, at the discretion of the utility, be excluded from the calculation  
185.14 of net economic benefits for purposes of calculating the financial incentive to the utility.  
185.15 The energy and demand savings may, at the discretion of the utility, be applied toward the  
185.16 calculation of overall portfolio energy and demand savings for purposes of determining  
185.17 progress toward annual goals and in the financial incentive mechanism.

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

185.19 Sec. 22. Minnesota Statutes 2016, section 216B.2422, subdivision 2, is amended to read:

185.20 Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with  
185.21 the commission periodically in accordance with rules adopted by the commission. The  
185.22 commission shall approve, reject, or modify the plan of a public utility, as defined in section  
185.23 216B.02, subdivision 4, consistent with the public interest. The analysis must consider the  
185.24 economy, job growth, and job retention.

185.25 (b) In the resource plan proceedings of all other utilities, the commission's order shall  
185.26 be advisory and the order's findings and conclusions shall constitute prima facie evidence  
185.27 which may be rebutted by substantial evidence in all other proceedings. With respect to  
185.28 utilities other than those defined in section 216B.02, subdivision 4, the commission shall  
185.29 consider the filing requirements and decisions in any comparable proceedings in another  
185.30 jurisdiction.

185.31 (c) As a part of its resource plan filing, a utility shall include the least cost plan for  
185.32 meeting 50 and 75 percent of all energy needs from both new and refurbished capacity

186.1 ~~needs generating facilities~~ through a combination of conservation and renewable energy  
186.2 resources.

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

186.4 Paragraphs (a) and (b) apply immediately to all proceedings pending before the commission.

186.5 Paragraph (c) applies to resource plans filed with the commission on or after July 1, 2017.

186.6 Sec. 23. Minnesota Statutes 2016, section 216B.2422, subdivision 3, is amended to read:

186.7 Subd. 3. **Environmental costs.** (a) The commission shall, to the extent practicable,  
186.8 quantify and establish a range of environmental costs associated with each method of  
186.9 electricity generation. A utility shall use the values established by the commission in  
186.10 conjunction with other external factors, including socioeconomic costs, when evaluating  
186.11 and selecting resource options in all proceedings before the commission, including resource  
186.12 plan and certificate of need proceedings. As part of the resource options and socioeconomic  
186.13 cost analysis under this section, the utility must calculate the impact of resource options on  
186.14 customers' bills and utility rates. Any doubt regarding the various resource options before  
186.15 the commission must be resolved in favor of supporting the economy, job growth, and job  
186.16 retention.

186.17 (b) The commission shall establish interim environmental cost values associated with  
186.18 each method of electricity generation by March 1, 1994. These values expire on the date  
186.19 the commission establishes environmental cost values under paragraph (a).

186.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
186.21 applies immediately to all proceedings pending before the commission.

186.22 Sec. 24. Minnesota Statutes 2016, section 216B.2422, subdivision 4, is amended to read:

186.23 Subd. 4. **Preference for renewable energy facility.** The commission shall not approve  
186.24 a new or refurbished nonrenewable energy facility in an integrated resource plan or a  
186.25 certificate of need, pursuant to section 216B.243, nor shall the commission allow rate  
186.26 recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the  
186.27 utility has demonstrated that a renewable energy facility is not in the public interest. When  
186.28 making the public interest determination, the commission must ~~include~~ consider:

186.29 (1) whether the resource plan helps the utility achieve the greenhouse gas reduction  
186.30 goals under section 216H.02, the renewable energy standard under section 216B.1691, or  
186.31 the solar energy standard under section 216B.1691, subdivision 2f;

186.32 (2) impacts on local and regional grid reliability;

187.1 (3) utility and ratepayer impacts resulting from the intermittent nature of renewable  
187.2 energy facilities, including but not limited to the costs of purchasing wholesale electricity  
187.3 in the market and the costs of providing ancillary services; and

187.4 (4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility,  
187.5 changes in transmission costs, portfolio diversification, and environmental compliance  
187.6 costs.

187.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

187.8 Sec. 25. Minnesota Statutes 2016, section 216B.2424, is amended by adding a subdivision  
187.9 to read:

187.10 Subd. 9. **Adjustment of biomass fuel requirement.** (a) Notwithstanding any provision  
187.11 in this section, the public utility subject to this section may, with respect to a facility approved  
187.12 under this section, file a petition with the commission for approval of:

187.13 (1) a new or amended power purchase agreement;

187.14 (2) the early termination of a power purchase agreement; or

187.15 (3) the purchase and closure of the facility.

187.16 (b) The commission may approve a new or amended power purchase agreement under  
187.17 this subdivision, notwithstanding the fuel requirements of this section, if the commission  
187.18 determines that:

187.19 (1) all parties to the original power purchase agreement, or their successors or assigns,  
187.20 as applicable, agree to the terms and conditions of the new or amended power purchase  
187.21 agreement; and

187.22 (2) the new or amended power purchase agreement is in the best interest of the customers  
187.23 of the public utility subject to this section, taking into consideration any savings realized  
187.24 by customers in the new or amended power purchase agreement and any costs imposed on  
187.25 customers under paragraph (e). A new or amended power purchase agreement approved  
187.26 under this paragraph may be for any term agreed to by the parties and may govern the  
187.27 purchase of any amount of energy.

187.28 (c) The commission may approve the early termination of a power purchase agreement  
187.29 or the purchase and closure of a facility under this subdivision if it determines that:

187.30 (1) all parties to the power purchase agreement, or their successors or assigns, as  
187.31 applicable, agree to the early termination of the power purchase agreement or the purchase  
187.32 and closure of the facility; and

188.1 (2) the early termination of the power purchase agreement or the purchase and closure  
 188.2 of the facility is in the best interest of the customers of the public utility subject to this  
 188.3 section, taking into consideration any savings realized by customers as a result of the early  
 188.4 termination of the power purchase agreement or the purchase and closure of the facility and  
 188.5 any costs imposed on the customers under paragraph (e).

188.6 (d) The commission's approval of a new or amended power purchase agreement under  
 188.7 paragraph (b) or of the termination of a power purchase agreement or the purchase and  
 188.8 closure of a facility under paragraph (c), shall not require the public utility subject to this  
 188.9 section to purchase replacement amounts of biomass energy to fulfill the requirements of  
 188.10 this section.

188.11 (e) A utility may petition the commission to approve a rate schedule that provides for  
 188.12 the automatic adjustment of charges to recover investments, expenses and costs, and earnings  
 188.13 on the investments associated with a new or amended power purchase agreement, the early  
 188.14 termination of a power purchase agreement, or the purchase and closure of a facility,  
 188.15 including, but not limited to, reasonable financial accommodations to the county, city, and  
 188.16 school district in which an affected facility is located. The commission may approve the  
 188.17 rate schedule upon a showing that the recovery of investments, expenses and costs, and  
 188.18 earnings on the investments is less than the costs that would have been recovered from  
 188.19 customers had the utility continued to purchase energy under the power purchase agreement  
 188.20 in effect before any option available under this section is approved by the commission. If  
 188.21 approved by the commission, cost recovery under this paragraph may include all cost  
 188.22 recovery allowed for renewable facilities under section 216B.1645, subdivisions 2 and 2a.

188.23 (f) For the purposes of this subdivision, "facility" means a biomass facility previously  
 188.24 approved by the commission to satisfy a portion of the biomass mandate in this section.

