

1.1 ..... moves to amend H.F. No. 2976 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 APPROPRIATIONS

1.5 Section 1. APPROPRIATIONS.

1.6 The sums shown in the columns under "Appropriations" are added to or, if shown  
 1.7 in parentheses, subtracted from the appropriations in Laws 2013, chapter 85, article 1,  
 1.8 or other law to the specified agencies. The appropriations are from the general fund, or  
 1.9 another named fund, and are available for the fiscal years indicated for each purpose. The  
 1.10 figures "2014" and "2015" used in this article mean that the appropriations listed under  
 1.11 them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively.  
 1.12 Appropriations for the fiscal year ending June 30, 2014, are effective the day following  
 1.13 final enactment. Reductions may be taken in either fiscal year.

1.14		<b><u>APPROPRIATIONS</u></b>
1.15		<b><u>Available for the Year</u></b>
1.16		<b><u>Ending June 30</u></b>
1.17		<b><u>2014</u>                      <u>2015</u></b>

1.18 **Sec. 2. DEPARTMENT OF EMPLOYMENT**  
 1.19 **AND ECONOMIC DEVELOPMENT**

1.20 **Subdivision 1. Total Appropriation**                      **\$**                      **0** **\$**                      **36,375,000**

1.21	<u>Appropriations by Fund</u>	
1.22	<u>2014</u>	<u>2015</u>
1.23	<u>General</u>	<u>0</u> <u>36,375,000</u>

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

2.1	<u>Subd. 2. <b>Business and Community</b></u>		
2.2	<u>Development</u>	<u>\$</u>	<u>0</u> \$ <u>34,800,000</u>

2.3	<u>Appropriations by Fund</u>		
2.4	<u>General</u>	<u>0</u>	<u>34,800,000</u>

2.5 (a) \$25,000,000 in fiscal year 2015 is for  
 2.6 grants for the development of broadband  
 2.7 infrastructure under Minnesota Statutes,  
 2.8 section 116J.395, or to supplement revenues  
 2.9 raised by bonds sold by local units of  
 2.10 government for broadband infrastructure  
 2.11 development. This is a onetime appropriation  
 2.12 and is available until June 30, 2017.

2.13 (b) \$1,000,000 in fiscal year 2015 is from  
 2.14 the general fund for a grant to the Southwest  
 2.15 Initiative Foundation for business revolving  
 2.16 loans or other lending programs. This is a  
 2.17 onetime appropriation and is available until  
 2.18 expended.

2.19 (c) \$1,000,000 in fiscal year 2015 is from the  
 2.20 general fund for a grant to the West Central  
 2.21 Initiative Foundation for business revolving  
 2.22 loans or other lending programs. This is a  
 2.23 onetime appropriation and is available until  
 2.24 expended.

2.25 (d) \$1,000,000 in fiscal year 2015 is from  
 2.26 the general fund for a grant to the Southern  
 2.27 Minnesota Initiative Foundation for business  
 2.28 revolving loans or other lending programs.  
 2.29 This is a onetime appropriation and is  
 2.30 available until expended.

2.31 (e) \$1,000,000 in fiscal year 2015 is from  
 2.32 the general fund for a grant to the Northwest  
 2.33 Minnesota Foundation for business revolving  
 2.34 loans or other lending programs. This is a

3.1 onetime appropriation and is available until  
3.2 expended.

3.3 (f) \$1,000,000 in fiscal year 2015 is from  
3.4 the general fund for a grant to the Initiative  
3.5 Foundation for business revolving loans or  
3.6 other lending programs. This is a onetime  
3.7 appropriation and is available until expended.

3.8 (g) \$1,000,000 in fiscal year 2015 is from  
3.9 the general fund for a grant to the Northland  
3.10 Foundation for business revolving loans or  
3.11 other lending programs. This is a onetime  
3.12 appropriation and is available until expended.

3.13 (h) \$500,000 in fiscal year 2015 is from the  
3.14 general fund for grants to small business  
3.15 development centers under Minnesota  
3.16 Statutes, section 116J.68. Funds made  
3.17 available under this section may be used to  
3.18 match funds under the federal small business  
3.19 development center (SBDC) program under  
3.20 United States Code, title 15, section 648, to  
3.21 provide consulting and technical services, or  
3.22 to build additional SBDC network capacity  
3.23 to serve entrepreneurs and small businesses.  
3.24 The commissioner shall allocate funds  
3.25 equally among the nine regional centers and  
3.26 lead center. This is a onetime appropriation  
3.27 and is available until expended.

3.28 (i) \$750,000 in fiscal year 2015 is from the  
3.29 general fund for the innovation voucher pilot  
3.30 program in article 2, section 8. This is a  
3.31 onetime appropriation and is available until  
3.32 expended. Of this amount, up to five percent  
3.33 may be used for administration. Vouchers  
3.34 require a 50 percent match by recipients.

4.1 (j) \$1,600,000 in fiscal year 2015 is  
4.2 from the general fund for the Minnesota  
4.3 Jobs Skills Partnership program under  
4.4 Minnesota Statutes, section 116L.02. Of this  
4.5 appropriation, \$600,000 is onetime and is  
4.6 available until expended and \$1,000,000 is  
4.7 added to the agency's base budget each year  
4.8 for fiscal years 2016 and 2017.

4.9 (k) (1) \$500,000 in fiscal year 2015 is from  
4.10 the general fund for grants to Women Venture  
4.11 and the Arrowhead Economic Opportunity  
4.12 Agency to facilitate and promote the creation  
4.13 and expansion of women-owned businesses.  
4.14 Funds available under this paragraph must  
4.15 be allocated equally among grant recipients.  
4.16 This is a onetime appropriation. Grant funds  
4.17 may be used only for the purposes under  
4.18 clause (2) except that up to ten percent of  
4.19 each grant award may be used by grant  
4.20 recipients for administrative costs.

4.21 (2) Grants awarded under this section must be  
4.22 used for: entrepreneurial training, mentoring,  
4.23 and technical assistance for the startup  
4.24 or expansion of eligible women-owned  
4.25 businesses; development of networks of  
4.26 potential investors for eligible women-owned  
4.27 businesses; and development of recruitment  
4.28 programs for mid-career women with an  
4.29 interest in starting eligible women-owned  
4.30 businesses.

4.31 (3) For the purposes of this paragraph  
4.32 "eligible women-owned business" means a  
4.33 business entity: that is at least 51 percent  
4.34 female owned or, in the case of a publicly  
4.35 traded business, at least 51 percent of the





7.1 purpose is enacted more than once in the  
 7.2 2014 legislative session, the appropriation  
 7.3 must be given effect only once.

7.4 (b) The base for the department is increased  
 7.5 by \$70,000 each year for implementing and  
 7.6 administering a minimum wage inflation  
 7.7 adjustment. This adjustment is available only  
 7.8 if a law is enacted in the 2014 legislative  
 7.9 session that includes an automatic inflation  
 7.10 adjustment to the state minimum wage. The  
 7.11 availability of this appropriation is effective  
 7.12 in the same fiscal year that the inflation  
 7.13 adjustment is first effective.

7.14 Sec. 4. Laws 2013, chapter 85, article 1, section 3, as amended by Laws 2013, chapter  
 7.15 144, section 2, Laws 2013, chapter 144, section 3, is amended to read:

7.16 Subd. 8. **Competitive grant limitations.** An organization that receives a direct  
 7.17 appropriation under this section is not eligible to participate in competitive grant programs  
 7.18 under this section during the fiscal years in which the direct appropriation is received.

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

7.20 Sec. 5. Laws 2013, chapter 85, article 1, section 3, subdivision 2, is amended to read:

7.21 Subd. 2. **Business and Community**  
 7.22 **Development** 53,642,000 45,407,000

7.23	Appropriations by Fund		
7.24	General	52,942,000	44,707,000
7.25	Remediation	700,000	700,000

7.26 (a)(1) \$15,000,000 each year is for the  
 7.27 Minnesota investment fund under Minnesota  
 7.28 Statutes, section 116J.8731. Of this amount,  
 7.29 the commissioner of employment and  
 7.30 economic development may use up to three  
 7.31 percent for administrative expenses. This  
 7.32 appropriation is available until spent.

8.1 (2) Of the amount available under clause  
8.2 (1), up to \$3,000,000 in fiscal year 2014  
8.3 is for a loan to facilitate initial investment  
8.4 in the purchase and operation of a  
8.5 biopharmaceutical manufacturing facility.  
8.6 This loan is not subject to the loan limitations  
8.7 under Minnesota Statutes, section 116J.8731,  
8.8 and shall be forgiven by the commissioner  
8.9 of employment and economic development  
8.10 upon verification of meeting performance  
8.11 goals. Purchases related to and for the  
8.12 purposes of this loan award must be made  
8.13 between January 1, 2013, and June 30, 2015.  
8.14 The amount under this clause is available  
8.15 until expended.

