

NINETY-SECOND DAY

St. Paul, Minnesota, Friday, March 23, 2012

The Senate met at 2:00 p.m. and was called to order by the President.

CALL OF THE SENATE

Senator Limmer imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Sara E. Morse.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

The roll was called, and the following Senators answered to their names:

Bakk	Gazelka	Koch	Newman	Sieben
Benson	Gerlach	Kruse	Nienow	Skoe
Bonoff	Gimse	Langseth	Olson	Sparks
Brown	Goodwin	Latz	Ortman	Stumpf
Carlson	Hall	Lillie	Pappas	Thompson
Chamberlain	Hann	Limmer	Parry	Tomassoni
Cohen	Harrington	Lourey	Pederson	Torres Ray
Dahms	Hayden	Magnus	Reinert	Vanderveer
Daley	Higgins	Marty	Rest	Wiger
DeKruif	Hoffman	McGuire	Robling	Wolf
Dibble	Howe	Metzen	Rosen	
Dziedzic	Ingebrigtsen	Michel	Saxhaug	
Eaton	Jungbauer	Miller	Senjem	
Fischbach	Kelash	Nelson	Sheran	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1567: A bill for an act relating to environment; providing for permitting efficiency;

modifying environmental review requirements; modifying requirements for water supply plans; modifying terms for certain permits; appropriating money; amending Minnesota Statutes 2010, sections 41A.10, subdivision 1; 84.027, by adding a subdivision; 103G.291, subdivisions 3, 4; 115.03, by adding a subdivision; 116.07, subdivision 4a, by adding a subdivision; 116D.04, by adding a subdivision; 116J.03, by adding subdivisions; 116J.035, by adding a subdivision; Minnesota Statutes 2011 Supplement, sections 84.027, subdivision 14a; 116.03, subdivision 2b; 116D.04, subdivision 2a; repealing Minnesota Statutes 2010, section 103G.291, subdivision 4.

Senate File No. 1567 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned March 22, 2012

Senator Ingebrigtsen moved that the Senate do not concur in the amendments by the House to S.F. No. 1567, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 392, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 392 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 22, 2012

CONFERENCE COMMITTEE REPORT ON H. F. NO. 392

A bill for an act relating to education; modifying provisions relating to school bus safety and standards; amending Minnesota Statutes 2010, sections 169.4501, subdivisions 1, 2; 169.4503, subdivisions 5, 20, by adding subdivisions; repealing Minnesota Statutes 2010, section 169.454, subdivision 10.

March 15, 2012

The Honorable Kurt Zellers
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 392 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 392 be further amended as

follows:

Page 2, lines 8 and 10, delete "2011" and insert "2012"

Page 3, line 2, delete "2012" and insert "2013"

Page 3, lines 8 and 20, delete "2011" and insert "2012"

Page 3, delete section 8 and insert:

"Sec. 8. Minnesota Statutes 2010, section 169.4582, subdivision 2, is amended to read:

Subd. 2. **Duty to report; school official.** Consistent with the school bus safety policy under section 123B.91, subdivision 1, the school principal, the school transportation safety director, or other designated school official shall immediately report to the local law enforcement agency having jurisdiction where the misbehavior occurred and to the school superintendent if the reporting school official knows or has reason to believe that a student has committed a reportable offense on a school bus or in a bus loading or unloading area. The reporting school official shall issue a report to the commissioner of public safety concerning the incident ~~on a form developed by the commissioner for that purpose~~ upon request of the commissioner.

Sec. 9. **REPEALER.**

Minnesota Statutes 2010, sections 169.441, subdivision 5; 169.445, subdivision 2; and 169.454, subdivision 10, are repealed."

Correct the title numbers accordingly

We request the adoption of this report and repassage of the bill.

House Conferees: Larry Howes, Tim Sanders, John Ward

Senate Conferees: Pam Wolf, Mike Parry, John M. Harrington

Senator Wolf moved that the foregoing recommendations and Conference Committee Report on H.F. No. 392 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 392 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Bakk	DeKruif	Hall	Kelash	McGuire
Benson	Dibble	Hann	Kruse	Metzen
Bonoff	Dziedzic	Harrington	Langseth	Miller
Brown	Eaton	Hayden	Latz	Nelson
Carlson	Fischbach	Higgins	Lillie	Newman
Chamberlain	Gazelka	Hoffman	Limmer	Nienow
Cohen	Gerlach	Howe	Lourey	Olson
Dahms	Gimse	Ingebrigtsen	Magnus	Pappas
Daley	Goodwin	Jungbauer	Marty	Parry

Pederson
Reinert
Rest

Robling
Saxhaug
Senjem

Sheran
Sieben
Skoe

Stumpf
Thompson
Torres Ray

Vandever
Wiger
Wolf

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Madam President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2333.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 22, 2012

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 2333: A bill for an act relating to public safety; specifically including theft of motor fuel in the theft crime; creating a permissive inference regarding theft of motor fuel; modifying the drive-off gas civil liability law; amending Minnesota Statutes 2010, sections 171.175; 332.32; 604.15, subdivision 3, by adding a subdivision; 609.52, subdivisions 1, 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1870.

REPORTS OF COMMITTEES

Senator Senjem moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 2403, 2515 and 2529. The motion prevailed.