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

188.26 Sec. 26. Minnesota Statutes 2016, section 216B.243, subdivision 8, is amended to read:

188.27 Subd. 8. **Exemptions.** (a) This section does not apply to:

188.28 (1) cogeneration or small power production facilities as defined in the Federal Power  
 188.29 Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and  
 188.30 paragraph (18), subparagraph (A), and having a combined capacity at a single site of less  
 188.31 than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or  
 188.32 any case where the commission has determined after being advised by the attorney general  
 188.33 that its application has been preempted by federal law;

189.1 (2) a high-voltage transmission line proposed primarily to distribute electricity to serve  
 189.2 the demand of a single customer at a single location, unless the applicant opts to request  
 189.3 that the commission determine need under this section or section 216B.2425;

189.4 (3) the upgrade to a higher voltage of an existing transmission line that serves the demand  
 189.5 of a single customer that primarily uses existing rights-of-way, unless the applicant opts to  
 189.6 request that the commission determine need under this section or section 216B.2425;

189.7 (4) a high-voltage transmission line of one mile or less required to connect a new or  
 189.8 upgraded substation to an existing, new, or upgraded high-voltage transmission line;

189.9 (5) conversion of the fuel source of an existing electric generating plant to using natural  
 189.10 gas;

189.11 (6) the modification of an existing electric generating plant to increase efficiency, as  
 189.12 long as the capacity of the plant is not increased more than ten percent or more than 100  
 189.13 megawatts, whichever is greater;

189.14 (7) a wind energy conversion system or solar electric generation facility if the system  
 189.15 or facility is owned and operated by an independent power producer and the electric output  
 189.16 of the system or facility is not sold to an entity that provides retail service in Minnesota or  
 189.17 wholesale electric service to another entity in Minnesota other than an entity that is a federally  
 189.18 recognized regional transmission organization or independent system operator; or

189.19 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision  
 189.20 2, or a solar energy generating large energy facility, as defined in section ~~216B.2421,~~  
 189.21 ~~subdivision 2~~ 216E.01, subdivision 9a, engaging in a repowering project that:

189.22 (i) will not result in the facility exceeding the nameplate capacity under its most recent  
 189.23 interconnection agreement; or

189.24 (ii) will result in the facility exceeding the nameplate capacity under its most recent  
 189.25 interconnection agreement, provided that the Midcontinent Independent System Operator  
 189.26 has provided a signed generator interconnection agreement that reflects the expected net  
 189.27 power increase;

189.28 (9) a large wind energy conversion system, as defined in section 216F.01, subdivision  
 189.29 2;

189.30 (10) a solar energy generating system, as defined in section 216E.01, subdivision 9a,  
 189.31 with a capacity of five megawatts or more;

189.32 (11) a pipeline transporting crude oil or refined petroleum products;

190.1 (12) a pipeline transporting natural gas or propane; or

190.2 (13) a replacement pipeline.

190.3 (b) For the purpose of this subdivision, the following terms have the meanings given:

190.4 (1) "repowering project" means:

190.5 ~~(1)~~ (i) modifying a large wind energy conversion system or a solar energy generating  
190.6 large energy facility to increase its efficiency without increasing its nameplate capacity;

190.7 ~~(2)~~ (ii) replacing turbines in a large wind energy conversion system without increasing  
190.8 the nameplate capacity of the system; or

190.9 ~~(3)~~ (iii) increasing the nameplate capacity of a large wind energy conversion system;

190.10 and

190.11 (2) "replacement pipeline" means a pipeline constructed in a new or existing right-of-way  
190.12 that replaces service provided by an existing pipeline that will be permanently removed  
190.13 from service within 180 days of the date of initial service of the replacement pipeline.

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

190.15 Sec. 27. Minnesota Statutes 2016, section 216C.05, subdivision 2, is amended to read:

190.16 Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

190.17 (1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of  
190.18 electricity and natural gas be achieved through cost-effective energy efficiency;

190.19 (2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the  
190.20 year 2015, through increased reliance on energy efficiency and renewable energy alternatives;

190.21 **and**

190.22 (3) 25 percent of the total energy used in the state be derived from renewable energy  
190.23 resources by the year 2025-; and

190.24 (4) retail electricity rates for each customer class be at least five percent below the  
190.25 national average.

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

190.27 Sec. 28. Minnesota Statutes 2016, section 216C.41, subdivision 2, is amended to read:

190.28 Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made

190.29 according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner

191.1 or operator of a qualified hydropower facility or qualified wind energy conversion facility  
 191.2 for electric energy generated and sold by the facility, (3) a publicly owned hydropower  
 191.3 facility for electric energy that is generated by the facility and used by the owner of the  
 191.4 facility outside the facility, or (4) the owner of a publicly owned dam that is in need of  
 191.5 substantial repair, for electric energy that is generated by a hydropower facility at the dam  
 191.6 and the annual incentive payments will be used to fund the structural repairs and replacement  
 191.7 of structural components of the dam, or to retire debt incurred to fund those repairs.

191.8 (b) Payment may only be made upon receipt by the commissioner of commerce of an  
 191.9 incentive payment application that establishes that the applicant is eligible to receive an  
 191.10 incentive payment and that satisfies other requirements the commissioner deems necessary.  
 191.11 The application must be in a form and submitted at a time the commissioner establishes.

191.12 (c) There is annually appropriated from the ~~renewable development~~ C-LEAF account  
 191.13 established under section 116C.779 to the commissioner of commerce sums sufficient to  
 191.14 make the payments required under this section, in addition to the amounts funded by the  
 191.15 ~~renewable development~~ C-LEAF account as specified in subdivision 5a.

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

191.17 Sec. 29. Minnesota Statutes 2016, section 216C.41, subdivision 5a, is amended to read:

191.18 Subd. 5a. ~~Renewable development account~~ **Payment authorization.** The Department  
 191.19 of Commerce shall authorize payment of the renewable energy production incentive to wind  
 191.20 energy conversion systems that are eligible under this section or Laws 2005, chapter 40, to  
 191.21 on-farm biogas recovery facilities, and to hydroelectric facilities. Payment of the incentive  
 191.22 shall be made from the ~~renewable energy development~~ C-LEAF account as provided under  
 191.23 section 116C.779, subdivision 2.

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

191.25 Sec. 30. **[216C.417] PROGRAM ADMINISTRATION; "MADE IN MINNESOTA"**  
 191.26 **SOLAR ENERGY PRODUCTION INCENTIVES.**

191.27 Subdivision 1. General provisions. Payment of a "Made in Minnesota" solar energy  
 191.28 production incentive to an owner whose application was approved by the commissioner of  
 191.29 commerce under section 216C.415, by May 1, 2017, must be administered under the  
 191.30 provisions of Minnesota Statutes 2016, sections 216C.411; 216C.413; 216C.414, subdivisions  
 191.31 1 to 3 and 5; and 216C.415. No incentive payments may be made under this section to an  
 191.32 owner whose application was approved by the commissioner after May 1, 2017.

192.1 Subd. 2. **Appropriation.** (a) Unspent money remaining in the account established under  
192.2 Minnesota Statutes 2016, section 216C.412, on July 1, 2017, must be transferred to the  
192.3 C-LEAF account in the special revenue fund established under Minnesota Statutes, section  
192.4 116C.779, subdivision 1.

192.5 (b) Notwithstanding section 116C.779, subdivision 1, paragraph (g), there is annually  
192.6 appropriated from the C-LEAF account in the special revenue fund established in Minnesota  
192.7 Statutes, section 116C.779, to the commissioner of commerce money sufficient to make  
192.8 the incentive payments required under Minnesota Statutes 2016, section 216C.415. Any  
192.9 funds appropriated under this paragraph that are unexpended at the end of a fiscal year  
192.10 cancel to the C-LEAF account.

192.11 (c) Notwithstanding Minnesota Statutes 2016, section 216C.412, subdivision 1, none of  
192.12 this appropriation may be used for administrative costs.

192.13 Subd. 3. **Eligibility window; payment duration.** (a) Payments may be made under this  
192.14 subdivision only for solar photovoltaic module installations that meet the requirements of  
192.15 subdivision 1 and that first begin generating electricity between January 1, 2014, and October  
192.16 31, 2018.

192.17 (b) The payment eligibility window of the incentive begins and runs consecutively from  
192.18 the date the solar photovoltaic modules first begins generating electricity.

192.19 (c) An owner of solar photovoltaic modules may receive payments under this section  
192.20 for a particular module for a period of ten years, provided that sufficient funds are available  
192.21 in the account.