8.16 (3) Of the amount available under clause (1),  
8.17 up to \$2,000,000 is available for subsequent  
8.18 investment in the biopharmaceutical facility  
8.19 project in clause (2). The amount under this  
8.20 clause is available until expended. Loan  
8.21 thresholds under clause (2) must be achieved  
8.22 and maintained to receive funding. Loans  
8.23 are not subject to the loan limitations under  
8.24 Minnesota Statutes, section 116J.8731, and  
8.25 shall be forgiven by the commissioner of  
8.26 employment and economic development  
8.27 upon verification of meeting performance  
8.28 goals. Purchases related to and for the  
8.29 purposes of loan awards must be made during  
8.30 the biennium the loan was received.

8.31 (4) Notwithstanding any law to the contrary,  
8.32 the biopharmaceutical manufacturing facility  
8.33 in this paragraph shall be deemed eligible  
8.34 for the Minnesota job creation fund under  
8.35 Minnesota Statutes, section 116J.8748,

9.1 by having at least \$25,000,000 in capital  
9.2 investment and 190 retained employees.

9.3 (5) For purposes of clauses (1) to (4),  
9.4 "biopharmaceutical" and "biologics" are  
9.5 interchangeable and mean medical drugs  
9.6 or medicinal preparations produced using  
9.7 technology that uses biological systems,  
9.8 living organisms, or derivatives of living  
9.9 organisms, to make or modify products or  
9.10 processes for specific use. The medical drugs  
9.11 or medicinal preparations include but are not  
9.12 limited to proteins, antibodies, nucleic acids,  
9.13 and vaccines.

9.14 (b) \$12,000,000 each year is for the  
9.15 Minnesota job creation fund under Minnesota  
9.16 Statutes, section 116J.8748. Of this amount,  
9.17 the commissioner of employment and  
9.18 economic development may use up to three  
9.19 percent for administrative expenses. This  
9.20 appropriation is available until spent. The  
9.21 base funding for this program shall be  
9.22 \$12,500,000 each year in the fiscal year  
9.23 2016-2017 biennium.

9.24 (c) \$1,272,000 each year is from the  
9.25 general fund for contaminated site cleanup  
9.26 and development grants under Minnesota  
9.27 Statutes, sections 116J.551 to 116J.558. This  
9.28 appropriation is available until expended.

9.29 (d) \$700,000 each year is from the  
9.30 remediation fund for contaminated site  
9.31 cleanup and development grants under  
9.32 Minnesota Statutes, sections 116J.551 to  
9.33 116J.558. This appropriation is available  
9.34 until expended.

10.1 (e) \$1,425,000 the first year and \$1,425,000  
10.2 the second year are from the general fund for  
10.3 the business development competitive grant  
10.4 program. Of this amount, up to five percent  
10.5 is for administration and monitoring of the  
10.6 business development competitive grant  
10.7 program. All grant awards shall be for two  
10.8 consecutive years. Grants shall be awarded  
10.9 in the first year.

10.10 (f) \$4,195,000 each year is from the general  
10.11 fund for the Minnesota job skills partnership  
10.12 program under Minnesota Statutes, sections  
10.13 116L.01 to 116L.17. If the appropriation for  
10.14 either year is insufficient, the appropriation  
10.15 for the other year is available. This  
10.16 appropriation is available until spent.

10.17 (g) \$6,000,000 the first year is from the  
10.18 general fund for the redevelopment program  
10.19 under Minnesota Statutes, section 116J.571.  
10.20 This is a onetime appropriation and is  
10.21 available until spent.

10.22 (h) \$12,000 each year is from the general  
10.23 fund for a grant to the Upper Minnesota Film  
10.24 Office.

10.25 (i) \$325,000 each year is from the general  
10.26 fund for the Minnesota Film and TV Board.  
10.27 The appropriation in each year is available  
10.28 only upon receipt by the board of \$1 in  
10.29 matching contributions of money or in-kind  
10.30 contributions from nonstate sources for every  
10.31 \$3 provided by this appropriation, except that  
10.32 each year up to \$50,000 is available on July  
10.33 1 even if the required matching contribution  
10.34 has not been received by that date.

11.1 (j) \$100,000 each year is for a grant to the  
11.2 Northern Lights International Music Festival.

11.3 (k) \$5,000,000 each year is from the general  
11.4 fund for a grant to the Minnesota Film  
11.5 and TV Board for the film production jobs  
11.6 program under Minnesota Statutes, section  
11.7 116U.26. This appropriation is available  
11.8 until expended. The base funding for this  
11.9 program shall be \$1,500,000 each year in the  
11.10 fiscal year 2016-2017 biennium.

11.11 (l) \$375,000 each year is from the general  
11.12 fund for a grant to Enterprise Minnesota, Inc.,  
11.13 for the small business growth acceleration  
11.14 program under Minnesota Statutes, section  
11.15 116O.115. This is a onetime appropriation.

11.16 (m) \$160,000 each year is from the general  
11.17 fund for a grant to develop and implement  
11.18 a southern and southwestern Minnesota  
11.19 initiative foundation collaborative pilot  
11.20 project. Funds available under this paragraph  
11.21 must be used to support and develop  
11.22 entrepreneurs in diverse populations in  
11.23 southern and southwestern Minnesota. This  
11.24 is a onetime appropriation and is available  
11.25 until expended.

11.26 (n) \$100,000 each year is from the general  
11.27 fund for the Center for Rural Policy  
11.28 and Development. This is a onetime  
11.29 appropriation.

11.30 (o) \$250,000 each year is from the general  
11.31 fund for the Broadband Development Office.

11.32 (p) \$250,000 the first year is from the  
11.33 general fund for a onetime grant to the St.  
11.34 Paul Planning and Economic Development

12.1 Department for neighborhood stabilization  
12.2 use in NSP3.

12.3 (q) \$1,235,000 the first year is from the  
12.4 general fund for a onetime grant to a city  
12.5 of the second class that is designated as an  
12.6 economically depressed area by the United  
12.7 States Department of Commerce. The  
12.8 appropriation is for economic development,  
12.9 redevelopment, and job creation programs  
12.10 and projects. This appropriation is available  
12.11 until expended.

12.12 (r) \$875,000 each year is from the general  
12.13 fund for the Host Community Economic  
12.14 Development Program established in  
12.15 Minnesota Statutes, section 116J.548.

12.16 (s) \$750,000 the first year is from the general  
12.17 fund for a onetime grant to the city of Morris  
12.18 for loans or grants to agricultural processing  
12.19 facilities for energy efficiency improvements.  
12.20 Funds available under this section shall be  
12.21 used to increase conservation and promote  
12.22 energy efficiency through retrofitting existing  
12.23 systems and installing new systems to  
12.24 recover waste heat from industrial processes  
12.25 and reuse energy. This appropriation is not  
12.26 available until the commissioner determines  
12.27 that ~~at least \$1,250,000~~ a match of \$750,000  
12.28 is committed to the project from nonpublic  
12.29 sources. This appropriation is available until  
12.30 expended.

12.31 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2013.

12.32 Sec. 6. Laws 2013, chapter 85, article 1, section 3, subdivision 6, is amended to read:

12.33 Subd. 6. **Vocational Rehabilitation** 27,691,000 27,691,000

13.1	Appropriations by Fund		
13.2	General	20,861,000	20,861,000
13.3	Workforce		
13.4	Development	6,830,000	6,830,000

13.5 (a) \$10,800,000 each year is from the general  
 13.6 fund for the state's vocational rehabilitation  
 13.7 program under Minnesota Statutes, chapter  
 13.8 268A.

13.9 (b) \$2,261,000 each year is from the general  
 13.10 fund for grants to centers for independent  
 13.11 living under Minnesota Statutes, section  
 13.12 268A.11.

13.13 (c) \$5,745,000 each year from the general  
 13.14 fund and \$6,830,000 each year from the  
 13.15 workforce development fund is for extended  
 13.16 employment services for persons with  
 13.17 severe disabilities under Minnesota Statutes,  
 13.18 section 268A.15. The allocation of extended  
 13.19 employment funds to Courage Center from  
 13.20 July 1, 2012 to June 30, 2013 must be  
 13.21 contracted to Allina Health systems from  
 13.22 July 1, 2013 to June 30, ~~2014~~ 2015 to provide  
 13.23 extended employment services in accordance  
 13.24 with Minnesota Rules, parts 3300.2005 to  
 13.25 3300.2055.

13.26 (d) \$2,055,000 each year is from the general  
 13.27 fund for grants to programs that provide  
 13.28 employment support services to persons with  
 13.29 mental illness under Minnesota Statutes,  
 13.30 sections 268A.13 and 268A.14. The base  
 13.31 appropriation for this program is \$1,555,000  
 13.32 each year in the fiscal year 2016-2017  
 13.33 biennium.