Senator Robling from the Committee on Finance, to which was re-referred

S.F. No. 2260: A bill for an act relating to environment; providing for alternative local standards for subsurface sewage treatment systems; requiring rulemaking; amending Minnesota Statutes 2010, section 115.55, subdivision 7.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Robling from the Committee on Finance, to which was re-referred

S.F. No. 1943: A bill for an act relating to natural resources; modifying game and fish laws; appropriating money; amending Minnesota Statutes 2010, sections 84.027, subdivision 14; 97A.015, subdivisions 3a, 53; 97A.065, subdivision 6; 97A.085, by adding a subdivision; 97A.137, subdivision 5; 97A.421, subdivision 3; 97A.441, subdivision 7; 97A.451, subdivisions 3, 4, by adding a subdivision; 97A.473, subdivisions 3, 5, 5a; 97A.475, subdivisions 2, 3, 20; 97A.482; 97B.001, subdivision 7; 97B.020; 97B.031, subdivisions 1, 2; 97B.035, subdivision 1a; 97B.055,

subdivision 1; 97B.071; 97B.085, subdivision 3; 97B.303; 97B.328; 97B.601, subdivisions 3a, 4; 97B.603; 97B.605; 97B.671, subdivisions 3, 4; 97B.711, subdivision 1; 97B.805, subdivision 1; 97B.901; 97C.395, subdivision 1; Minnesota Statutes 2011 Supplement, sections 84D.03, subdivision 3; 97A.075, subdivision 1, by adding a subdivision; 97B.031, subdivision 5; 97B.075; 97B.645, subdivision 9; 97B.667; proposing coding for new law in Minnesota Statutes, chapter 97B; repealing Minnesota Statutes 2010, sections 97A.045, subdivisions 8, 13; 97A.065, subdivision 1; 97A.095, subdivision 3; 97A.331, subdivision 7; 97A.485, subdivision 12; 97A.552; 97B.645, subdivision 2; 97C.031.

Reports the same back with the recommendation that the bill be amended as follows:

Page 21, line 33, after "make" insert "seasons for"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Robling from the Committee on Finance, to which was re-referred

S.F. No. 2337: A bill for an act relating to liquor; creating licensure for wine educators; proposing coding for new law in Minnesota Statutes, chapter 340A.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Ortman from the Committee on Taxes, to which was referred

S.F. No. 1972: A bill for an act relating to property taxes; reducing and eliminating the state general levy; modifying the additional property tax refund; appropriating money; amending Minnesota Statutes 2010, sections 275.025, subdivision 1, by adding a subdivision; 290A.04, subdivision 2h; repealing Minnesota Statutes 2010, section 275.025, subdivisions 1, 2, 4; Minnesota Statutes 2011 Supplement, section 275.025, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1
INCOME TAX**

Section 1. Minnesota Statutes 2011 Supplement, section 116J.8737, subdivision 1, is amended to read:

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

(b) "Qualified small business" means a business that has been certified by the commissioner under subdivision 2.

(c) "Qualified investor" means an investor who has been certified by the commissioner under subdivision 3.

(d) "Qualified fund" means a pooled angel investment network fund that has been certified by the commissioner under subdivision 4.

(e) "Qualified investment" means a cash investment in a qualified small business of a minimum of:

- (1) \$10,000 in a calendar year by a qualified investor; or
- (2) \$30,000 in a calendar year by a qualified fund.

A qualified investment must be made in exchange for common stock, a partnership or membership interest, preferred stock, debt with mandatory conversion to equity, or an equivalent ownership interest as determined by the commissioner.

(f) "Family" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(g) "Pass-through entity" means a corporation that for the applicable taxable year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

(h) "Intern" means a student of an accredited institution of higher education, or a former student who has graduated in the past six months from an accredited institution of higher education, who is employed by a qualified small business in a nonpermanent position for a duration of nine months or less that provides training and experience in the primary business activity of the business.

(i) "Qualified greater Minnesota business" means a qualified small business that is also certified by the commissioner as a qualified greater Minnesota business under subdivision 2, paragraph (h).

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

Sec. 2. Minnesota Statutes 2011 Supplement, section 116J.8737, subdivision 2, is amended to read:

Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business for a calendar year. In addition, the application may request certification as a qualified greater Minnesota business under paragraph (h). The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the business as satisfying the conditions required of a qualified small business or a qualified greater Minnesota business, request additional information from the business, or reject the application for certification. If the commissioner requests additional information from the business, the commissioner must either certify the business or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the business nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$150 application fee. A

business that applies for certification and is rejected may reapply.

(c) To receive certification as a qualified small business, a business must satisfy all of the following conditions:

- (1) the business has its headquarters in Minnesota;
 - (2) at least 51 percent of the business's employees are employed in Minnesota, and 51 percent of the business's total payroll is paid or incurred in the state;
 - (3) the business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:
 - (i) using proprietary technology to add value to a product, process, or service in a qualified high-technology field;
 - (ii) researching or developing a proprietary product, process, or service in a qualified high-technology field; or
 - (iii) researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;
 - (4) other than the activities specifically listed in clause (3), the business is not engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants;
 - (5) the business has fewer than 25 employees;
 - (6) the business must pay its employees annual wages of at least 175 percent of the federal poverty guideline for the year for a family of four and must pay its interns annual wages of at least 175 percent of the federal minimum wage used for federally covered employers, except that this requirement must be reduced proportionately for employees and interns who work less than full-time, and does not apply to an executive, officer, or member of the board of the business, or to any employee who owns, controls, or holds power to vote more than 20 percent of the outstanding securities of the business;
 - (7) the business has not been in operation for more than ten years;
 - (8) the business has not previously received private equity investments of more than \$4,000,000; and
 - (9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause (3).
- (d) In applying the limit under paragraph (c), clause (5), the employees in all members of the unitary business, as defined in section 290.17, subdivision 4, must be included.
- (e) In order for a qualified investment in a business to be eligible for tax credits, the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made.
- (f) The commissioner must maintain a list of qualified small businesses and qualified greater

Minnesota businesses certified under this subdivision for the calendar year and make the list accessible to the public on the department's Web site.

(g) For purposes of this subdivision, the following terms have the meanings given:

(1) "qualified high-technology field" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields; ~~and~~

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted; and

(3) "greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

(h) To receive certification as a qualified greater Minnesota business, a business must satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

(1) the business has its headquarters in greater Minnesota; and

(2) at least 51 percent of the business's employees are employed in greater Minnesota, and 51 percent of the business's total payroll is paid or incurred in greater Minnesota.

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

Sec. 3. Minnesota Statutes 2010, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit equal to:

(1) 25 percent of the qualified investment in a qualified small business; or

(2) 40 percent of the qualified investment in a qualified greater Minnesota business.

Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than \$11,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2009, and before January 1, 2011, and must not allocate more than \$12,000,000 in credits per year for taxable years beginning after December 31, 2010, and before January 1, 2015. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is \$250,000, and for all other filers the maximum is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

(c) The commissioner may not allocate a credit to a qualified investor either as an individual qualified investor or as an investor in a qualified fund if the investor receives more than 50 percent of the investor's gross annual income from the qualified small business in which the qualified investment is proposed. A member of the family of an individual disqualified by this paragraph is not eligible for a credit under this section. For a married couple filing a joint return, the limitations in this paragraph apply collectively to the investor and spouse. For purposes of determining the ownership interest of an investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

(d) Applications for tax credits for 2010 must be made available on the department's Web site by September 1, 2010, and the department must begin accepting applications by September 1, 2010. Applications for subsequent years must be made available by November 1 of the preceding year.

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a qualified investor and the denominator of which is the total of all credit allocation claims filed on behalf of all applicants on that day, by the amount of credits that remain unallocated on that day for the taxable year.

(g) A qualified investor or qualified fund, or a qualified small business acting on their behalf, must notify the commissioner when an investment for which credits were allocated has been made, and the taxable year in which the investment was made. A qualified fund must also provide the commissioner with a statement indicating the amount invested by each investor in the qualified fund based on each investor's share of the assets of the qualified fund at the time of the qualified investment. After receiving notification that the investment was made, the commissioner must issue credit certificates for the taxable year in which the investment was made to the qualified investor or, for an investment made by a qualified fund, to each qualified investor who is an investor in the fund. The certificate must state that the credit is subject to revocation if the qualified investor or qualified fund does not hold the investment in the qualified small business for at least three years, consisting of the calendar year in which the investment was made and the two following years. The three-year holding period does not apply if:

(1) the investment by the qualified investor or qualified fund becomes worthless before the end

of the three-year period;

(2) 80 percent or more of the assets of the qualified small business is sold before the end of the three-year period;

(3) the qualified small business is sold before the end of the three-year period; or

(4) the qualified small business's common stock begins trading on a public exchange before the end of the three-year period.

(h) The commissioner must notify the commissioner of revenue of credit certificates issued under this section.

EFFECTIVE DATE. This section is effective the day following final enactment for taxable years beginning after December 31, 2011.

Sec. 4. Minnesota Statutes 2010, section 116J.8737, subdivision 7, is amended to read:

Subd. 7. **Revocation of credits.** (a) If the commissioner determines that a qualified investor or qualified fund did not meet the three-year holding period required in subdivision 5, paragraph (g), any credit allocated and certified to the investor or fund is revoked and must be repaid by the investor.

(b) If the commissioner determines that a business did not meet the employment and payroll requirements in subdivision 2, paragraph (c), clause (2), or paragraph (h), clause (2), as applicable, in any of the five calendar years following the year in which an investment in the business that qualified for a tax credit under this section was made, the business must repay the following percentage of the credits allowed for qualified investments in the business:

Year following the year in which the investment was made:	Percentage of credit required to be repaid:
First	100%
Second	80%
Third	60%
Fourth	40%
Fifth	20%
Sixth and later	0

(c) The commissioner must notify the commissioner of revenue of every credit revoked and subject to full or partial repayment under this section.

(d) For the repayment of credits allowed under this section and section 290.0692, a qualified small business, qualified investor, or investor in a qualified fund must file an amended return with the commissioner of revenue and pay any amounts required to be repaid within 30 days after becoming subject to repayment under this section.

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

Sec. 5. Minnesota Statutes 2010, section 116J.8737, subdivision 8, is amended to read:

Subd. 8. **Data privacy.** (a) Data contained in an application submitted to the commissioner under subdivision 2, 3, or 4 are nonpublic data, or private data on individuals, as defined in section 13.02, subdivision 9 or 12, except that the following data items are public:

(1) the name, mailing address, telephone number, e-mail address, contact person's name, and industry type of a qualified small business upon approval of the application and certification by the commissioner under subdivision 2;

(2) the name of a qualified investor upon approval of the application and certification by the commissioner under subdivision 3;

(3) the name of a qualified fund upon approval of the application and certification by the commissioner under subdivision 4;

(4) for credit certificates issued under subdivision 5, the amount of the credit certificate issued, amount of the qualifying investment, the name of the qualifying investor or qualifying fund that received the certificate, and the name of the qualifying small business in which the qualifying investment was made;

(5) for credits revoked under subdivision 7, paragraph (a), the amount revoked and the name of the qualified investor or qualified fund; and

(6) for credits revoked under subdivision 7, paragraphs (b) and (c), the amount revoked and the name of the qualified small business.

(b) The following data, including data classified as nonpublic or private, must be provided to the consultant for use in conducting the program evaluation under subdivision 10:

(1) the commissioner of employment and economic development shall provide data contained in an application for certification received from a qualified small business, qualified investor, or qualified fund, and any annual reporting information received on a qualified small business, qualified investor, or qualified fund; and

(2) the commissioner of revenue shall provide data contained in any applicable tax returns of a qualified small business, qualified investor, or qualified fund.

EFFECTIVE DATE. This section is effective for businesses requesting certification starting on the day following final enactment.

Sec. 6. Minnesota Statutes 2010, section 116J.8737, subdivision 9, is amended to read:

Subd. 9. **Report to legislature.** Beginning in 2011, the commissioner must annually report by March 15 to the chairs and ranking minority members of the legislative committees having jurisdiction over taxes and economic development in the senate and the house of representatives, in compliance with sections 3.195 and 3.197, on the tax credits issued under this section. The report must include:

(1) the number and amount of the credits issued;

(2) the recipients of the credits;

(3) for each qualified small business, its location, line of business, and if it received an investment

resulting in certification of tax credits;

(4) the total amount of investment in each qualified small business resulting in certification of tax credits;

(5) for each qualified small business that received investments resulting in tax credits, the total amount of additional investment that did not qualify for the tax credit;

(6) the number and amount of credits revoked under subdivision 7;

(7) the number and amount of credits that are no longer subject to the three-year holding period because of the exceptions under subdivision 5, paragraph (g), clauses (1) to (4); ~~and~~

(8) the number of qualified small businesses that are women- or minority-owned; and

(9) any other information relevant to evaluating the effect of these credits.

Sec. 7. Minnesota Statutes 2011 Supplement, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ February 14, 2012.