192.22 (d) No payment may be made under this section for electricity generated after October  
192.23 31, 2028.

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

192.25 Sec. 31. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision  
192.26 to read:

192.27 Subd. 7a. **Multifamily residential dwelling.** "Multifamily residential dwelling" means  
192.28 a residential dwelling containing five or more units intended for use as a residence by tenants  
192.29 or lessees of the owner.



193.1 Sec. 32. Minnesota Statutes 2016, section 216E.03, subdivision 3, is amended to read:

193.2 Subd. 3. **Application.** Any person seeking to construct a large electric power generating  
193.3 plant or a high-voltage transmission line must apply to the commission for a site or route  
193.4 permit. The application shall contain such information as the commission may require. The  
193.5 applicant ~~shall~~ may propose at least two sites for a large electric power generating plant and  
193.6 two routes for a high-voltage transmission line. Neither of the two proposed routes may be  
193.7 designated as a preferred route and all proposed routes must be numbered and designated  
193.8 as alternatives. The commission shall determine whether an application is complete and  
193.9 advise the applicant of any deficiencies within ten days of receipt. An application is not  
193.10 incomplete if information not in the application can be obtained from the applicant during  
193.11 the first phase of the process and that information is not essential for notice and initial public  
193.12 meetings.

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

193.14 Sec. 33. Minnesota Statutes 2016, section 216E.03, subdivision 9, is amended to read:

193.15 Subd. 9. **Timing.** The commission shall make a final decision on an application within  
193.16 60 days after receipt of the report of the administrative law judge. A final decision on the  
193.17 request for a site permit or route permit shall be made within one year after the commission's  
193.18 determination that an application is complete. The commission may extend this time limit  
193.19 for up to ~~three months~~ 30 days for just cause or upon agreement of the applicant.

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

193.21 Sec. 34. Minnesota Statutes 2016, section 216E.04, subdivision 7, is amended to read:

193.22 Subd. 7. **Timing.** The commission shall make a final decision on an application within  
193.23 60 days after completion of the public hearing. A final decision on the request for a site  
193.24 permit or route permit under this section shall be made within six months after the  
193.25 commission's determination that an application is complete. The commission may extend  
193.26 this time limit for up to ~~three months~~ 30 days for just cause or upon agreement of the  
193.27 applicant.

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

193.29 Sec. 35. Minnesota Statutes 2016, section 216F.01, subdivision 2, is amended to read:

193.30 Subd. 2. **Large wind energy conversion system or LWECS.** "Large wind energy  
193.31 conversion system" or "LWECS" means any combination of WECS with a combined

194.1 nameplate capacity of 5,000 kilowatts or more and transmission lines directly associated  
194.2 with the LWECS that are necessary to interconnect the LWECS to the transmission system.

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

194.4 Sec. 36. Minnesota Statutes 2016, section 216F.011, is amended to read:

194.5 **216F.011 SIZE DETERMINATION.**

194.6 (a) The total size of a combination of wind energy conversion systems for the purpose  
194.7 of determining what jurisdiction has siting authority under this chapter must be determined  
194.8 according to this section. The nameplate capacity of one wind energy conversion system  
194.9 must be combined with the nameplate capacity of any other wind energy conversion system  
194.10 that:

194.11 (1) is located within five miles of the wind energy conversion system;

194.12 (2) is constructed within the same 12-month period as the wind energy conversion  
194.13 system; and

194.14 (3) exhibits characteristics of being a single development, including, but not limited to,  
194.15 ownership structure, an umbrella sales arrangement, shared interconnection, revenue sharing  
194.16 arrangements, and common debt or equity financing.

194.17 (b) The commissioner shall provide forms and assistance for project developers to make  
194.18 a request for a size determination. Upon written request of a project developer, the  
194.19 commissioner of commerce shall provide a written size determination within 30 days of  
194.20 receipt of the request and of any information needed to complete the size determination that  
194.21 has been requested by the commissioner. In the case of a dispute, the chair of the Public  
194.22 Utilities Commission shall make the final size determination.

194.23 (c) An application to a county for a permit under this chapter for a wind energy conversion  
194.24 system is not complete without a size determination made under this section.

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

194.26 Sec. 37. Minnesota Statutes 2016, section 216F.04, is amended to read:

194.27 **216F.04 SITE PERMIT.**

194.28 (a) No person may construct an LWECS without a site permit issued by the Public  
194.29 Utilities Commission.

195.1 (b) Any person seeking to construct an LWECS shall submit an application to the  
 195.2 commission for a site permit in accordance with this chapter and any rules adopted by the  
 195.3 commission. The permitted site need not be contiguous land.

195.4 (c) The commission shall make a final decision on an application for a site permit for  
 195.5 an LWECS within 180 days after acceptance of a complete application by the commission.  
 195.6 The commission may extend this deadline ~~for cause~~ if the proposer agrees to an extension  
 195.7 in writing.

195.8 (d) The commission may place conditions in a permit and may deny, modify, suspend,  
 195.9 or revoke a permit.

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

195.11 Sec. 38. **[216G.025] ALTERNATIVE PIPELINE ROUTES; RESTRICTION.**

195.12 Notwithstanding section 116D.04, subdivisions 2a and 6, and any other law or rule, no  
 195.13 environmental analysis of alternative routes for a pipeline seeking a routing permit may  
 195.14 include an alternative route that does not connect the pipeline's termini as proposed by the  
 195.15 applicant.

195.16 Sec. 39. Minnesota Statutes 2016, section 216H.03, subdivision 3, is amended to read:

195.17 Subd. 3. **Long-term increased emissions from power plants prohibited.** Unless  
 195.18 preempted by federal law, until a comprehensive and enforceable state law or rule pertaining  
 195.19 to greenhouse gases that directly limits and substantially reduces, over time, statewide power  
 195.20 sector carbon dioxide emissions is enacted and in effect, and except as allowed in  
 195.21 subdivisions 4 to 7, on and after August 1, 2009, no person shall:

195.22 ~~(1) construct within the state a new large energy facility that would contribute to statewide~~  
 195.23 ~~power sector carbon dioxide emissions;~~

195.24 ~~(2) import or commit to import from outside the state power from a new large energy~~  
 195.25 ~~facility that would contribute to statewide power sector carbon dioxide emissions; or~~

195.26 ~~(3) enter into a new long-term power purchase agreement that would increase statewide~~  
 195.27 ~~power sector carbon dioxide emissions. For purposes of this section, a long-term power~~  
 195.28 ~~purchase agreement means an agreement to purchase 50 megawatts of capacity or more for~~  
 195.29 ~~a term exceeding five years.~~

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

196.1 Sec. 40. Minnesota Statutes 2016, section 216H.03, subdivision 4, is amended to read:

196.2 Subd. 4. **Exception for facilities that offset emissions.** (a) The ~~prohibitions in~~ prohibition  
196.3 under subdivision 3 ~~do~~ does not apply if the project proponent demonstrates to the Public  
196.4 Utilities Commission's satisfaction that it will offset the new contribution to statewide power  
196.5 sector carbon dioxide emissions with a carbon dioxide reduction project identified in  
196.6 paragraph (b) and in compliance with paragraph (c).

196.7 (b) A project proponent may offset in an amount equal to or greater than the proposed  
196.8 new contribution to statewide power sector carbon dioxide emissions in either, or a  
196.9 combination of both, of the following ways:

196.10 (1) by reducing an existing facility's contribution to statewide power sector carbon  
196.11 dioxide emissions; or

196.12 (2) by purchasing carbon dioxide allowances from a state or group of states that has a  
196.13 carbon dioxide cap and trade system in place that produces verifiable emissions reductions.