13.34 Sec. 7. Laws 2013, chapter 85, article 1, section 5, is amended to read:

- 14.1 **Sec. 5. EXPLORE MINNESOTA TOURISM \$ 13,988,000 \$ 13,988,000**
- 14.2 To develop maximum private sector
- 14.3 involvement in tourism, \$500,000 in fiscal
- 14.4 year 2014 and \$500,000 in fiscal year 2015
- 14.5 must be matched by Explore Minnesota
- 14.6 Tourism from nonstate sources. Each \$1 of
- 14.7 state incentive must be matched with \$6 of
- 14.8 private sector funding. Cash match is defined
- 14.9 as revenue to the state or documented cash
- 14.10 expenditures directly expended to support
- 14.11 Explore Minnesota Tourism programs. Up
- 14.12 to one-half of the private sector contribution
- 14.13 may be in-kind or soft match. The incentive
- 14.14 in fiscal year 2014 shall be based on fiscal
- 14.15 year 2013 private sector contributions. The
- 14.16 incentive in fiscal year 2015 shall be based on
- 14.17 fiscal year 2014 private sector contributions.
- 14.18 This incentive is ongoing.
- 14.19 Funding for the marketing grants is available
- 14.20 either year of the biennium. Unexpended
- 14.21 grant funds from the first year are available
- 14.22 in the second year.
- 14.23 (3) Unexpended money from the general
- 14.24 fund appropriations made under this section
- 14.25 does not cancel but must be placed in a
- 14.26 special marketing account for use by Explore
- 14.27 Minnesota Tourism for additional marketing
- 14.28 activities.
- 14.29 **ARTICLE 2**
- 14.30 **ECONOMIC DEVELOPMENT AND WORKFORCE DEVELOPMENT**
- 14.31 **Section 1. [116J.394] DEFINITIONS.**
- 14.32 (a) For the purposes of sections 116J.394 to 116J.396, the following terms have
- 14.33 the meanings given them.

15.1 (b) "Broadband" or "broadband service" has the meaning given in section 116J.39,  
15.2 subdivision 1, paragraph (b).

15.3 (c) "Broadband infrastructure" means networks of deployed telecommunications  
15.4 equipment and technologies necessary to provide high-speed Internet access and other  
15.5 advanced telecommunications services for end-users.

15.6 (d) "Commissioner" means the commissioner of the Department of Employment and  
15.7 Economic Development.

15.8 (e) "Last-mile infrastructure" means broadband infrastructure that serves as the  
15.9 final leg connecting the broadband service provider's network to the end-use customer's  
15.10 on-premises telecommunications equipment.

15.11 (f) "Middle-mile infrastructure" means broadband infrastructure that links a  
15.12 broadband service provider's core network infrastructure to last-mile infrastructure.

15.13 (g) "Political subdivision" means any county, city, town, school district, special  
15.14 district or other political subdivision, or public corporation.

15.15 (h) "Unserved areas" means areas of Minnesota in which households or businesses  
15.16 lack access to broadband service at speeds that meet the state broadband goals of ten to 20  
15.17 megabits per second download and five to ten megabits per second upload.

15.18 **Sec. 2. [116J.395] BORDER-TO-BORDER BROADBAND DEVELOPMENT**  
15.19 **GRANT PROGRAM.**

15.20 Subdivision 1. **Establishment.** A grant program is established under the  
15.21 commissioner of employment and economic development to award grants to eligible  
15.22 applicants in order to promote the expansion of access to broadband service in unserved  
15.23 areas of the state.

15.24 Subd. 2. **Eligible expenditures.** Grants may be awarded under this section to fund  
15.25 the acquisition and installation of middle-mile and last-mile infrastructure in unserved  
15.26 areas that support broadband service scalable to speeds of at least 100 megabits per second  
15.27 download and 100 megabits per second upload.

15.28 Subd. 3. **Eligible applicants.** Eligible applicants for grants awarded under this  
15.29 section include:

15.30 (1) an incorporated business or a partnership;

15.31 (2) a political subdivision;

15.32 (3) an Indian tribe;

15.33 (4) a Minnesota nonprofit organization organized under chapter 317A;

15.34 (5) a Minnesota cooperative association organized under chapter 308A or 308B; and

16.1 (6) a Minnesota limited liability corporation organized under chapter 322B for the  
16.2 purpose of expanding broadband access.

16.3 Subd. 4. **Application process.** An eligible applicant must submit an application  
16.4 to the commissioner on a form prescribed by the commissioner. The commissioner shall  
16.5 develop administrative procedures governing the application and grant award process.  
16.6 The commissioner shall act as fiscal agent for the grant program and shall be responsible  
16.7 for receiving and reviewing grant applications and awarding grants under this section.

16.8 Subd. 5. **Application contents.** An applicant for a grant under this section shall  
16.9 provide the following information on the application:

16.10 (1) the location of the project;

16.11 (2) the kind and amount of broadband infrastructure to be purchased for the project;

16.12 (3) evidence regarding the unserved nature of the community in which the project is  
16.13 to be located;

16.14 (4) the number of end-users who will have access to broadband service as a result of  
16.15 the project, or whose broadband service will be upgraded as a result of the project;

16.16 (5) significant community institutions that will benefit from the proposed project;

16.17 (6) evidence of community support for the project;

16.18 (7) the total cost of the project;

16.19 (8) sources of funding or in-kind contributions for the project that will supplement  
16.20 any grant award; and

16.21 (9) any additional information requested by the commissioner.

16.22 Subd. 6. **Awarding grants.** (a) In evaluating applications and awarding grants  
16.23 under this section, the commissioner shall give priority to applications that:

16.24 (1) are constructed in areas identified by the director of the Office of Broadband  
16.25 Development as unserved;

16.26 (2) offer new or substantially upgraded broadband service to important community  
16.27 institutions, including, but not limited to, libraries, educational institutions, public safety  
16.28 facilities, and healthcare facilities;

16.29 (3) facilitate the use of telemedicine and electronic health records;

16.30 (4) serve economically distressed areas of the state, as measured by indices of  
16.31 unemployment, poverty, or population loss that are significantly greater than the statewide  
16.32 average;

16.33 (5) provide technical support and train residents, businesses, and institutions in the  
16.34 community served by the project to utilize broadband service;

16.35 (6) include a component to actively promote the adoption of the newly available  
16.36 broadband services in the community;

17.1 (7) provide evidence of strong support for the project from citizens, government,  
17.2 businesses, and institutions in the community;

17.3 (8) provide access to broadband service to a greater number of unserved households  
17.4 and businesses; and

17.5 (9) leverage greater amounts of funding for the project from other private and  
17.6 public sources.

17.7 (b) The commissioner shall endeavor to award grants under this section to qualified  
17.8 applicants in all regions of the state.

17.9 Subd. 7. **Limitations.** No grant awarded under this section may fund more than  
17.10 50 percent of the total cost of a project.

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

17.12 Sec. 3. **[116J.396] BORDER-TO-BORDER BROADBAND FUND.**

17.13 Subdivision 1. **Account established.** The border-to-border broadband fund account  
17.14 is established as a separate account in the state treasury. The commissioner shall credit  
17.15 to the account appropriations and transfers to the account. Earnings, such as interest,  
17.16 dividends, and any other earnings arising from assets of the account, must be credited to  
17.17 the account. Funds remaining in the account at the end of a fiscal year are not canceled  
17.18 to the general fund, but remain in the account until expended. The commissioner shall  
17.19 manage the account.

17.20 Subd. 2. **Expenditures.** Money in the account may be used only:

17.21 (1) for grant awards made under section 116J.395, including reasonable expenses  
17.22 incurred by the Department of Employment and Economic Development to administer  
17.23 that section; or

17.24 (2) to supplement revenues raised by bonds sold by local units of government for  
17.25 broadband infrastructure development.

17.26 Subd. 3. **Restrictions.** (a) Except as provided in paragraph (c), in any fiscal year, no  
17.27 more than one-third of the funds expended from the account established in this section  
17.28 shall be awarded to applicants located in areas whose household density exceeds 100  
17.29 households per square mile, as determined by the state demographer.

17.30 (b) Except as provided in paragraph (c), in any fiscal year, no more than two-thirds  
17.31 of the funds expended from the account established in this section shall be awarded to  
17.32 applicants located in areas whose household density is less than 100 households per square  
17.33 mile, as determined by the state demographer.

17.34 (c) If applications are insufficient to exhaust all funds available under the restrictions  
17.35 imposed in paragraph (a) or (b), the funds unspent at the end of a fiscal year may be

18.1 awarded to eligible applicants, as determined by the commissioner, irrespective of the  
18.2 population density of the area in which the applicant is located.