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

Sec. 8. Minnesota Statutes 2010, section 289A.31, subdivision 5, is amended to read:

Subd. 5. **Withholding tax, withholding from payments to out-of-state contractors, and withholding by partnerships and small business corporations.** (a) Except as provided in paragraph (b), an employer or person withholding tax under section 290.92 or 290.923, subdivision 2, who fails to pay to or deposit with the commissioner a sum or sums required by those sections to be deducted, withheld, and paid, is personally and individually liable to the state for the sum or sums, and added penalties and interest, and is not liable to another person for that payment or payments. The sum or sums deducted and withheld under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must be held as a special fund in trust for the state of Minnesota.

(b) If the employer or person withholding tax under section 290.92 or 290.923, subdivision 2, fails to deduct and withhold the tax in violation of those sections, and later the taxes against which the tax may be credited are paid, the tax required to be deducted and withheld will not be collected from the employer. This does not, however, relieve the employer from liability for any penalties and interest otherwise applicable for failure to deduct and withhold. This paragraph does not apply to an employer subject to paragraph (g), ~~or to a contractor required to withhold under section 290.92, subdivision 31.~~

(c) Liability for payment of withholding taxes includes a responsible person or entity described in the personal liability provisions of section 270C.56.

(d) Liability for payment of withholding taxes includes a third-party lender or surety described in section 270C.59.

(e) A partnership or S corporation required to withhold and remit tax under section 290.92,

subdivisions 4b and 4c, is liable for payment of the tax to the commissioner, and a person having control of or responsibility for the withholding of the tax or the filing of returns due in connection with the tax is personally liable for the tax due.

(f) A payor of sums required to be withheld under section 290.9705, subdivision 1, is liable to the state for the amount required to be deducted, and is not liable to an out-of-state contractor for the amount of the payment.

(g) If an employer fails to withhold tax from the wages of an employee when required to do so under section 290.92, subdivision 2a, by reason of treating such employee as not being an employee, then the liability for tax is equal to three percent of the wages paid to the employee. The liability for tax of an employee is not affected by the assessment or collection of tax under this paragraph. The employer is not entitled to recover from the employee any tax determined under this paragraph.

EFFECTIVE DATE. This section is effective for payments made after June 30, 2012.

Sec. 9. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. **Net income.** The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ February 14, 2012, shall be in effect for taxable years beginning after December 31, 1996. ~~The provisions of the act of January 22, 2010, Public Law 111-126, to accelerate the benefits for charitable cash contributions for the relief of victims of the Haitian earthquake, are effective at the same time they became effective~~

~~for federal purposes and apply to the subtraction under subdivision 19b, clause (6). The provisions of title II, section 2112, of the act of September 27, 2010, Public Law 111-240, rollovers from elective deferral plans to designated Roth accounts, are effective at the same time they became effective for federal purposes and taxable rollovers are included in net income at the same time they are included in gross income for federal purposes.~~

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19 to 19f mean the code in effect for purposes of determining net income for the applicable year.

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

Sec. 10. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute; and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except:

(A) the portion of the exempt-interest dividends exempt from state taxation under the laws of the United States; and

(B) the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends, including any dividends exempt under subitem (A), that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, minus any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code

of 1986, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed;

(3) the capital gain amount of a lump-sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and taxes based on net income paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

(5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10 other than expenses or interest used in computing net interest income for the subtraction allowed under subdivision 19b, clause (1);

(6) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(7) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed;

(8) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(9) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

(10) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

(11) the amount of expenses disallowed under section 290.10, subdivision 2;

(12) for taxable years beginning before January 1, 2010, the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;

(13) for taxable years beginning before January 1, 2010, the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income;

(14) the additional standard deduction for property taxes payable that is allowable under section 63(c)(1)(C) of the Internal Revenue Code;

(15) the additional standard deduction for qualified motor vehicle sales taxes allowable under section 63(c)(1)(E) of the Internal Revenue Code;

(16) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code;

(17) the amount of unemployment compensation exempt from tax under section 85(c) of the Internal Revenue Code;

(18) changes to federal taxable income attributable to a net operating loss that the taxpayer elected to carry back for more than two years for federal purposes but for which the losses can be carried back for only two years under section 290.095, subdivision 11, paragraph (c);

(19) to the extent included in the computation of federal taxable income in taxable years beginning after December 31, 2010, the amount of disallowed itemized deductions, but the amount of disallowed itemized deductions plus the addition required under clause (2) may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, and reduced by any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction:

(i) the amount of disallowed itemized deductions is equal to the lesser of:

(A) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

(B) 80 percent of the amount of the itemized deductions otherwise allowable to the taxpayer under the Internal Revenue Code for the taxable year;

(ii) the term "applicable amount" means \$100,000, or \$50,000 in the case of a married individual filing a separate return. Each dollar amount shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof;

(iii) the term "itemized deductions" does not include:

(A) the deduction for medical expenses under section 213 of the Internal Revenue Code;

(B) any deduction for investment interest as defined in section 163(d) of the Internal Revenue Code; and

(C) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or for losses described in section 165(d) of the Internal Revenue Code;

(20) to the extent included in federal taxable income in taxable years beginning after December 31, 2010, the amount of disallowed personal exemptions for taxpayers with federal adjusted gross

income over the threshold amount:

(i) the disallowed personal exemption amount is equal to the dollar amount of the personal exemptions claimed by the taxpayer in the computation of federal taxable income multiplied by the applicable percentage;

(ii) "applicable percentage" means two percentage points for each \$2,500 (or fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the applicable percentage exceed 100 percent;

(iii) the term "threshold amount" means:

(A) \$150,000 in the case of a joint return or a surviving spouse;

(B) \$125,000 in the case of a head of a household;

(C) \$100,000 in the case of an individual who is not married and who is not a surviving spouse or head of a household; and

(D) \$75,000 in the case of a married individual filing a separate return; and

(iv) the thresholds shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; and

(21) to the extent deducted in the computation of federal taxable income, for taxable years beginning after December 31, 2010, and before January 1, ~~2013~~ 2012, the difference between the standard deduction allowed under section 63(c) of the Internal Revenue Code and the standard deduction allowed for 2011 and 2012 under the Internal Revenue Code as amended through December 1, 2010.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2011.