196.14 (c) The Public Utilities Commission shall not find that a proposed carbon dioxide  
196.15 reduction project identified in paragraph (b) acceptably offsets a new contribution to statewide  
196.16 power sector carbon dioxide emissions unless the proposed offsets are permanent,  
196.17 quantifiable, verifiable, enforceable, and would not have otherwise occurred. This section  
196.18 does not exempt emissions that have been offset under this subdivision and emissions  
196.19 exempted under subdivisions 5 to 7 from a cap and trade system if adopted by the state.

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

196.21 Sec. 41. Minnesota Statutes 2016, section 216H.03, subdivision 7, is amended to read:

196.22 Subd. 7. **Other exemptions.** The ~~prohibitions in~~ prohibition under subdivision 3 ~~do~~ does  
196.23 not apply to:

196.24 (1) a new large energy facility under consideration by the Public Utilities Commission  
196.25 pursuant to proposals or applications filed with the Public Utilities Commission before April  
196.26 1, 2007, or to any power purchase agreement related to a facility described in this clause.  
196.27 The exclusion of pending proposals and applications from the prohibitions in subdivision  
196.28 3 does not limit the applicability of any other law and is not an expression of legislative  
196.29 intent regarding whether any pending proposal or application should be approved or denied;

196.30 (2) a contract not subject to commission approval that was entered into prior to April 1,  
196.31 2007, to purchase power from a new large energy facility that was approved by a comparable

197.1 authority in another state prior to that date, for which municipal or public power district  
197.2 bonds have been issued, and on which construction has begun;

197.3 (3) a new large energy facility ~~or a power purchase agreement between a Minnesota~~  
197.4 ~~utility and a new large energy facility~~ located ~~outside~~ within Minnesota that the Public  
197.5 Utilities Commission has determined is essential to ensure the long-term reliability of  
197.6 Minnesota's electric system, to allow electric service for increased industrial demand, or to  
197.7 avoid placing a substantial financial burden on Minnesota ratepayers. An order of the  
197.8 commission granting an exemption under this clause is stayed until the June 1 following  
197.9 the next regular or annual session of the legislature that begins after the date of the  
197.10 commission's final order; or

197.11 (4) a new large energy facility with a combined electric generating capacity of less than  
197.12 100 megawatts, which did not require a Minnesota certificate of need, which received an  
197.13 air pollution control permit to construct from an adjoining state before January 1, 2008, and  
197.14 on which construction began before July 1, 2008, or to any power purchase agreement  
197.15 related to a facility described in this clause.

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

197.17 Sec. 42. **RESIDENTIAL PACE CONSUMER PROTECTION LEGISLATION TASK**  
197.18 **FORCE.**

197.19 Subdivision 1. **Establishment.** The Residential PACE Consumer Protection Legislation  
197.20 Task Force shall develop recommendations for consumer protection legislation for any  
197.21 energy improvements financing program implemented under Minnesota Statutes, sections  
197.22 216C.435 to 216C.436, for single-family residential dwellings. For purposes of this section,  
197.23 "residential PACE" or "PACE" means energy improvement financing programs for  
197.24 single-family residential dwellings authorized under Minnesota Statutes, sections 216C.435  
197.25 to 216C.436.

197.26 Subd. 2. **Task force.** (a) The task force consists of 16 members as follows:

197.27 (1) one member appointed by the Minnesota Association of Realtors;

197.28 (2) one member appointed by the Center for Energy and Environment;

197.29 (3) one member appointed by the Minnesota Bankers Association;

197.30 (4) one member appointed by the Legal Services Advocacy Project;

197.31 (5) one member appointed by the Minnesota Credit Union Network;

197.32 (6) one member appointed by the Minnesota Solar Energy Industry Association;

- 198.1 (7) one member appointed by the St. Paul Port Authority;
- 198.2 (8) one member appointed by the League of Minnesota Cities;
- 198.3 (9) one member appointed by the Association of Minnesota Counties;
- 198.4 (10) one member appointed by AARP Minnesota;
- 198.5 (11) one member appointed by Fresh Energy;
- 198.6 (12) one member appointed by the Citizens Utility Board of Minnesota;
- 198.7 (13) one member appointed by Clean Energy Economy Minnesota;
- 198.8 (14) one member appointed by the Minnesota Land Title Association;
- 198.9 (15) one member appointed by an organization with experience implementing residential
- 198.10 PACE programs in other states; and
- 198.11 (16) the commissioner of commerce or a designee.
- 198.12 (b) Any public member can designate a substitute from the same organization to replace
- 198.13 that member at a meeting of the task force.
- 198.14 Subd. 3. **Duties.** The task force must develop recommendations to:
- 198.15 (1) address concerns regarding the possible constraints on free alienation of residential
- 198.16 property caused by existence and amount of the PACE liens;
- 198.17 (2) reduce and minimize any point-of-sale confusion in transactions involving
- 198.18 PACE-encumbered homes;
- 198.19 (3) ensure conspicuous and meaningful disclosure of, among other things:
- 198.20 (i) all costs and fees of a residential PACE loan; and
- 198.21 (ii) the risks, such as foreclosure and higher costs, that may be associated with residential
- 198.22 PACE loans relative to other financing mechanisms;
- 198.23 (4) ensure that the ability to repay standard uses commonly accepted underwriting
- 198.24 principles;
- 198.25 (5) ensure that consumer provisions required of and protections that apply to conventional
- 198.26 loans and other financing options, including but not limited to the Truth in Lending Act and
- 198.27 the Real Estate Settlement Procedures Act, are required of and apply to PACE financing;
- 198.28 (6) address any unique protections necessary for elderly, low-income homeowners and
- 198.29 other financially vulnerable homeowners;

199.1 (7) establish criteria to ensure the cost-effectiveness of PACE-enabled clean energy  
199.2 improvements; and

199.3 (8) address any other issues the task force identifies that are necessary to protect  
199.4 consumers.

199.5 Subd. 4. **Administrative support.** The commissioner of commerce shall provide  
199.6 administrative support and meeting space for the task force.

199.7 Subd. 5. **Compensation.** Members serve without compensation and shall not be  
199.8 reimbursed for expenses.

199.9 Subd. 6. **Chair.** The commissioner of commerce or the commissioner's designee shall  
199.10 serve as chair.

199.11 Subd. 7. **Meetings.** The task force shall meet regularly, at the call of the chair. Meetings  
199.12 of the task force are subject to Minnesota Statutes, chapter 13D.

199.13 Subd. 8. **Appointments; first meeting.** Appointments must be made by June 1, 2017.  
199.14 The commissioner of commerce must convene the first meeting by July 15, 2017.

199.15 Subd. 9. **Report to legislature.** By January 15, 2018, the commissioner shall submit a  
199.16 report detailing the task force's findings and recommendations to the chairs and ranking  
199.17 minority members of the senate and house of representatives committees with jurisdiction  
199.18 over energy and consumer protection policy and finance. The report must include any draft  
199.19 legislation necessary to implement the recommendations of the task force.

199.20 Subd. 10. **Suspension of residential PACE.** Until legislation is enacted establishing  
199.21 consumer protections that address, but are not limited to, the concerns identified in  
199.22 subdivision 3, no programs for the financing of energy improvements on a single-family  
199.23 residential property dwelling under Minnesota Statutes, sections 216C.435 to 216C.436,  
199.24 may be operated after the effective date of this section.

199.25 Subd. 11. **Expiration.** The task force expires January 15, 2018, or after submitting the  
199.26 report required in this section, whichever is earlier.

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

200.1 Sec. 43. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR**  
200.2 **THERMAL REBATES.**

200.3 (a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner  
200.4 of a solar thermal system whose application was approved by the commissioner of commerce  
200.5 after the effective date of this act.

200.6 (b) Unspent money remaining in the account established under Minnesota Statutes 2014,  
200.7 section 216C.416, as of July 2, 2017, must be transferred to the C-LEAF account established  
200.8 under Minnesota Statutes 2016, section 116C.779, subdivision 1.