18.3 Subd. 4. **Appropriation.** Money in the account is appropriated to the commissioner  
18.4 for the purposes of subdivision 2.

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

18.6 Sec. 4. **[116J.886] CITATION; REGENERATIVE MEDICINE DEVELOPMENT**  
18.7 **ACT.**

18.8 Sections 116J.886 to 116J.8862 shall be known as the Regenerative Medicine  
18.9 Development Act to promote private sector investment in regenerative medicine to  
18.10 strengthen the state's economy, reduce the long-term costs related to treating debilitating  
18.11 illnesses, advance the regenerative medicine industry, and facilitate and expand clinical  
18.12 research opportunities in the State of Minnesota.

18.13 Sec. 5. **[116J.8861] DEFINITIONS.**

18.14 Subdivision 1. **Definitions.** For the purposes of sections 116J.886 to 116J.8862, the  
18.15 following terms have the meanings given them.

18.16 Subd. 2. **Business development services.** "Business development services"  
18.17 means business incubator services and services to facilitate access to existing publicly  
18.18 or privately financed grants, loans, or loan guarantees, and to support basic or applied  
18.19 research , development of therapies, and development of pharmacologies and treatments  
18.20 through preclinical or clinical trials.

18.21 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of employment  
18.22 and economic development.

18.23 Subd. 4. **Office.** "Office" means the Office of Regenerative Medicine Development  
18.24 established under section 116J.8862.

18.25 Subd. 5. **Regenerative medicine.** "Regenerative medicine" means the process of  
18.26 creating or using living, functional tissue to augment, repair, replace or regenerate organs  
18.27 and tissue that have been damaged by disease, injury, aging or other biological processes

18.28 Subd. 6. **Regenerative medicine development project or project.** "Regenerative  
18.29 medicine development project" or "project" means any research, product development,  
18.30 or commercial venture relating to basic, preclinical, or clinical work to produce a drug,  
18.31 biological or chemical material, compound, or medical device designed to augment,  
18.32 repair, replace, or regenerate organs and tissue that have been damaged by disease, injury,  
18.33 aging or other biological processes.

19.1       Sec. 6. **[116J.8862] OFFICE OF REGENERATIVE MEDICINE**  
19.2 **DEVELOPMENT.**

19.3       Subdivision 1. **Established.** The commissioner shall establish an Office of  
19.4 Regenerative Medicine Development to provide business development services and  
19.5 outreach to promote and expand the regenerative medicine industry in Minnesota.

19.6       Subd. 2. **Consultation.** The office must regularly consult with external stakeholders,  
19.7 and must conduct public meetings to gather input. For the purposes of this section external  
19.8 stakeholders must include:

19.9           (1) the director of the Minnesota Stem Cell Institute at the University of Minnesota;

19.10          (2) a representative of a Minnesota based trade association with the largest number  
19.11 of bioscience companies as its membership;

19.12          (3) a representative of a Minnesota based trade association with the largest number  
19.13 of hospitals as its membership; and

19.14          (4) a representative of the largest private entity in Minnesota conducting research  
19.15 into the benefits and uses of regenerative medicine.

19.16       Subd. 3. **Outside funding.** The commissioner, on behalf of the office, may accept  
19.17 appropriations, gifts, grants, and bequests.

19.18       Subd. 4. **Public infrastructure grant program.** The commissioner shall coordinate  
19.19 the services and activities of the office with the innovative business development public  
19.20 infrastructure program under section 116J.435.

19.21       Subd. 5. **Fiscal planning .** By December 15, 2014, the commissioner shall develop  
19.22 a long-term budget proposal for the office for fiscal years 2016 through 2024 to provide  
19.23 business development services to regenerative medicine development projects.

19.24       Subd. 6. **Project applications; selection.** (a) The office shall provide business  
19.25 development services to eligible regenerative medicine development projects approved by  
19.26 the commissioner. To be eligible for business development services under this section, a  
19.27 regenerative medicine development project must:

19.28           (1) demonstrate that at least 70 percent of the project costs are paid from nonstate  
19.29 sources. The nonstate share may include federal funds and the prior purchase of scientific  
19.30 equipment and materials incidental to the project, provided the purchase is completed not  
19.31 more than two years prior to the approval of funding by the commissioner;

19.32           (2) not duplicate or supplant any other research or other project already conducted  
19.33 by the federal government, or for which federal funding is available; and

19.34           (3) demonstrate that project activities are carried out directly by the grant recipient.

19.35       (b) The commissioner shall establish an application and process for approving  
19.36 projects. Project applications must include the following information:

- 20.1 (i) evidence that the required match is available and committed;  
20.2 (ii) a detailed estimate, along with necessary supporting evidence, of the total cost  
20.3 of the project;  
20.4 (iii) an assessment of the potential to attract new or continue existing public and  
20.5 private research grant awards resulting from the project;  
20.6 (iv) a detailed risk analysis projecting the likelihood of clinical success resulting in  
20.7 revenues or royalty payments from the project;  
20.8 (v) an assessment of the likelihood for and potential costs savings for publicly  
20.9 funded health care and long-term care programs from the project as a result of reducing  
20.10 the incidence or lowering the treatment costs of debilitating illnesses and diseases over  
20.11 the next ten years;  
20.12 (vi) a timeline indicating the major milestones of research projects and their  
20.13 anticipated completion dates, including any previously completed similar research; and  
20.14 (vii) an estimate of any potential current and future employment opportunities  
20.15 within the state, stimulation of economic growth, and the possibility for advancing the  
20.16 development of commercially successful and affordable regenerative medicine products,  
20.17 processes, or services. The application requirements are not in priority order and the  
20.18 commissioner may weigh each item, depending upon the facts and circumstances, as  
20.19 the commissioner considers appropriate.

20.20 Subd. 7. **Report.** The commissioner, on behalf of the office, must report to the  
20.21 legislative chairs with jurisdiction over economic development by January 1 of each  
20.22 odd-numbered year on successful economic development projects implemented or  
20.23 initiated since their last report and on plans for the upcoming year.

20.24 Subd. 8. **Sunset.** The office established under this section expires on June 30, 2024.

20.25 Sec. 7. Minnesota Statutes 2012, section 116L.98, is amended to read:

20.26 **116L.98 WORKFORCE PROGRAM OUTCOMES.**

20.27 Subdivision 1. **Requirements.** (a) The commissioner shall develop and implement a  
20.28 set of standard approaches for assessing the outcomes of uniform outcome measurement  
20.29 and reporting system for adult workforce programs under ~~this chapter~~ the jurisdiction of  
20.30 the commissioner. The outcomes assessed must include, but are not limited to, periodic  
20.31 comparisons of workforce program participants and nonparticipants.

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

21.1 (b) "Credential" means an attestation of qualification or competence issued to an  
 21.2 individual by a third party with the relevant authority or assumed competence to issue  
 21.3 the credential.

21.4 (c) "Exit" means to have not received service under a workforce program for 90  
 21.5 consecutive days. The exit date is the last date of service.

21.6 (d) "Net impact" means the use of matched control groups and regression analysis to  
 21.7 estimate the impacts attributable to program participation net of other factors, including  
 21.8 observable personal characteristics and economic conditions.

21.9 (e) "Pre-enrollment" means the period of time before an individual was enrolled  
 21.10 in a workforce program.

21.11 Subd. 3. **Uniform outcome report card; reporting by commissioner.** The  
 21.12 commissioner shall also monitor the activities and outcomes of programs and services  
 21.13 funded by legislative appropriations and administered by the department on a pass-through  
 21.14 basis and develop a consistent and equitable method of assessing recipients for the costs  
 21.15 of its monitoring activities. (a) By December 31 of each even-numbered year, the  
 21.16 commissioner must report to the chairs and ranking minority members of the committees of  
 21.17 the house of representatives and the senate having jurisdiction over economic development  
 21.18 and workforce policy and finance the following information from the previous fiscal or  
 21.19 calendar year, for each program subject to the requirements of subdivision 1:

21.20 (1) the total number of participants;

21.21 (2) the median pre-enrollment wages based on participant wages for the second  
 21.22 through the fifth quarters immediately preceding the quarter of enrollment;

21.23 (3) the total number of participants enrolled in occupational skills training;

21.24 (4) the total number of participants enrolled in occupational skills training by industry;

21.25 (5) the total number of participants that exited the program and the average  
 21.26 enrollment duration of participants that have exited the program during the year;

21.27 (6) the total number of exited participants who completed occupational skills training;

21.28 (7) the total number of exited participants who attained a credential;

21.29 (8) the total number of participants employed during four consecutive quarters  
 21.30 immediately following the date of exit, by industry;

21.31 (9) the median wages of participants employed during four consecutive quarters  
 21.32 immediately following the date of exit;

21.33 (10) the total number of participants employed during eight consecutive quarters  
 21.34 immediately following the date of exit, by industry; and

21.35 (11) the median wages of participants employed during eight consecutive quarters  
 21.36 immediately following the date of exit.