Sec. 11. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(9) job opportunity building zone income as provided under section 469.316;

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, excluding compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05, subdivision 5b, but "active service" excludes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

(12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

(14) to the extent included in the federal taxable income of a nonresident of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

(15) international economic development zone income as provided under section 469.325;

(16) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program;

(17) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19a, clause (16); and

(18) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c); and

(19) to the extent included in federal taxable income, 55 percent of compensation received from a pension or other retirement pay from the federal government for service in the military, as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

Sec. 12. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ February 14, 2012. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as amended through March 18, 2010.

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

Sec. 13. Minnesota Statutes 2010, section 290.0677, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section the following terms have the meanings given.

(b) "Designated area" means a:

- (1) combat zone designated by Executive Order from the President of the United States;
- (2) qualified hazardous duty area, designated in Public Law; or
- (3) location certified by the U. S. Department of Defense as eligible for combat zone tax benefits due to the location's direct support of military operations.

(c) "Active military service" means active duty service in any of the United States armed forces, the National Guard, or reserves.

~~(d) "Qualified individual" means an individual who has~~

~~(1) either (i) served at least 20 years in the military or (ii) has a service-connected disability rating of 100 percent for a total and permanent disability; and~~

~~(2) separated from military service before the end of the taxable year.~~

~~(e) "Adjusted gross income" has the meaning given in section 61 of the Internal Revenue Code.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2011.

Sec. 14. Minnesota Statutes 2010, section 290.0681, subdivision 1, is amended to read:

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

meanings given.

(b) "Account" means the historic credit administration account in the special revenue fund.

(c) "Office" means the State Historic Preservation Office of the Minnesota Historical Society.

(d) "Project" means rehabilitation of a certified historic structure, as defined in section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is allowed a federal credit under section 47(a)(2) of the Internal Revenue Code.

(e) "Society" means the Minnesota Historical Society.

(f) "Federal credit" means the credit allowed under section 47(a)(2) of the Internal Revenue Code.

(g) "Placed in service" has the meaning given in section 47 of the Internal Revenue Code.

(h) "Qualified rehabilitation expenditures" has the meaning given in section 47 of the Internal Revenue Code.

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

Sec. 15. Minnesota Statutes 2010, section 290.0681, subdivision 3, is amended to read:

Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this section, the developer of a project must apply to the office before the rehabilitation begins. The application must contain the information and be in the form prescribed by the office. The office may collect a fee for application of up to \$5,000, based on estimated qualified rehabilitation ~~expenses~~ expenditures, to offset costs associated with personnel and administrative expenses related to administering the credit and preparing the economic impact report in subdivision 9. Application fees are deposited in the account. The application must indicate if the application is for a credit or a grant in lieu of the credit or a combination of the two and designate the taxpayer qualifying for the credit or the recipient of the grant.

(b) Upon approving an application for credit, the office shall issue allocation certificates that:

(1) verify eligibility for the credit or grant;

(2) state the amount of credit or grant anticipated with the project, with the credit amount equal to 100 percent and the grant amount equal to 90 percent of the federal credit anticipated in the application;

(3) state that the credit or grant allowed may increase or decrease if the federal credit the project receives at the time it is placed in service is different than the amount anticipated at the time the allocation certificate is issued; and

(4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer or grant recipient is entitled to receive the credit or grant at the time the project is placed in service, provided that date is within three calendar years following the issuance of the allocation certificate.

(c) The office, in consultation with the commissioner ~~of revenue~~, shall determine if the project is eligible for a credit or a grant under this section. Eligibility for the credit is subject to review and audit by the commissioner ~~of revenue~~.

(d) The federal credit recapture and repayment requirements under section 50 of the Internal Revenue Code do not apply to the credit allowed under this section.

(e) Any decision of the office or the society under this subdivision may be challenged as a contested case under chapter 14.

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

Sec. 16. Minnesota Statutes 2010, section 290.0681, subdivision 5, is amended to read:

Subd. 5. **Partnerships; multiple owners.** Credits granted to a partnership, a limited liability company taxed as a partnership, S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's assets or as specially allocated in their organizational documents or any other executed agreement, as of the last day of the taxable year.

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

Sec. 17. Minnesota Statutes 2010, section 290.0681, subdivision 10, is amended to read:

Subd. 10. **Sunset.** This section expires after fiscal year ~~2015~~ 2021, except that the office's authority to issue credit certificates under subdivision 4 based on allocation certificates that were issued before fiscal year ~~2016~~ 2022 remains in effect through ~~2018~~ 2024, and the reporting requirements in subdivision 9 remain in effect through the year following the year in which all allocation certificates have either been canceled or resulted in issuance of credit certificates, or ~~2019~~ 2025, whichever is earlier.

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

Sec. 18. Minnesota Statutes 2011 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; and

(iv) the impairment-related work expenses of a disabled person;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion

allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

(6) the amount of addition required by section 290.01, subdivision 19a, clauses (7) to (9), (12), (13), and (16) to (18);

less the sum of the amounts determined under the following:

(1) interest income as defined in section 290.01, subdivision 19b, clause (1);

(2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income;

(3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (6), (8) to (15), ~~and (17)~~, and (19); and

(5) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c).

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Net minimum tax" means the minimum tax imposed by this section.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

Sec. 19. Minnesota Statutes 2011 Supplement, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ February 14, 2012.

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

Sec. 20. Minnesota Statutes 2011 Supplement, section 291.005, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes under the Internal Revenue Code.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ February 14, 2012, but without regard to the provisions of sections 501 and 901 of Public Law 107-16, as amended by Public Law 111-312, and section 301(c) of Public Law 111-312.

(4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as defined by section 2011(b)(3) of the Internal Revenue Code, plus

(i) the amount of deduction for state death taxes allowed under section 2058 of the Internal Revenue Code; less

(ii)(A) the value of qualified small business property under section 291.03, subdivision 9, and the value of qualified farm property under section 291.03, subdivision 10, or (B) \$4,000,000, whichever is less.

(5) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein which has its situs outside Minnesota, and (b) including therein any property omitted from the federal gross estate which is includable therein, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(6) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(7) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(8) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota.