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

200.10 Sec. 44. **RENEWABLE DEVELOPMENT ACCOUNT; TRANSFER OF**  
200.11 **UNEXPENDED GRANT FUNDS.**

200.12 (a) No later than 30 days after the effective date of this section, the utility subject to  
200.13 Minnesota Statutes, section 116C.779, subdivision 1, must notify in writing each person  
200.14 who received a grant funded from the renewable development account previously established  
200.15 under that subdivision:

200.16 (1) after January 1, 2012; and

200.17 (2) before January 1, 2012, if the funded project remains incomplete as of the effective  
200.18 date of this section.

200.19 The notice must contain the provisions of this section and instructions directing grant  
200.20 recipients how unexpended funds can be transferred to the clean energy advancement fund  
200.21 account.

200.22 (b) A recipient of a grant from the renewable development account previously established  
200.23 under Minnesota Statutes, section 116C.779, subdivision 1, must, no later than 30 days after  
200.24 receiving the notice required under paragraph (a), transfer any grant funds that remain  
200.25 unexpended as of the effective date of this section to the clean energy advancement fund  
200.26 account if, by that effective date, all of the following conditions are met:

200.27 (1) the grant was awarded more than five years before the effective date of this section;

200.28 (2) the grant recipient has failed to obtain control of the site on which the project is to  
200.29 be constructed;

200.30 (3) the grant recipient has failed to secure all necessary permits or approvals from any  
200.31 unit of government with respect to the project; and



201.1 (4) construction of the project has not begun.

201.2 (c) A recipient of a grant from the renewable development account previously established  
 201.3 under Minnesota Statutes, section 116C.779, subdivision 1, must transfer any grant funds  
 201.4 that remain unexpended five years after the grant funds are received by the grant recipient  
 201.5 if, by that date, the conditions in paragraph (b), clauses (2) to (4), have been met. The grant  
 201.6 recipient must transfer the unexpended funds no later than 30 days after the fifth anniversary  
 201.7 of the receipt of the grant funds.

201.8 (d) A person who transfers funds to the clean energy advancement fund account under  
 201.9 this section is eligible to apply for funding from the clean energy advancement fund account.

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

201.11 Sec. 45. **REPEALER.**

201.12 (a) Laws 2013, chapter 85, article 6, section 11, is repealed.

201.13 (b) Minnesota Statutes 2016, sections 216B.8109; 216B.811; 216B.812; 216B.813; and  
 201.14 216B.815, are repealed.

201.15 (c) Minnesota Statutes 2016, sections 3.8852; 116C.779, subdivision 3; and 216C.29,  
 201.16 are repealed.

201.17 (d) Minnesota Statutes 2016, sections 174.187; 216C.411; 216C.412; 216C.413;  
 201.18 216C.414; 216C.415; and 216C.416, are repealed.

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

## 201.20 **ARTICLE 11**

### 201.21 **HOUSING POLICY**

201.22 Section 1. Minnesota Statutes 2016, section 299F.01, is amended by adding a subdivision  
 201.23 to read:

201.24 **Subd. 4. Mandatory fire sprinklers prohibited.** (a) The State Building Code, the State  
 201.25 Fire Code, or a political subdivision of the state by code or ordinance, must not require the  
 201.26 installation of fire sprinklers, any fire sprinkler system components, or automatic  
 201.27 fire-extinguishing equipment or devices in any new or existing single-family detached  
 201.28 dwelling unit, two-family dwelling unit, townhome, or accessory structure such as a garage,  
 201.29 covered patio, deck, porch, storage shed, or similar structure.

201.30 (b) This subdivision does not affect or limit a requirement for smoke or fire detectors,  
 201.31 alarms, or their components.

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

202.2 Sec. 2. Minnesota Statutes 2016, section 327C.01, is amended by adding a subdivision to  
202.3 read:

202.4 Subd. 13. **Class I manufactured home park.** A "class I manufactured home park"  
202.5 means a park that complies with the provisions of section 327C.16.

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

202.7 Sec. 3. **[327C.16] CLASS I MANUFACTURED HOME PARK.**

202.8 Subdivision 1. **Qualifications.** (a) To qualify as a class I manufactured home park, as  
202.9 defined in section 327C.01, subdivision 13, a park owner, or on-site attendant as an employee  
202.10 of the manufactured home park, must satisfy 12 hours of qualifying education courses every  
202.11 three years, as prescribed in this subdivision. Park owners or on-site attendants may begin  
202.12 accumulating qualifying hours to qualify as a class I manufactured home park beginning in  
202.13 2017.

202.14 (b) The qualifying education courses required for classification under this subdivision  
202.15 must be continuing education courses approved by the Department of Labor and Industry  
202.16 or the Department of Commerce for:

202.17 (1) continuing education in real estate; or

202.18 (2) continuing education for residential contractors and manufactured home installers.

202.19 (c) The qualifying education courses must include:

202.20 (1) two hours on fair housing, approved for real estate licensure or residential contractor  
202.21 licensure;

202.22 (2) one hour on the Americans with Disabilities Act, approved for real estate licensure  
202.23 or residential contractor licensure;

202.24 (3) four hours on legal compliance related to any of the following: landlord/tenant,  
202.25 licensing requirements, or home financing under chapters 58, 327, 327B, 327C, and 504B,  
202.26 and Minnesota Rules, chapter 1350 or 4630;

202.27 (4) three hours of general education approved for real estate, residential contractors, or  
202.28 manufactured home installers; and

202.29 (5) two hours of HUD-specific manufactured home installer courses as required under  
202.30 section 327B.041.

203.1 (d) If the qualifying owner or employee attendant is no longer the person meeting the  
 203.2 requirements under this subdivision, but did qualify during the current assessment year,  
 203.3 then the manufactured home park shall still qualify for the class rate provided for class 4c  
 203.4 property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item  
 203.5 (iii).

203.6 Subd. 2. **Proof of compliance.** (a) A park owner that has met the requirements of  
 203.7 subdivision 1 shall provide an affidavit to the park owner's county assessor certifying that  
 203.8 the park owner, corporate officer, or on-site attendant has complied with subdivision 1 and  
 203.9 that the park meets the definition of a class I manufactured home park as defined in this  
 203.10 section, and is entitled to the property tax classification rate for class I manufactured home  
 203.11 parks in section 273.13, subdivision 25. The park owner shall retain the original course  
 203.12 completion certificates issued by the course sponsor under this section for three years and,  
 203.13 upon written request for verification, provide these to the county assessor within 30 days.

203.14 (b) A park owner must provide the county assessor written notice of any change in  
 203.15 compliance status of the manufactured home park no later than December 15 of the  
 203.16 assessment year.

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

203.18 Sec. 4. Minnesota Statutes 2016, section 462.355, subdivision 4, is amended to read:

203.19 **Subd. 4. Interim ordinance.** (a) If a municipality is conducting studies or has authorized  
 203.20 a study to be conducted or has held or has scheduled a hearing for the purpose of considering  
 203.21 adoption or amendment of a comprehensive plan or official controls as defined in section  
 203.22 462.352, subdivision 15, or if new territory for which plans or controls have not been adopted  
 203.23 is annexed to a municipality, the governing body of the municipality may adopt an interim  
 203.24 ordinance applicable to all or part of its jurisdiction for the purpose of protecting the planning  
 203.25 process and the health, safety and welfare of its citizens. The interim ordinance may regulate,  
 203.26 restrict, or prohibit any use, development, or subdivision within the jurisdiction or a portion  
 203.27 thereof for a period not to exceed one year from the date it is effective.

203.28 (b) If a proposed interim ordinance purports to regulate, restrict, or prohibit activities  
 203.29 relating to livestock production, a public hearing must be held following a ten-day notice  
 203.30 given by publication in a newspaper of general circulation in the municipality before the  
 203.31 interim ordinance takes effect.

204.1 (c)(1) A statutory or home rule charter city may adopt an interim ordinance that regulates,  
204.2 restricts, or prohibits a housing proposal only if the ordinance is approved by at least  
204.3 two-thirds of city council members present.