22.1 (b) The report to the legislature must contain participant information by education  
22.2 level, race and ethnicity, gender, and geography, and a comparison of exited participants  
22.3 who completed occupational skills training and those who did not.

22.4 (c) The requirements of this section apply to programs administered directly by the  
22.5 commissioner or administered by other organizations under a grant made by the department.

22.6 Subd. 4. **Data to commissioner; uniform report card.** (a) A recipient of a  
22.7 grant or direct appropriation made by or through the department must report data to the  
22.8 commissioner by September 1 of each even-numbered year on each of the items in  
22.9 subdivision 3 for each program it administers. The data must be in a format prescribed by  
22.10 the commissioner.

22.11 (b) Beginning November 1, 2014, the commissioner shall provide notice to grant  
22.12 applicants and recipients regarding the data collection and reporting requirements under  
22.13 this subdivision and must provide technical assistance to applicants and recipients to assist  
22.14 in complying with the requirements of this subdivision.

22.15 Subd. 5. **Information.** The information collected and reported under subdivisions 3  
22.16 and 4 shall be made available on the department's Web site.

22.17 Subd. 6. **Limitations on future appropriations.** (a) A program that is a recipient  
22.18 of public funds and subject to the requirements of this section as of May 1, 2014, is not  
22.19 eligible for additional state appropriations for any fiscal year beginning after June 30,  
22.20 2015, unless all of the reporting requirements under subdivision 4 have been satisfied.

22.21 (b) A program with an initial request for funds on or after the effective date of this  
22.22 section may be considered for receipt of public funds for the first two fiscal years only  
22.23 if a plan that demonstrates how the data collection and reporting requirements under  
22.24 subdivision 4 will be met has been submitted and approved by the commissioner. Any  
22.25 subsequent request for funds after an initial request is subject to the requirements of  
22.26 paragraph (a).

22.27 Subd. 7. **Workforce program net impact study.** (a) The commissioner, in  
22.28 partnership with a committee of the Governor's Workforce Development Council that  
22.29 oversees net impact analysis, shall by December 1, 2014, conduct a net impact study  
22.30 for adult workforce-related programs funded in whole or in part by the workforce  
22.31 development fund. The requirements of this section apply to programs administered  
22.32 directly by the commissioner or administered by other employment organizations under a  
22.33 grant made by the department. The net impact methodology must include:

22.34 (1) standardized statistical methods for estimating the net impacts of workforce  
22.35 services on individual employment, earnings, and public benefits usage outcomes; and

23.1 (2) standardized cost-benefit analyses for understanding the monetary impacts of  
23.2 workforce services from the participant and taxpayer points of view.

23.3 (b) By January 15 of each odd-numbered year beginning in 2015, the commissioner,  
23.4 in partnership with a committee of the Governor's Workforce Development Council that  
23.5 oversees net impact analysis, must report to the chairs and the ranking minority members  
23.6 of the committees of the house of representatives and the senate having jurisdiction over  
23.7 economic development and workforce policy and finance, the following information for  
23.8 each program subject to this subdivision:

23.9 (1) the net impact of workforce services on individual employment, earnings, and  
23.10 public benefits usage outcomes; and

23.11 (2) cost-benefit analyses for understanding the monetary impacts of workforce  
23.12 services from the participant and taxpayer points of view.

23.13 (c) By January 15, 2015, the commissioner, in partnership with the Governor's  
23.14 Workforce Development Council, must report to the chairs and ranking minority members  
23.15 of the committees of the house of representatives and the senate having jurisdiction over  
23.16 economic development and workforce policy and finance the results of the net impact  
23.17 pilot project already underway.

23.18 Subd. 8. **Independent evaluation.** By February 1 of each odd-numbered year, the  
23.19 commissioner of administration, in consultation with the commissioner of employment  
23.20 and economic development, shall contract with an independent entity qualified to conduct  
23.21 labor market analyses to audit information included in the report required under this  
23.22 section. The audit must include analysis of the validity of the statistical methods for  
23.23 estimating net impact analysis and cost benefit analysis, and an analysis of net impact  
23.24 and cost benefit results. The commissioner shall report the results of the analysis to the  
23.25 chairs and ranking minority members of the committees of the house of representatives  
23.26 and the senate having jurisdiction over economic development and workforce policy and  
23.27 finance issues when it is completed. The audit must be made available to the public in an  
23.28 electronic format on the department of employment and economic development's Web site.

23.29 Sec. 8. **INNOVATION VOUCHER PILOT PROGRAM.**

23.30 (a) The commissioner of employment and economic development shall develop and  
23.31 implement an innovation voucher pilot program to provide financing to small businesses  
23.32 to purchase technical assistance and services from public higher education institutions  
23.33 and nonprofit entities to assist in the development or commercialization of innovative  
23.34 new products or services.

24.1 (b) Funds available under this section may be used by a small business to access  
24.2 technical assistance and other services including, but not limited to: research, technical  
24.3 development, product development, commercialization, technology exploration, and  
24.4 improved business practices.

24.5 (c) To be eligible for a voucher under this section, a business must enter into an  
24.6 agreement with the commissioner that includes:

24.7 (1) a list of the technical assistance and services the business proposes to purchase  
24.8 and from whom the services will be purchased; and

24.9 (2) deliverable outcomes in one of the following areas:

24.10 (i) research and development;

24.11 (ii) business model development;

24.12 (iii) market feasibility;

24.13 (iv) operations; or

24.14 (v) other outcomes determined by the commissioner.

24.15 As part of the agreement, the commissioner must approve the technical assistance and  
24.16 services to be purchased, and the entities from which the services or technical assistance  
24.17 will be purchased.

24.18 (d) For the purposes of this section, a small business means a business with fewer  
24.19 than 25 employees.

24.20 (e) A voucher award must not exceed \$25,000 per business.

24.21 (f) The commissioner must report to the chairs of the committees of the house of  
24.22 representatives and senate having jurisdiction over economic development and workforce  
24.23 policy and finance issues by December 1, 2014, on the vouchers awarded to date.

24.24 **Sec. 9. COMMISSIONERS ACCOUNTABILITY PLAN.**

24.25 By December 1, 2014, the commissioner shall report to the committees of the  
24.26 house of representatives and senate having jurisdiction over workforce development  
24.27 and economic development policy and finance issues, on the department's plan, and any  
24.28 request for funding, to design and implement a performance accountability outcome  
24.29 measurement system for programs under chapter 116J.

24.30 **Sec. 10. NEW EMPLOYEE TRAINING PARTNERSHIP.**

24.31 Subdivision 1. **Training partnership initiative.** (a) The commissioner of  
24.32 employment and economic development shall develop and implement a new employee  
24.33 training partnership to provide rebates to employers that hire and train new employees. To  
24.34 be eligible for a rebate under this section, an employer must enter into an agreement with

25.1 the commissioner under subdivision 3. The commissioner shall give priority to employers  
25.2 in counties in which the county unemployment rate over the preceding 12 months exceeded  
25.3 the state average unemployment rate by 1.5 percentage points over the same period.

25.4 (b) Before entering into an agreement with an employer, the commissioner must  
25.5 investigate the applicability of other training programs and determine whether the job skills  
25.6 partnership grant program is a more suitable source of funding for the training and whether  
25.7 the training can be completed in a timely manner that meets the needs of the employer.

25.8 The investigation must be completed within 15 days or as soon as reasonably possible  
25.9 after the employer has provided the commissioner with all the requested information.

25.10 (c) The commissioner shall prescribe the form of all applications for rebates, the  
25.11 timing for submission of applications, the execution of agreements with the commissioner,  
25.12 and the payment of rebates.

25.13 Subd. 2. **Definitions.** For the purposes of this section, the following terms have  
25.14 the meanings given.

25.15 (a) "Agreement" means the agreement between an employer and the commissioner  
25.16 for a training partnership.

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

25.19 (c) "Cost of training" means all necessary and incidental costs of providing training  
25.20 services. The term does not include the cost of purchasing equipment to be owned or used  
25.21 by the training or educational institution or service.

25.22 (d) "Disability" has the meaning given under United States Code, title 42, chapter 126.

25.23 (e) "Employee" means an individual employed in a new job.

25.24 (f) "Employer" means an individual, corporation, partnership, limited liability  
25.25 company, or association providing new jobs and entering into an agreement.

25.26 (g) "Long-term unemployed" has the meaning given by the United States Department  
25.27 of Labor, Bureau of Labor Standards.