(9) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally

kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death.

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

Sec. 21. Minnesota Statutes 2010, section 297G.04, subdivision 2, is amended to read:

Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages is entitled to a tax credit of \$4.60 per barrel on 25,000 barrels sold in any fiscal year beginning July 1, regardless of the alcohol content of the product. Qualified brewers may take the credit on the 18th day of each month, but the total credit allowed may not exceed in any fiscal year the lesser of:

- (1) the liability for tax; or
- (2) \$115,000.

For purposes of this subdivision, a "qualified brewer" means a brewer, whether or not located in this state, manufacturing less than ~~100,000~~ 250,000 barrels of fermented malt beverages in the calendar year immediately preceding the calendar year for which the credit under this subdivision is claimed. In determining the number of barrels, all brands or labels of a brewer must be combined. All facilities for the manufacture of fermented malt beverages owned or controlled by the same person, corporation, or other entity must be treated as a single brewer.

EFFECTIVE DATE. This section is effective for determinations based on calendar year 2011 production and thereafter.

Sec. 22. **REPEALER.**

(a) Minnesota Statutes 2010, section 290.0677, subdivision 1a, is repealed.

(b) Minnesota Statutes 2010, section 290.92, subdivision 31, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective for taxable years beginning after December 31, 2012. Paragraph (b) is effective for payments made after June 30, 2012.

ARTICLE 2

SALES TAX

Section 1. Minnesota Statutes 2010, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that:

~~(1) use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year; and~~

~~(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the commissioner monthly in the following manner:~~

~~(i) On or before the 14th day of the month following the month in which the taxable event occurred, the vendor must remit to the commissioner 90 percent of the estimated liability for the month in which the taxable event occurred.~~

~~(ii) On or before the 20th day of the month in which the taxable event occurs, the vendor must remit to the commissioner a prepayment for the month in which the taxable event occurs equal to 67 percent of the liability for the previous month.~~

~~(iii) On or before the 20th day of the month following the month in which the taxable event occurred, the vendor must pay any additional amount of tax not previously remitted under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than the vendor's liability for the month in which the taxable event occurred, the vendor may take a credit against the next month's liability in a manner prescribed by the commissioner.~~

~~(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to continue to make payments in the same manner, as long as the vendor continues having a liability of \$120,000 or more during the most recent fiscal year ending June 30.~~

~~(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required payment in the first month that the vendor is required to make a payment under either item (i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make subsequent monthly payments in the manner provided in item (ii).~~

~~(vi) For vendors making an accelerated payment under item (ii), for the first month that the vendor is required to make the accelerated payment, on the 20th of that month, the vendor will pay 100 percent of the liability for the previous month and a prepayment for the first month equal to 67 percent of the liability for the previous month.~~

~~(b) Notwithstanding paragraph (a),~~ A vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit 90 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30, 2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns due for periods beginning in the subsequent calendar year on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years thereafter, must remit by electronic means all liabilities in the manner provided in paragraph (a), ~~clause (2),~~ on returns due for periods beginning in the subsequent calendar year, except for 90 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

~~(e) Whenever the liability is \$120,000 or more separately for: (1) the tax imposed under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and paid with the chapter 297A taxes, then the payment of all the liabilities on the return must be accelerated as provided in this subdivision.~~

~~(f) At the start of the first calendar quarter at least 90 days after the cash flow account established in section 16A.152, subdivision 1, and the budget reserve account established in section 16A.152, subdivision 1a, reach the amounts listed in section 16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required under paragraph (a), clause (2), must be suspended. The commissioner of management and budget shall notify the commissioner of revenue when the accounts have reached the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a vendor with a liability of \$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the commissioner on the 20th day of the month following the month in which the taxable event occurred. Payments of tax liabilities for taxable events occurring in June under paragraph (b) are not changed.~~

EFFECTIVE DATE. This section is effective for taxes due and payable after June 30, 2012.

Sec. 2. Minnesota Statutes 2010, section 295.53, subdivision 1, is amended to read:

Subdivision 1. **Exemptions.** (a) The following payments are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.59:

(1) payments received for services provided under the Medicare program, including payments received from the government, and organizations governed by sections 1833 and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section 1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the Medicare enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act. Payments for services not covered by Medicare are taxable;

(2) payments received for home health care services;

(3) payments received from hospitals or surgical centers for goods and services on which liability for tax is imposed under section 295.52 or the source of funds for the payment is exempt under clause (1), (7), (10), or (14);

(4) payments received from health care providers for goods and services on which liability for tax is imposed under this chapter or the source of funds for the payment is exempt under clause (1), (7), (10), or (14);

(5) amounts paid for legend drugs, other than nutritional products and blood and blood

components, to a wholesale drug distributor who is subject to tax under section 295.52, subdivision 3, reduced by reimbursements received for legend drugs otherwise exempt under this chapter;

(6) payments received by a health care provider or the wholly owned subsidiary of a health care provider for care provided outside Minnesota;

(7) payments received from the chemical dependency fund under chapter 254B;

(8) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(9) payments received for providing patient services incurred through a formal program of health care research conducted in conformity with federal regulations governing research on human subjects. Payments received from patients or from other persons paying on behalf of the patients are subject to tax;

(10) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer or payments made by the government for services provided under general assistance medical care, the MinnesotaCare program, or the medical assistance program governed by title XIX of the federal Social Security Act, United States Code, title 42, sections 1396 to 1396v;

(11) government payments received by the commissioner of human services for state-operated services;

(12) payments received by a health care provider for hearing aids and related equipment or prescription eyewear delivered outside of Minnesota;

(13) payments received by an educational institution from student tuition, student activity fees, health care service fees, government appropriations, donations, or grants, and for services identified in and provided under an individualized education plan as defined in section 256B.0625 or Code of Federal Regulations, chapter 34, section 300.340(a). Fee for service payments and payments for extended coverage are taxable;

(14) payments received under the federal Employees Health Benefits Act, United States Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990. Enrollee deductibles, coinsurance, and co-payments are subject to tax; ~~and~~

(15) payments received under the federal Tricare program, Code of Federal Regulations, title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and co-payments are subject to tax; ~~and~~

(16) payments for laboratory services to examine and report results for a biological specimen that is collected outside the state. The entity claiming the exemption is required to keep adequate records demonstrating that the specimen was collected outside the state, so that the commissioner can ensure that the correct amount of tax is paid.