204.4 (2) Before adopting the interim ordinance, the city council must hold a public hearing  
204.5 after providing written notice to any person who has submitted a housing proposal, has a  
204.6 pending housing proposal, or has provided a written request to be notified of interim  
204.7 ordinances related to housing proposals. The written notice must be provided at least three  
204.8 business days before the public hearing. Notice also must be posted on the city's official  
204.9 Web site, if the city has an official Web site.

204.10 (3) The date of the public hearing shall be the earlier of the next regularly scheduled  
204.11 city council meeting after the notice period or within ten days of the notice.

204.12 (4) The activities proposed to be restricted by the proposed interim ordinance may not  
204.13 be undertaken before the public hearing.

204.14 (5) For the purposes of this paragraph, "housing proposal" means a written request for  
204.15 city approval of a project intended primarily to provide residential dwellings, either single  
204.16 family or multi-family, and involves the subdivision or development of land or the  
204.17 demolition, construction, reconstruction, alteration, repair, or occupancy of residential  
204.18 dwellings.

204.19 ~~(e)~~ (d) The period of an interim ordinance applicable to an area that is affected by a city's  
204.20 master plan for a municipal airport may be extended for such additional periods as the  
204.21 municipality may deem appropriate, not exceeding a total additional period of 18 months.  
204.22 In all other cases, no interim ordinance may halt, delay, or impede a subdivision that has  
204.23 been given preliminary approval, nor may any interim ordinance extend the time deadline  
204.24 for agency action set forth in section 15.99 with respect to any application filed prior to the  
204.25 effective date of the interim ordinance. The governing body of the municipality may extend  
204.26 the interim ordinance after a public hearing and written findings have been adopted based  
204.27 upon one or more of the conditions in clause (1), (2), or (3). The public hearing must be  
204.28 held at least 15 days but not more than 30 days before the expiration of the interim ordinance,  
204.29 and notice of the hearing must be published at least ten days before the hearing. The interim  
204.30 ordinance may be extended for the following conditions and durations, but, except as  
204.31 provided in clause (3), an interim ordinance may not be extended more than an additional  
204.32 18 months:

204.33 (1) up to an additional 120 days following the receipt of the final approval or review by  
204.34 a federal, state, or metropolitan agency when the approval is required by law and the review

205.1 or approval has not been completed and received by the municipality at least 30 days before  
205.2 the expiration of the interim ordinance;

205.3 (2) up to an additional 120 days following the completion of any other process required  
205.4 by a state statute, federal law, or court order, when the process is not completed at least 30  
205.5 days before the expiration of the interim ordinance; or

205.6 (3) up to an additional one year if the municipality has not adopted a comprehensive  
205.7 plan under this section at the time the interim ordinance is enacted.

205.8 **EFFECTIVE DATE.** This section is effective for interim ordinances proposed on or  
205.9 after August 1, 2017.

205.10 Sec. 5. Minnesota Statutes 2016, section 462A.2035, is amended to read:

205.11 **462A.2035 MANUFACTURED HOME PARK REDEVELOPMENT PROGRAM.**

205.12 Subdivision 1. **Establishment.** The agency shall establish a manufactured home park  
205.13 redevelopment program for the purpose of making manufactured home park redevelopment  
205.14 grants or loans to cities, counties, ~~or~~ community action programs, nonprofit organizations,  
205.15 and cooperatives created under chapter 308A or 308B.

205.16 Subd. 1a. **Individual assistance grants.** Cities, counties, and community action programs  
205.17 Eligible recipients may use individual assistance grants and loans under this program to:

205.18 (1) provide current residents of manufactured home parks with buy-out assistance not  
205.19 to exceed \$4,000 per home with preference given to older manufactured homes; and

205.20 (2) provide down-payment assistance for the purchase of new and preowned manufactured  
205.21 homes that comply with the current version of the State Building Code in effect at the time  
205.22 of the sale, not to exceed \$10,000 per home; and.

205.23 ~~(3) make improvements in manufactured home parks as requested by the grant recipient.~~

205.24 Subd. 1b. **Park infrastructure grants.** Eligible recipients may use park infrastructure  
205.25 grants under this program for:

205.26 (1) improvements in manufactured home parks; and

205.27 (2) infrastructure, including storm shelters and community facilities.

205.28 Subd. 2. **Eligibility requirements.** For individual assistance grants under subdivision  
205.29 1a, households assisted under this section must have an annual household income at or  
205.30 below 80 percent of the area median household income. Cities, counties, or community  
205.31 action programs receiving funds under the program must give preference to households at

206.1 or below 50 percent of the area median household income. Participation in the program is  
 206.2 voluntary and no park resident shall be required to participate.

206.3 Subd. 3. **Statewide program.** The agency shall attempt to make grants and loans in  
 206.4 approximately equal amounts to applicants outside and within the metropolitan area. **Grants**  
 206.5 and loans under this section shall be provided in a manner consistent with the agency's  
 206.6 policies and purposes in section 462A.02.

206.7 Subd. 4. **Infrastructure repair and replacement fund.** Each recipient receiving a grant  
 206.8 under subdivision 1b shall provide from year to year, on a cumulative basis, for adequate  
 206.9 reserve funds to cover the repair and replacement of the private infrastructure systems  
 206.10 serving the community.

206.11 **Sec. 6. [462A.39] WORKFORCE HOUSING DEVELOPMENT PROGRAM.**

206.12 Subdivision 1. **Establishment.** The commissioner of Minnesota housing finance shall  
 206.13 establish a workforce housing development program to award grants or deferred loans to  
 206.14 eligible project areas to be used for qualified expenditures.

206.15 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the  
 206.16 meanings given.

206.17 (b) "Eligible project area" means a home rule charter or statutory city located outside  
 206.18 of the metropolitan area as defined in section 473.121, subdivision 2, with a population  
 206.19 exceeding 500; a community that has a combined population of 1,500 residents located  
 206.20 within 15 miles of a home rule charter or statutory city located outside the metropolitan  
 206.21 area as defined in section 473.121, subdivision 2; or an area served by a joint county-city  
 206.22 economic development authority.

206.23 (c) "Joint county-city economic development authority" means an economic development  
 206.24 authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between  
 206.25 a city and county and excluding those established by the county only.

206.26 (d) "Market rate residential rental properties" means properties that are rented at market  
 206.27 value, including new modular homes, new manufactured homes, and new manufactured  
 206.28 homes on leased land or in a manufactured home park, and excludes:

206.29 (1) properties constructed with financial assistance requiring the property to be occupied  
 206.30 by residents that meet income limits under federal or state law of initial occupancy; and

206.31 (2) properties constructed with federal, state, or local flood recovery assistance, regardless  
 206.32 of whether that assistance imposed income limits as a condition of receiving assistance.

207.1 (e) "Qualified expenditure" means expenditures for market rate residential rental  
207.2 properties including acquisition of property; construction of improvements; and provisions  
207.3 of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing  
207.4 costs.

207.5 Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting  
207.6 and reviewing application for grants or deferred loans under this section. At a minimum, a  
207.7 city must include in its application a resolution of its governing body certifying that the  
207.8 matching amount as required under this section is available and committed.

207.9 Subd. 4. **Program requirements.** (a) The commissioner must not award a grant or  
207.10 deferred loans to an eligible project area under this section until the following determinations  
207.11 are made:

207.12 (1) the average vacancy rate for rental housing located in the eligible project area, and  
207.13 in any other city located within 15 miles or less of the boundaries of the area, has been five  
207.14 percent or less for at least the prior two-year period;

207.15 (2) one or more businesses located in the eligible project area, or within 25 miles of the  
207.16 area, that employs a minimum of 20 full-time equivalent employees in aggregate have  
207.17 provided a written statement to the eligible project area indicating that the lack of available  
207.18 rental housing has impeded their ability to recruit and hire employees; and

207.19 (3) the eligible project area has certified that the grants or deferred loans will be used  
207.20 for qualified expenditures for the development of rental housing to serve employees of  
207.21 businesses located in the eligible project area or surrounding area.