25.28 (h) "New job" means a job:

25.29 (1) that is provided by a new or expanding business at a location outside of the  
25.30 metropolitan area, as defined in section 473.121, subdivision 2;

25.31 (2) that provides 32 hours of work per week for a minimum of nine months of the  
25.32 year and is permanent with no planned termination date; and

25.33 (3) for which the employee hired was not (i) formerly employed by the employer  
25.34 in the state or (ii) a replacement worker, including a worker newly hired as a result of a  
25.35 labor dispute.

26.1 (i) "Rebate" means a payment by the commissioner to an employer for the cost  
26.2 of training an employee. Rebates are limited to a maximum of \$3,000 per employee,  
26.3 except that the maximum rebate for the training costs of an employee with a disability, an  
26.4 employee who was considered long-term unemployed, or an employee who is a veteran,  
26.5 is \$4,000 per employee.

26.6 (j) "Training partnership" means a training services and rebate arrangement that is  
26.7 the subject of an agreement entered into between the commissioner and an employer.

26.8 (k) "Training services" means training and education specifically directed to new  
26.9 jobs, determined to be appropriate by the commissioner, including in-house training;  
26.10 services provided by institutions of higher education, or federal, state, or local agencies; or  
26.11 private training or educational services. Administrative services, assessment, and testing  
26.12 costs may be considered as training services.

26.13 Subd. 3. **Agreements; required terms.** (a) To be eligible for a rebate under this  
26.14 section, an employer must enter into an agreement with the commissioner that:

26.15 (1) identifies the training costs to be incurred by the employer, who will provide the  
26.16 training services, and the amount of the rebate to be provided by the commissioner;

26.17 (2) provides for a guarantee by the employer of payment for all training costs; and

26.18 (3) provides that each employee must be paid wages of at least \$13 per hour, plus  
26.19 benefits, except that during a period not to exceed three weeks, during which an employee  
26.20 is receiving training services, the employee may be paid wages of at least \$11 per hour,  
26.21 plus benefits.

26.22 Subd. 4. **Verification prior to payment of rebate.** The commissioner shall not  
26.23 pay any rebate until all training costs and payment of the training costs by the employer  
26.24 have been verified.

26.25 Subd. 5. **Allocation.** (a) The commissioner shall allocate payment for rebates  
26.26 to employers only after receipt of a complete application for the rebate, including the  
26.27 provision of all of the required information and the execution of an agreement and  
26.28 approval by the commissioner. In approving applications, the commissioner must give  
26.29 priority to employers in counties with high seasonally adjusted unemployment rates.

26.30 (b) The commissioner may utilize existing on-the-job training rebate or payment  
26.31 processes or procedures.

26.32 Subd. 6. **Report.** (a) By February 1, 2015, the commissioner shall report to the  
26.33 committees of the house of representatives and the senate having jurisdiction over economic  
26.34 development policy and finance. The report must include the following information:

- 27.1 (1) the total amount of rebates issued;  
 27.2 (2) the number of individuals receiving training, including disaggregate data  
 27.3 for employees who are individuals with disabilities, veterans, or who were long-term  
 27.4 unemployed;  
 27.5 (3) an analysis of the effectiveness of the rebate in encouraging employment; and  
 27.6 (4) any other information the commissioner determines appropriate.

### 27.7 **ARTICLE 3**

#### 27.8 **WORKERS COMPENSATION**

27.9 Section 1. Minnesota Statutes 2013 Supplement, section 176.011, subdivision 15,  
 27.10 is amended to read:

27.11 Subd. 15. **Occupational disease.** (a) "Occupational disease" means a mental  
 27.12 impairment as defined in paragraph (d) or physical disease arising out of and in the  
 27.13 course of employment peculiar to the occupation in which the employee is engaged  
 27.14 and due to causes in excess of the hazards ordinary of employment and shall include  
 27.15 undulant fever. Physical stimulus resulting in mental injury and mental stimulus resulting  
 27.16 in physical injury shall remain compensable. Mental impairment is not considered a  
 27.17 disease if it results from a disciplinary action, work evaluation, job transfer, layoff,  
 27.18 demotion, promotion, termination, retirement, or similar action taken in good faith by the  
 27.19 employer. Ordinary diseases of life to which the general public is equally exposed outside  
 27.20 of employment are not compensable, except where the diseases follow as an incident of an  
 27.21 occupational disease, or where the exposure peculiar to the occupation makes the disease  
 27.22 an occupational disease hazard. A disease arises out of the employment only if there be a  
 27.23 direct causal connection between the conditions under which the work is performed and  
 27.24 if the occupational disease follows as a natural incident of the work as a result of the  
 27.25 exposure occasioned by the nature of the employment. An employer is not liable for  
 27.26 compensation for any occupational disease which cannot be traced to the employment as a  
 27.27 direct and proximate cause and is not recognized as a hazard characteristic of and peculiar  
 27.28 to the trade, occupation, process, or employment or which results from a hazard to which  
 27.29 the worker would have been equally exposed outside of the employment.

27.30 (b) If immediately preceding the date of disablement or death, an employee was  
 27.31 employed on active duty with an organized fire or police department of any municipality,  
 27.32 as a member of the Minnesota State Patrol, conservation officer service, state crime bureau,  
 27.33 as a forest officer by the Department of Natural Resources, state correctional officer, or  
 27.34 sheriff or full-time deputy sheriff of any county, and the disease is that of myocarditis,  
 27.35 coronary sclerosis, pneumonia or its sequel, and at the time of employment such employee

28.1 was given a thorough physical examination by a licensed doctor of medicine, and a written  
28.2 report thereof has been made and filed with such organized fire or police department, with  
28.3 the Minnesota State Patrol, conservation officer service, state crime bureau, Department  
28.4 of Natural Resources, Department of Corrections, or sheriff's department of any county,  
28.5 which examination and report negated any evidence of myocarditis, coronary sclerosis,  
28.6 pneumonia or its sequel, the disease is presumptively an occupational disease and shall  
28.7 be presumed to have been due to the nature of employment. If immediately preceding  
28.8 the date of disablement or death, any individual who by nature of their position provides  
28.9 emergency medical care, or an employee who was employed as a licensed police officer  
28.10 under section 626.84, subdivision 1; firefighter; paramedic; state correctional officer;  
28.11 emergency medical technician; or licensed nurse providing emergency medical care; and  
28.12 who contracts an infectious or communicable disease to which the employee was exposed  
28.13 in the course of employment outside of a hospital, then the disease is presumptively an  
28.14 occupational disease and shall be presumed to have been due to the nature of employment  
28.15 and the presumption may be rebutted by substantial factors brought by the employer  
28.16 or insurer. Any substantial factors which shall be used to rebut this presumption and  
28.17 which are known to the employer or insurer at the time of the denial of liability shall be  
28.18 communicated to the employee on the denial of liability.

28.19 (c) A firefighter on active duty with an organized fire department who is unable  
28.20 to perform duties in the department by reason of a disabling cancer of a type caused  
28.21 by exposure to heat, radiation, or a known or suspected carcinogen, as defined by the  
28.22 International Agency for Research on Cancer, and the carcinogen is reasonably linked to  
28.23 the disabling cancer, is presumed to have an occupational disease under paragraph (a). If a  
28.24 firefighter who enters the service after August 1, 1988, is examined by a physician prior to  
28.25 being hired and the examination discloses the existence of a cancer of a type described  
28.26 in this paragraph, the firefighter is not entitled to the presumption unless a subsequent  
28.27 medical determination is made that the firefighter no longer has the cancer.

28.28 (d) For the purposes of this chapter, "mental impairment" means a diagnosis of  
28.29 post-traumatic stress disorder by a licensed psychiatrist or psychologist. For the purposes  
28.30 of this chapter, "post-traumatic stress disorder" means the condition as described in  
28.31 the most recently published edition of the Diagnostic and Statistical Manual of Mental  
28.32 Disorders by the American Psychiatric Association. For purposes of section 79.34,  
28.33 subdivision 2, one or more compensable mental impairment claims arising out of a single  
28.34 event or occurrence shall constitute a single loss occurrence.

28.35 **EFFECTIVE DATE.** This section is effective for employees with dates of injury on  
28.36 or after October 1, 2013.