(b) Payments received by wholesale drug distributors for legend drugs sold directly to veterinarians or veterinary bulk purchasing organizations are excluded from the gross revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

EFFECTIVE DATE. This section is effective for gross revenues received from laboratory services provided on or after July 1, 2013.

Sec. 3. Minnesota Statutes 2010, section 297A.61, subdivision 4, is amended to read:

Subd. 4. **Retail sale.** (a) A "retail sale" means any sale, lease, or rental for any purpose, other than resale, sublease, or subrent of items by the purchaser in the normal course of business as defined in subdivision 21.

(b) A sale of property used by the owner only by leasing it to others or by holding it in an effort to lease it, and put to no use by the owner other than resale after the lease or effort to lease, is a sale of property for resale.

(c) A sale of master computer software that is purchased and used to make copies for sale or lease is a sale of property for resale.

(d) A sale of building materials, supplies, and equipment to owners, contractors, subcontractors, or builders for the erection of buildings or the alteration, repair, or improvement of real property is a retail sale in whatever quantity sold, whether the sale is for purposes of resale in the form of real property or otherwise.

(e) A sale of carpeting, linoleum, or similar floor covering to a person who provides for installation of the floor covering is a retail sale and not a sale for resale since a sale of floor covering which includes installation is a contract for the improvement of real property.

(f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides for installation of the items is a retail sale and not a sale for resale since a sale of shrubbery, plants, sod, trees, and similar items that includes installation is a contract for the improvement of real property.

(g) A sale of tangible personal property that is awarded as prizes is a retail sale and is not considered a sale of property for resale.

(h) A sale of tangible personal property utilized or employed in the furnishing or providing of services under subdivision 3, paragraph (g), clause (1), including, but not limited to, property given as promotional items, is a retail sale and is not considered a sale of property for resale.

(i) A sale of tangible personal property used in conducting lawful gambling under chapter 349 or the State Lottery under chapter 349A, including, but not limited to, property given as promotional items, is a retail sale and is not considered a sale of property for resale.

(j) A sale of machines, equipment, or devices that are used to furnish, provide, or dispense goods or services, including, but not limited to, coin-operated devices, is a retail sale and is not considered a sale of property for resale.

(k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease payment becomes due under the terms of the agreement or the trade practices of the lessor ~~or~~; (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is executed; or (3) for rent-to-own or lease-to-own used vehicles where the lessee may purchase or return the vehicle at any time without penalty, at the time each payment is made under the terms of the agreement.

(l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of title or possession of the tangible personal property.

(m) A sale of a bundled transaction in which one or more of the products included in the bundle is a taxable product is a retail sale, except that if one of the products is a telecommunication service, ancillary service, Internet access, or audio or video programming service, and the seller has maintained books and records identifying through reasonable and verifiable standards the portions of the price that are attributable to the distinct and separately identifiable products, then the products are not considered part of a bundled transaction. For purposes of this paragraph:

(1) the books and records maintained by the seller must be maintained in the regular course of business, and do not include books and records created and maintained by the seller primarily for tax purposes;

(2) books and records maintained in the regular course of business include, but are not limited to, financial statements, general ledgers, invoicing and billing systems and reports, and reports for regulatory tariffs and other regulatory matters; and

(3) books and records are maintained primarily for tax purposes when the books and records identify taxable and nontaxable portions of the price, but the seller maintains other books and records that identify different prices attributable to the distinct products included in the same bundled transaction.

EFFECTIVE DATE. This section is effective for leases entered into after June 30, 2012.

Sec. 4. Minnesota Statutes 2010, section 297A.67, subdivision 7, is amended to read:

Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical devices for human use are exempt:

(1) drugs, including over-the-counter drugs;

(2) single-use finger-pricking devices for the extraction of blood and other single-use devices and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes;

(3) insulin and medical oxygen for human use, regardless of whether prescribed or sold over the counter;

(4) prosthetic devices;

(5) durable medical equipment for home use only;

(6) mobility enhancing equipment;

(7) prescription corrective eyeglasses; and

(8) kidney dialysis equipment, including repair and replacement parts.

(b) Items purchased in transactions covered by:

(1) Medicare as defined under title XVIII of the Social Security Act, United States Code, title 42, sections 1395, et seq.; or

(2) Medicaid as defined under title XIX of the Social Security Act, United States Code, title 42, sections 1396, et seq., are exempt.

~~(b)~~ (c) For purposes of this subdivision:

(1) "Drug" means a compound, substance, or preparation, and any component of a compound, substance, or preparation, other than food and food ingredients, dietary supplements, or alcoholic beverages that is:

(i) recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;

(ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease; or

(iii) intended to affect the structure or any function of the body.

(2) "Durable medical equipment" means equipment, including repair and replacement parts, including single patient use items, but not including mobility enhancing equipment, that:

(i) can withstand repeated use;

(ii) is primarily and customarily used to serve a medical purpose;

(iii) generally is not useful to a person in the absence of illness or injury; and

(iv) is not worn in or on the body.

For purposes of this clause, "repair and replacement parts" includes all components or attachments used in conjunction with the durable medical equipment, ~~but does not include~~ including repair and replacement parts which are for single patient use only.

(3) "Mobility enhancing equipment" means equipment, including repair and replacement parts, but not including durable medical equipment, that:

(i) is primarily and customarily used to provide or increase the ability to move from one place to another and that is appropriate for use either in a home or a motor vehicle;

(ii) is not generally used by persons with normal mobility; and

(iii) does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

(4) "Over-the-counter drug" means a drug that contains a label that identifies the product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The label must include a "drug facts" panel or a statement of the active ingredients with a list of those ingredients contained in the compound, substance, or preparation. Over-the-counter drugs do not include grooming and hygiene products, regardless of whether they otherwise meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

(5) "Prescribed" and "prescription" means a direction in the form of an order, formula, or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed health care professional.