207.22 (b) Preference for grants or deferred loans awarded under this section shall be given to  
207.23 eligible project areas with less than 30,000 people.

207.24 Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 25 percent  
207.25 of the rental housing development project cost. The commissioner shall not award a grant  
207.26 or deferred loans to a city without certification by the city that the amount of the grant or  
207.27 deferred loans shall be matched by a local unit of government, business, or nonprofit  
207.28 organization with \$1 for every \$2 provided in grant or deferred loans funds.

207.29 Subd. 6. **Report.** Beginning January 15, 2018, the commissioner must annually submit  
207.30 a report to the chairs and ranking minority members of the senate and house of representatives  
207.31 committees having jurisdiction over taxes and workforce development specifying the projects  
207.32 that received grants or deferred loans under this section and the specific purposes for which  
207.33 the grant funds were used.

208.1 **Sec. 7. [462C.16] HOUSING TRUST FUNDS FOR LOCAL HOUSING**  
 208.2 **DEVELOPMENT.**

208.3 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have  
 208.4 the meanings given to them.

208.5 (b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

208.6 (c) "Fund" means a local housing trust fund or a regional housing trust fund.

208.7 (d) "Local government" means any statutory or home rule charter city or a county.

208.8 (e) "Local housing trust fund" means a fund established by a local government with one  
 208.9 or more dedicated sources of public revenue for housing.

208.10 (f) "Regional housing trust fund" means a fund established and administered under a  
 208.11 joint powers agreement entered into by two or more local governments with one or more  
 208.12 dedicated sources of public revenue for housing.

208.13 Subd. 2. **Creation and administration.** (a) A local government may establish a local  
 208.14 housing trust fund by ordinance or participate in a joint powers agreement to establish a  
 208.15 regional housing trust fund.

208.16 (b) A local or regional housing trust fund may be, but is not required to be, administered  
 208.17 through a nonprofit organization. If administered through a nonprofit organization, that  
 208.18 organization shall encourage private charitable donations to the fund.

208.19 Subd. 3. **Authorized expenditures.** Money in a local or regional housing trust fund may  
 208.20 be used only to:

208.21 (1) pay for administrative expenses, but not more than ten percent of the balance of the  
 208.22 fund may be spent on administration;

208.23 (2) make grants, loans, and loan guarantees for the development, rehabilitation, or  
 208.24 financing of housing;

208.25 (3) match other funds from federal, state, or private resources for housing projects; or

208.26 (4) provide down payment assistance, rental assistance, and homebuyer counseling  
 208.27 services.

208.28 Subd. 4. **Funding.** (a) A local government may finance its local or regional housing  
 208.29 trust fund with any money available to the local government, unless expressly prohibited  
 208.30 by state law. Sources of these funds include, but are not limited to:

208.31 (1) donations;



209.1 (2) bond proceeds;

209.2 (3) grants and loans from a state, federal, or private source;

209.3 (4) appropriations by a local government to the fund;

209.4 (5) investment earnings of the fund; and

209.5 (6) housing and redevelopment authority levies.

209.6 (b) The local government may alter a source of funding for the local or regional housing  
 209.7 trust fund, but only if, once altered, sufficient funds will exist to cover the projected debts  
 209.8 or expenditures authorized by the fund in its budget.

209.9 Subd. 5. **Reports.** A local or regional housing trust fund established under this section  
 209.10 must report annually to the local government that created the fund. The local government  
 209.11 or governments must post this report on its public Web site.

209.12 Subd. 6. **Effect of legislation on existing local or regional housing trust funds.** A  
 209.13 local or regional housing trust fund existing on the effective date of this section is not  
 209.14 required to alter the existing terms of its governing documents or take any additional  
 209.15 authorizing actions required by subdivision 2.

209.16 **Sec. 8. MINNESOTA HOUSING FINANCE AGENCY REPORT.**

209.17 By February 1, 2018, and February 1, 2019, the Housing Finance Agency shall provide  
 209.18 to the chairs and ranking minority members of the house of representatives and senate  
 209.19 committees with jurisdiction over the agency:

209.20 (1) a draft and final version of its affordable housing plan before and after it has been  
 209.21 submitted to the agency board for consideration; and

209.22 (2) a report on the actual and anticipated funds available within the Housing Affordability  
 209.23 Fund, or Pool 3, and the actual and anticipated uses of those funds.

209.24 **Sec. 9. HOUSING FINANCE AGENCY ADMINISTRATIVE COSTS.**

209.25 The cost of administering programs operated by the Housing Finance Agency that are  
 209.26 funded by the general fund or other resources, including bonds and federal funding, must  
 209.27 not be higher than the amount expended for direct or indirect administrative costs in fiscal  
 209.28 year 2017. The Housing Finance Agency must not have more full-time equivalent positions  
 209.29 than the number of full-time equivalent positions at the Housing Finance Agency on June  
 209.30 30, 2017.

210.1 **EFFECTIVE DATE.** This section is effective from July 1, 2017, to July 1, 2021.

210.2 **ARTICLE 12**

210.3 **MISCELLANEOUS POLICY**

210.4 Section 1. **[14.1275] RULES IMPACTING RESIDENTIAL CONSTRUCTION OR**  
 210.5 **REMODELING; LEGISLATIVE NOTICE AND REVIEW.**

210.6 Subdivision 1. **Definition.** As used in this section, "residential construction" means the  
 210.7 new construction or remodeling of any building subject to the Minnesota Residential Code.

210.8 Subd. 2. **Impact on housing cost; agency determination.** An agency must determine  
 210.9 if implementation of a proposed rule, or any portion of a proposed rule, will, on average,  
 210.10 increase the cost of residential construction or remodeling by \$1,000 or more per unit. The  
 210.11 agency must make this determination before the close of the hearing record, or before the  
 210.12 agency submits the record to the administrative law judge if there is no hearing. The  
 210.13 administrative law judge must review and approve or disapprove an agency's determination  
 210.14 under this subdivision.

210.15 Subd. 3. **Notice to legislature; legislative approval.** (a) If the agency determines that  
 210.16 the impact of a proposed rule meets or exceeds the cost threshold provided in subdivision  
 210.17 2, or if the administrative law judge disapproves the agency's determination that the impact  
 210.18 does not meet or exceed that threshold, the agency must notify, in writing, the chairs and  
 210.19 ranking minority members of the policy committees of the house of representatives and the  
 210.20 senate with jurisdiction over the subject matter of the proposed rule within ten days of the  
 210.21 determination or disapproval.

210.22 (b) If a committee of either the house of representatives or senate with jurisdiction over  
 210.23 the subject matter of the proposed rule votes to advise an agency that the rule should not  
 210.24 be adopted as proposed, the agency may not adopt the rule unless the rule is approved by  
 210.25 a law enacted after the vote of the committee. Section 14.126, subdivision 2, applies to a  
 210.26 vote of a committee under this subdivision.

210.27 Subd. 4. **Severability.** If the agency or an administrative law judge determines that part  
 210.28 of a proposed rule meets or exceeds the threshold provided in subdivision 2, but that a  
 210.29 severable portion of the proposed rule does not meet or exceed that threshold, the agency  
 210.30 may proceed to adopt the severable portions of the proposed rule regardless of whether a  
 210.31 legislative committee vote is conducted under subdivision 3.

210.32 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to  
 210.33 administrative rules proposed on or after that date.

211.1 Sec. 2. Laws 2014, chapter 211, section 13, as amended by Laws 2015, First Special  
 211.2 Session chapter 1, article 7, section 1, and Laws 2016, chapter 189, article 7, section 42, is  
 211.3 amended to read:

211.4 Sec. 13. **EFFECTIVE DATE.**

211.5 Sections 1 to 3 and 6 to 11 are effective July 1, ~~2017~~ 2036. Sections 4, 5, and 12 are  
 211.6 effective July 1, 2014.