29.1 Sec. 2. Minnesota Statutes 2012, section 176.129, subdivision 2a, is amended to read:

29.2 Subd. 2a. **Payments to fund.** (a) On or before April 1 of each year, all self-insured  
29.3 employers shall report paid indemnity losses and insurers shall report paid indemnity  
29.4 losses and standard workers' compensation premium in the form and manner prescribed  
29.5 by the commissioner. On June 1 of each year, the commissioner shall determine the  
29.6 total amount needed to pay all estimated liabilities, including administrative expenses,  
29.7 of the special compensation fund for the following fiscal year. The commissioner shall  
29.8 assess this amount against self-insured employers and insurers. The total amount of the  
29.9 assessment must be allocated between self-insured employers and insured employers  
29.10 based on paid indemnity losses for the preceding calendar year, as provided by paragraph  
29.11 (b). The method of assessing self-insured employers must be based on paid indemnity  
29.12 losses, as provided by paragraph (c). The method of assessing insured employers is based  
29.13 on standard workers' compensation premium, as provided by paragraph (c). Each insurer  
29.14 shall collect the assessment through a policyholder surcharge as provided by paragraph  
29.15 (d). On or before June 30 of each year, the commissioner shall provide notification to each  
29.16 self-insured employer and insurer of amounts due. Each self-insured employer and each  
29.17 insurer shall pay at least one-half of the amount due to the commissioner for deposit into  
29.18 the special compensation fund on or before August 1 of the same calendar year. The  
29.19 remaining balance is due on February 1 of the following calendar year. Each insurer must  
29.20 pay the full amount due as stated in the commissioner's notification, regardless of the  
29.21 amount the insurer actually collects from the premium policyholder surcharge.

29.22 (b) The portion of the total assessment that is allocated to self-insured employers  
29.23 is the proportion that paid indemnity losses made by all self-insured employers bore to  
29.24 the total paid indemnity losses made by all self-insured employers and insured employers  
29.25 during the preceding calendar year. The portion of the total assessment that is allocated  
29.26 to insured employers is the proportion that paid indemnity losses made on behalf of  
29.27 all insured employers bore to the total paid indemnity losses made by all self-insured  
29.28 employers and insured employers during the preceding calendar year.

29.29 (c) The portion of the total assessment allocated to self-insured employers that  
29.30 shall be paid by each self-insured employer must be based upon paid indemnity losses  
29.31 made by that self-insured employer during the preceding calendar year. The portion of  
29.32 the total assessment allocated to insured employers that is paid by each insurer must be  
29.33 based on standard workers' compensation premium earned in the state by that insurer  
29.34 during the preceding current calendar year. If the current calendar year earned standard  
29.35 workers' compensation premium is not available, the commissioner shall estimate the  
29.36 portion of the total assessment allocated to insured employers that is paid by each insurer

30.1 using the earned standard workers' compensation premium from the preceding calendar  
 30.2 year. The commissioner shall then perform a reconciliation and final determination of  
 30.3 the portion of the total assessment to be paid by each insurer when the earned standard  
 30.4 workers' compensation premium for the current calendar year is calculable, but the final  
 30.5 determination must not be made after December 1 of the following calendar year. An  
 30.6 employer who has ceased to be self-insured shall continue to be liable for assessments  
 30.7 based on paid indemnity losses arising out of injuries occurring during periods when the  
 30.8 employer was self-insured, unless the self-insured employer has purchased a replacement  
 30.9 policy covering those losses. An insurer who assumes a self-insured employer's obligation  
 30.10 under a replacement policy shall separately report and pay assessments based on indemnity  
 30.11 losses paid by the insurer under the replacement policy. The replacement policy may  
 30.12 provide for reimbursement of the assessment to the insurer by the self-insured employer.

30.13 (d) Insurers shall collect the assessments from their insured employers through  
 30.14 a surcharge based on standard workers' compensation premium for each employer.  
 30.15 Assessments when collected do not constitute an element of loss for the purpose of  
 30.16 establishing rates for workers' compensation insurance but for the purpose of collection  
 30.17 are treated as separate costs imposed on insured employers. The ~~premium~~ policyholder  
 30.18 surcharge is included in the definition of gross premium as defined in section 297I.01 only  
 30.19 for premium tax purposes. An insurer may cancel a policy for nonpayment of the ~~premium~~  
 30.20 policyholder surcharge. The ~~premium~~ policyholder surcharge is excluded from the  
 30.21 definition of premium for all other purposes, except as otherwise provided in this paragraph.

30.22 (e) For purposes of this section, the workers' compensation assigned risk plan  
 30.23 established under section 79.252, shall report and pay assessments on standard workers'  
 30.24 compensation premium in the same manner as an insurer.

30.25 **EFFECTIVE DATE.** This section is effective for assessments due under Minnesota  
 30.26 Statutes, section 176.129, subdivision 2a, paragraph (a), on August 1, 2013, and February  
 30.27 1, 2014, and for the first reconciliation and final determination under Minnesota Statutes,  
 30.28 section 176.129, subdivision 2a, paragraph (c), due on or before December 1, 2014.

30.29 Sec. 3. Minnesota Statutes 2012, section 176.129, subdivision 7, is amended to read:

30.30 Subd. 7. **Refunds.** In case deposit is or has been made pursuant to subdivision  
 30.31 2a by mistake or inadvertence, or under circumstances that justice requires a refund,  
 30.32 the commissioner of management and budget is authorized to refund the deposit under  
 30.33 order of the commissioner, a compensation judge, the Workers' Compensation Court of  
 30.34 Appeals, or a district court. Claims for refunds must be submitted to the commissioner  
 30.35 within three years of the ~~assessment due date~~ of reconciliation and final determination

31.1 under subdivision 2a. There is appropriated to the commissioner from the fund an amount  
31.2 sufficient to make the refund and payment.

31.3 **EFFECTIVE DATE.** This section is effective for assessments due under Minnesota  
31.4 Statutes, section 176.129, subdivision 2a, paragraph (a), on August 1, 2013, and February  
31.5 1, 2014, and for the first reconciliation and final determination under Minnesota Statutes,  
31.6 section 176.129, subdivision 2a, paragraph (c), due on or before December 1, 2014.

31.7 Sec. 4. Minnesota Statutes 2012, section 176.135, subdivision 7, is amended to read:

31.8 Subd. 7. **Medical bills and records.** (a) Health care providers shall submit to the  
31.9 insurer an itemized statement of charges in the standard electronic transaction format when  
31.10 required by section 62J.536 or, if there is no prescribed standard electronic transaction  
31.11 format, on a billing form prescribed by the commissioner. Health care providers shall also  
31.12 submit copies of medical records or reports that substantiate the nature of the charge and its  
31.13 relationship to the work injury. Health care providers may charge for copies of any records  
31.14 or reports that are in existence and directly relate to the items for which payment is sought  
31.15 under this chapter. The commissioner shall adopt a schedule of reasonable charges by rule.

31.16 A health care provider shall not collect, attempt to collect, refer a bill for collection,  
31.17 or commence an action for collection against the employee, employer, or any other party  
31.18 until the information required by this section has been furnished.

31.19 A United States government facility rendering health care services to veterans is not  
31.20 subject to the uniform billing form requirements of this subdivision.

31.21 (b) For medical services provided under this section on or after October 1,  
31.22 2014, the codes from the International Classification of Diseases, Tenth Edition,  
31.23 Clinical Modification/Procedure Coding System (ICD-10), must be used to report  
31.24 medical diagnoses and hospital inpatient procedures. The commissioner must replace  
31.25 the codes from the International Classification of Diseases, Ninth Edition, Clinical  
31.26 Modification/Procedure Coding System (ICD-9), with equivalent ICD-10 codes wherever  
31.27 the ICD-9 codes appear in rules adopted under this chapter. The commissioner must use  
31.28 the General Equivalence Mappings established by the Centers for Medicare and Medicaid  
31.29 Services to replace the ICD-9 diagnostic codes with ICD-10 codes in the rules.

31.30 (c) The commissioner shall amend rules adopted under this chapter as necessary  
31.31 to implement the ICD-10 coding system in paragraph (b). The amendments shall be  
31.32 adopted by giving notice in the State Register according to the procedures in section  
31.33 14.386, paragraph (a). The amended rules are not subject to expiration under section  
31.34 14.386, paragraph (b).

32.1 Sec. 5. Minnesota Statutes 2012, section 176.136, subdivision 1a, is amended to read:

32.2 Subd. 1a. **Relative value fee schedule.** (a) The liability of an employer for services  
32.3 included in the medical fee schedule is limited to the maximum fee allowed by the  
32.4 schedule in effect on the date of the medical service, or the provider's actual fee, whichever  
32.5 is lower. The commissioner shall adopt permanent rules regulating fees allowable for  
32.6 medical, chiropractic, podiatric, surgical, and other health care provider treatment or  
32.7 service, including those provided to hospital outpatients, by implementing a relative value  
32.8 fee schedule. The commissioner may adopt by reference, according to the procedures in  
32.9 paragraph (h), clause (2), the relative value fee schedule tables adopted for the federal  
32.10 Medicare program. The relative value fee schedule must contain reasonable classifications  
32.11 including, but not limited to, classifications that differentiate among health care provider  
32.12 disciplines. The conversion factors for the original relative value fee schedule must  
32.13 reasonably reflect a 15 percent overall reduction from the medical fee schedule most  
32.14 recently in effect. The reduction need not be applied equally to all treatment or services,  
32.15 but must represent a gross 15 percent reduction.