211.7 Sec. 3. **AGENCY ACTIVITY AND EXPENDITURE REPORTS.**

211.8 (a) The commissioners of employment and economic development, housing finance,  
 211.9 labor and industry, and commerce, as well as the Public Utilities Commission, must each  
 211.10 submit a report, as described in paragraph (b), to the chairs and ranking minority members  
 211.11 of the house of representatives and senate committees and divisions with jurisdiction over  
 211.12 their budget appropriations by October 15, 2018.

211.13 (b) The reports must include:

211.14 (1) the number of employees in each operational division and descriptions of the work  
 211.15 of each employee;

211.16 (2) a description of the responsibilities that fall under each operational division;

211.17 (3) a detailed list of the source of all revenue, including any fees, taxes, or other revenues  
 211.18 collected, as well as details of base budgets, including all prior appropriation riders;

211.19 (4) how much of each budgetary division appropriation passes through as grants, as well  
 211.20 as the costs related to each grant program;

211.21 (5) a detailed description of the costs related to each budgetary division, as well as the  
 211.22 statutory authority under which those costs are allocated; and

211.23 (6) the statutory authority for all expenditures."

211.24 Delete the title and insert:

211.25 "A bill for an act  
 211.26 relating to state government; appropriating money for jobs and economic  
 211.27 development; appropriating money for the Department of Employment and  
 211.28 Economic Development, Housing Finance Agency, Department of Labor and  
 211.29 Industry, Bureau of Mediation Services, Workers' Compensation Court of Appeals,  
 211.30 Department of Commerce, Public Utilities Commission, and Public Facilities  
 211.31 Authority; making policy and housekeeping changes to labor and industry  
 211.32 provisions; making policy changes to employment, economic development, and  
 211.33 workforce development provisions; making policy changes to the Department of  
 211.34 Iron Range Resources and Rehabilitation; making policy, housekeeping, and  
 211.35 technical changes regarding unemployment insurance; making changes to

212.1 commerce, telecommunications, and energy policy; making other housing and  
 212.2 miscellaneous policy changes; modifying fees; modifying rulemaking procedures;  
 212.3 modifying criminal penalties; requiring reports; amending Minnesota Statutes  
 212.4 2016, sections 3.732, subdivision 1; 3.736, subdivision 3; 3.8851, subdivision 1;  
 212.5 15.01; 15.38, subdivision 7; 15A.0815, subdivision 3; 16B.323; 43A.02, subdivision  
 212.6 22; 45.0135, subdivision 6; 65B.84, subdivision 1; 85.0146, subdivision 1; 116.03,  
 212.7 by adding a subdivision; 116C.779, subdivision 1, by adding a subdivision;  
 212.8 116C.7792; 116D.04, subdivision 1a; 116J.423, subdivision 2; 116J.424; 116J.8731,  
 212.9 subdivision 2, by adding a subdivision; 116J.8748, subdivisions 1, 3, 4, 6; 116J.994,  
 212.10 subdivisions 3, 5, 7; 116L.17, subdivision 1; 116L.665; 116M.14, subdivision 4;  
 212.11 116M.17, subdivision 4; 116M.18, subdivisions 1a, 4, 4a, 8; 175.45; 216B.03;  
 212.12 216B.16, subdivisions 1a, 6; 216B.161, subdivision 1; 216B.164, subdivisions 5,  
 212.13 9, by adding a subdivision; 216B.1691, subdivision 2f; 216B.1694, subdivisions  
 212.14 1, 3; 216B.241, subdivisions 1b, 1c, 2, 5, 5d, 7; 216B.2422, subdivisions 2, 3, 4;  
 212.15 216B.2424, by adding a subdivision; 216B.243, subdivision 8; 216C.05, subdivision  
 212.16 2; 216C.41, subdivisions 2, 5a; 216C.435, by adding a subdivision; 216E.03,  
 212.17 subdivisions 3, 9; 216E.04, subdivision 7; 216F.01, subdivision 2; 216F.011;  
 212.18 216F.04; 216H.03, subdivisions 3, 4, 7; 237.01, by adding subdivisions; 268.031,  
 212.19 subdivision 1; 268.035, subdivisions 15, 20, 21d, 23, 30; 268.042, subdivision 1;  
 212.20 268.046, subdivision 3; 268.051, subdivisions 1, 9; 268.065, subdivision 2; 268.07,  
 212.21 subdivisions 2, 3a, 3b; 268.085, subdivisions 1, 6, 7, 12, 13, 13a; 268.0865,  
 212.22 subdivision 5; 268.095, subdivisions 1, 2, 5; 268.101, subdivision 2; 268.105,  
 212.23 subdivision 2; 268.131; 268.18, subdivisions 2, 2b, 5; 268.182; 268.184; 268.194,  
 212.24 subdivisions 1, 4; 276A.01, subdivisions 8, 17; 276A.06, subdivision 8; 282.38,  
 212.25 subdivisions 1, 3; 297I.11, subdivision 2; 298.001, subdivision 8, by adding a  
 212.26 subdivision; 298.018, subdivision 1; 298.17; 298.22, subdivisions 1, 1a, 5a, 6, 10,  
 212.27 11, by adding subdivisions; 298.221; 298.2211, subdivisions 3, 6; 298.2212;  
 212.28 298.223, subdivisions 1, 2; 298.227; 298.27; 298.28, subdivisions 7, 7a, 9c, 9d,  
 212.29 11; 298.292, subdivision 2; 298.296; 298.2961; 298.297; 298.46, subdivisions 2,  
 212.30 5, 6; 299F.01, by adding a subdivision; 325J.06; 326B.092, subdivision 7;  
 212.31 326B.153, subdivision 1; 326B.37, by adding subdivisions; 326B.435, subdivision  
 212.32 2; 326B.50, subdivision 3, by adding subdivisions; 326B.55, subdivisions 2, 4;  
 212.33 326B.805, subdivision 3; 326B.89, subdivisions 1, 5; 327C.01, by adding a  
 212.34 subdivision; 345.42, by adding a subdivision; 345.49; 462.355, subdivision 4;  
 212.35 462A.2035; 466.03, subdivision 6c; 469.310, subdivision 9; 474A.02, subdivision  
 212.36 21; Laws 2010, chapter 389, article 5, section 7; Laws 2014, chapter 211, section  
 212.37 13, as amended; Laws 2014, chapter 312, article 2, section 14, as amended; Laws  
 212.38 2015, First Special Session chapter 1, article 1, sections 2, subdivision 6; 5,  
 212.39 subdivision 2; Laws 2016, chapter 189, article 7, section 46; proposing coding for  
 212.40 new law in Minnesota Statutes, chapters 14; 116J; 175; 216B; 216C; 216G; 237;  
 212.41 239; 326B; 327C; 462A; 462C; 471; repealing Minnesota Statutes 2016, sections  
 212.42 3.8852; 116C.779, subdivision 3; 116J.549; 174.187; 216B.8109; 216B.811;  
 212.43 216B.812; 216B.813; 216B.815; 216C.29; 216C.411; 216C.412; 216C.413;  
 212.44 216C.414; 216C.415; 216C.416; 298.22, subdivision 8; 298.2213; 298.298;  
 212.45 326B.89, subdivision 14; Laws 2005, chapter 112, article 1, section 14; Laws 2013,  
 212.46 chapter 85, article 6, section 11; Minnesota Rules, parts 4355.0100; 4355.0200;  
 212.47 4355.0300; 4355.0400; 4355.0500."

213.1 We request the adoption of this report and repassage of the bill.

213.2 Senate Conferees:

213.3 ..... ..

213.4 Jeremy R. Miller Gary H. Dahms

213.5 ..... ..

213.6 David J. Osmek Paul Anderson

213.7 ..... ..

213.8 Bobby Joe Champion

213.9 House Conferees:

213.10 ..... ..

213.11 Pat Garofalo Jim Newberger

213.12 ..... ..

213.13 Joe Hoppe Marion O'Neill

213.14 ..... ..

213.15 Tim Mahoney