32.16 (b) Effective October 1, 2005, the commissioner shall remove all scaling factors  
32.17 from the relative value units and establish four separate conversion factors according to  
32.18 paragraphs (c) and (d) for each of the following parts of Minnesota Rules:

32.19 (1) medical/surgical services in Minnesota Rules, part 5221.4030, as defined in part  
32.20 5221.0700, subpart 3, item C, subitem (2);

32.21 (2) pathology and laboratory services in Minnesota Rules, part 5221.4040, as  
32.22 defined in part 5221.0700, subpart 3, item C, subitem (3);

32.23 (3) physical medicine and rehabilitation services in Minnesota Rules, part  
32.24 5221.4050, as defined in part 5221.0700, subpart 3, item C, subitem (4); and

32.25 (4) chiropractic services in Minnesota Rules, part 5221.4060, as defined in part  
32.26 5221.0700, subpart 3, item C, subitem (5).

32.27 ~~(c) The four conversion factors established under paragraph (b) shall be calculated~~  
32.28 ~~so that there is no change in each maximum fee for each service under the current fee~~  
32.29 ~~schedule, except as provided in paragraphs (d) and (e).~~

32.30 ~~(d) By October 1, 2006, the conversion factor for chiropractic services described in~~  
32.31 ~~paragraph (b), clause (4), shall be increased to equal 72 percent of the conversion factor~~  
32.32 ~~for medical/surgical services described in paragraph (b), clause (1). Beginning October 1,~~  
32.33 ~~2005, the increase in chiropractic conversion factor shall be phased in over two years by~~  
32.34 ~~approximately equal percentage point increases.~~

32.35 ~~(e) When adjusting the conversion factors in accordance with paragraph (g) on~~  
32.36 ~~October 1, 2005, and October 1, 2006, the commissioner may adjust by no less than zero,~~

33.1 ~~all of the conversion factors as necessary to offset any overall increase in payments under~~  
33.2 ~~the fee schedule resulting from the increase in the chiropractic conversion factor.~~

33.3 ~~(f) The commissioner shall give notice of the relative value units and conversion~~  
33.4 ~~factors established under paragraphs (b), (c), and (d) according to the procedures in section~~  
33.5 ~~14.386, paragraph (a). The relative value units and conversion factors established under~~  
33.6 ~~paragraphs (b), (c), and (d) are not subject to expiration under section 14.386, paragraph (b).~~

33.7 ~~(g)~~ (c) The conversion factors shall be adjusted as follows:

33.8 (1) After permanent rules have been adopted to implement this section, the conversion  
33.9 factors must be adjusted annually on October 1 by no more than the percentage change  
33.10 computed under section 176.645, but without the annual cap provided by that section.

33.11 (2) Each time the workers' compensation relative value fee schedule tables are  
33.12 updated under paragraph (h), the commissioner shall adjust the conversion factors so that,  
33.13 for services in both fee schedules, there is no difference between the overall payment in each  
33.14 category of service listed in paragraph (b) under the new schedule and the overall payment  
33.15 for that category under the workers' compensation fee schedule most recently in effect.

33.16 This adjustment must be made before making any additional adjustment under clause (1).

33.17 ~~(h)~~ (d) The commissioner shall give notice of the adjusted conversion factors and  
33.18 updates to the relative value fee schedule as follows:

33.19 (1) The commissioner shall annually give notice in the State Register of the adjusted  
33.20 conversion factors and any amendments to rules to implement Medicare relative value  
33.21 tables incorporated by reference under this subdivision. The notices of the adjusted  
33.22 conversion factors and amended rules to implement the relative value tables are subject  
33.23 to the requirements of section 14.386, paragraph (a). The annual adjustments to the  
33.24 conversion factors and the medical fee schedules adopted under this section, including all  
33.25 previous fee schedules, are not subject to expiration under section 14.386, paragraph (b).

33.26 (2) The commissioner shall periodically, but at least once every three years, update  
33.27 the workers' compensation relative value tables by incorporating by reference the relative  
33.28 value tables in the national physician fee schedule relative value file established by the  
33.29 Centers for Medicare and Medicaid Services. The commissioner shall publish the notices  
33.30 of the incorporation by reference in the State Register at least 60 days before the tables  
33.31 are to become effective for purposes of payment under this section. Each notice of  
33.32 incorporation must state the date the incorporated tables will become effective and must  
33.33 include information on how the Medicare relative value tables may be obtained. The  
33.34 published notices of incorporation by reference and the incorporated tables are not rules  
33.35 subject to section 14.386 or other provisions of chapter 14, but have the force and effect of  
33.36 law as of the date specified in the notices.

34.1 Sec. 6. Minnesota Statutes 2012, section 176.231, subdivision 2, is amended to read:

34.2 Subd. 2. **Initial report, written report.** Where subdivision 1 requires an injury  
34.3 to be reported within 48 hours, the employer may make an initial report by telephone,  
34.4 ~~telegraph~~, or personal notice, and file a written report of the injury within seven days from  
34.5 its occurrence or within such time as the commissioner of labor and industry designates.  
34.6 All written reports of injuries required by subdivision 1 shall include the date of injury.  
34.7 The reports shall be on a form designed by the commissioner, with a clear copy suitable  
34.8 for imaging to the commissioner, one copy to the insurer, and one copy to the employee.

34.9 The employer must give the employee the "Minnesota Workers' Compensation  
34.10 System Employee Information Sheet" at the time the employee is given a copy of the  
34.11 first report of injury.

34.12 If an insurer or self-insurer repeatedly fails to pay benefits within three days of the  
34.13 due date, pursuant to section 176.221, the insurer or self-insurer shall be ordered by the  
34.14 commissioner to explain, in person, the failure to pay benefits due in a reasonable time.  
34.15 If prompt payments are not thereafter made, the commissioner shall refer the insurer or  
34.16 self-insurer to the commissioner of commerce for action pursuant to section 176.225,  
34.17 subdivision 4.

34.18 Sec. 7. Minnesota Statutes 2012, section 176.305, subdivision 1a, is amended to read:

34.19 Subd. 1a. **Settlement and pretrial conferences; summary decision.** The chief  
34.20 administrative law judge shall promptly assign the petition to a compensation judge under  
34.21 section 176.307, and shall schedule a settlement conference before a compensation judge,  
34.22 to be held no later than 180 days after a claim petition was filed, or 45 days after a petition  
34.23 to discontinue, objection to discontinuance, or request for formal hearing was filed.

34.24 All parties must appear at the settlement conference, either personally or by  
34.25 representative, must be prepared to discuss settlement of all issues, and must be prepared  
34.26 to discuss or present the information required by the joint rules of the division and the  
34.27 office. If a representative appears on behalf of a party, the representative must have  
34.28 authority to fully settle the matter. The parties shall serve and file a pretrial statement no  
34.29 fewer than five days before the settlement conference.

34.30 If settlement is not reached, the chief administrative law judge shall schedule a  
34.31 hearing to be held within 90 days from the scheduled settlement conference. However,  
34.32 the hearing must be held earlier than 90 days from the scheduled settlement conference if  
34.33 this chapter requires an expedited hearing to be held at an earlier date. The hearing must  
34.34 be held before a compensation judge other than the compensation judge who conducted  
34.35 the settlement conference. The compensation judge assigned to hold the hearing may

35.1 choose to conduct a pretrial conference to clarify the issues and evidence that will be  
35.2 presented at the hearing.

35.3 Cancellations and continuations of proceedings are disfavored but may be granted  
35.4 upon the showing of good cause under section 176.341, subdivision 4.

35.5 The compensation judge conducting the settlement conference may require the  
35.6 parties to present copies of all documentary evidence not previously filed and a summary  
35.7 of the evidence they will present at a formal hearing. If appropriate, a written summary  
35.8 decision shall be issued within ten days after the conference stating the issues and a  
35.9 determination of each issue. If a party fails to appear at the conference, all issues may  
35.10 be determined contrary to the absent party's interest, provided the party in attendance  
35.11 presents a prima facie case.

35.12 The summary decision is final unless a written request for a formal hearing is served  
35.13 on all parties and filed with the commissioner within 30 days after the date of service  
35.14 and filing of the summary decision. Within ten days after receipt of the request, the  
35.15 commissioner shall certify the matter to the office for a de novo hearing. ~~In proceedings~~  
35.16 ~~under section 176.2615, the summary decision is final and not subject to appeal or de~~  
35.17 ~~novo proceedings.~~

35.18 Sec. 8. **REPEALER.**

35.19 Minnesota Statutes 2012, sections 175.006, subdivision 1; 175.08; 175.14; 175.26;  
35.20 176.1311; 176.136, subdivision 3; 176.2615; and 176.641, are repealed."

35.21 Renumber the sections in sequence and correct the internal references

35.22 Amend the title accordingly

35.23 Adjust amounts accordingly