(6) "Prosthetic device" means a replacement, corrective, or supportive device, including repair and replacement parts, worn on or in the body to:

(i) artificially replace a missing portion of the body;

- (ii) prevent or correct physical deformity or malfunction; or
- (iii) support a weak or deformed portion of the body.

Prosthetic device does not include corrective eyeglasses.

(7) "Kidney dialysis equipment" means equipment that:

(i) is used to remove waste products that build up in the blood when the kidneys are not able to do so on their own; and

(ii) can withstand repeated use, including multiple use by a single patient, notwithstanding the provisions of clause (2).

(8) A transaction is covered by Medicare or Medicaid if any portion of the cost of the item purchased in the transaction is paid for or reimbursed by the federal government or the state of Minnesota pursuant to the Medicare or Medicaid program, by a private insurance company administering the Medicare or Medicaid program on behalf of the federal government or the state of Minnesota, or by a managed care organization for the benefit of a patient enrolled in a prepaid program that furnishes medical services in lieu of conventional Medicare or Medicaid coverage pursuant to agreement with the federal government or the state of Minnesota.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2012.

Sec. 5. Minnesota Statutes 2010, section 297A.67, is amended by adding a subdivision to read:

Subd. 7a. **Accessories and supplies.** Accessories and supplies required for the effective use of durable medical equipment for home use only, or purchased in a transaction covered by Medicare or Medicaid, that are not already exempt under subdivision 7 are exempt. Accessories and supplies for the effective use of a prosthetic device that are not already exempt under subdivision 7 are exempt. For purposes of this subdivision, "durable medical equipment," "prosthetic device," "Medicare," and "Medicaid" have the meanings given in subdivision 7.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2012.

Sec. 6. Minnesota Statutes 2010, section 297A.68, subdivision 5, is amended to read:

Subd. 5. **Capital equipment.** (a) Capital equipment is exempt. Except as provided in paragraphs (e) and (f), the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

"Capital equipment" means machinery and equipment purchased or leased, and used in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or refining tangible personal property to be sold ultimately at retail if the machinery and equipment are essential to the integrated production process of manufacturing, fabricating, mining, or refining. Capital equipment also includes machinery and equipment used primarily to electronically transmit results retrieved by a customer of an online computerized data retrieval system.

(b) Capital equipment includes, but is not limited to:

- (1) machinery and equipment used to operate, control, or regulate the production equipment;
- (2) machinery and equipment used for research and development, design, quality control, and

testing activities;

(3) environmental control devices that are used to maintain conditions such as temperature, humidity, light, or air pressure when those conditions are essential to and are part of the production process;

(4) materials and supplies used to construct and install machinery or equipment;

(5) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to machinery or equipment;

(6) materials used for foundations that support machinery or equipment;

(7) materials used to construct and install special purpose buildings used in the production process;

(8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed as part of the delivery process regardless if mounted on a chassis, repair parts for ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and

(9) machinery or equipment used for research, development, design, or production of computer software.

(c) Capital equipment does not include the following:

(1) motor vehicles taxed under chapter 297B;

(2) machinery or equipment used to receive or store raw materials;

(3) building materials, except for materials included in paragraph (b), clauses (6) and (7);

(4) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: plant security, fire prevention, first aid, and hospital stations; support operations or administration; pollution control; and plant cleaning, disposal of scrap and waste, plant communications, space heating, cooling, lighting, or safety;

(5) farm machinery and aquaculture production equipment as defined by section 297A.61, subdivisions 12 and 13;

(6) machinery or equipment purchased and installed by a contractor as part of an improvement to real property;

(7) machinery and equipment used by restaurants in the furnishing, preparing, or serving of prepared foods as defined in section 297A.61, subdivision 31;

(8) machinery and equipment used to furnish the services listed in section 297A.61, subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

(9) machinery or equipment used in the transportation, transmission, or distribution of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines, tanks, mains, or other means of transporting those products. This clause does not apply to machinery or equipment used to blend petroleum or biodiesel fuel as defined in section 239.77; or

(10) any other item that is not essential to the integrated process of manufacturing, fabricating,

mining, or refining.

(d) For purposes of this subdivision:

(1) "Equipment" means independent devices or tools separate from machinery but essential to an integrated production process, including computers and computer software, used in operating, controlling, or regulating machinery and equipment; and any subunit or assembly comprising a component of any machinery or accessory or attachment parts of machinery, such as tools, dies, jigs, patterns, and molds.

(2) "Fabricating" means to make, build, create, produce, or assemble components or property to work in a new or different manner.

(3) "Integrated production process" means a process or series of operations through which tangible personal property is manufactured, fabricated, mined, or refined. For purposes of this clause, (i) manufacturing begins with the removal of raw materials from inventory and ends when the last process prior to loading for shipment has been completed; (ii) fabricating begins with the removal from storage or inventory of the property to be assembled, processed, altered, or modified and ends with the creation or production of the new or changed product; (iii) mining begins with the removal of overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and ends when the last process before stockpiling is completed; and (iv) refining begins with the removal from inventory or storage of a natural resource and ends with the conversion of the item to its completed form.

(4) "Machinery" means mechanical, electronic, or electrical devices, including computers and computer software, that are purchased or constructed to be used for the activities set forth in paragraph (a), beginning with the removal of raw materials from inventory through completion of the product, including packaging of the product.

(5) "Machinery and equipment used for pollution control" means machinery and equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity described in paragraph (a).

(6) "Manufacturing" means an operation or series of operations where raw materials are changed in form, composition, or condition by machinery and equipment and which results in the production of a new article of tangible personal property. For purposes of this subdivision, "manufacturing" includes the generation of electricity or steam to be sold at retail.

(7) "Mining" means the extraction of minerals, ores, stone, or peat.

(8) "Online data retrieval system" means a system whose cumulation of information is equally available and accessible to all its customers.

(9) "Primarily" means machinery and equipment used 50 percent or more of the time in an activity described in paragraph (a).

(10) "Refining" means the process of converting a natural resource to an intermediate or finished product, including the treatment of water to be sold at retail.

(11) This subdivision does not apply to telecommunications equipment as provided in subdivision 35, and does not apply to wire, cable, fiber, poles, or conduit for telecommunications

services.

(e) Materials exempt under this section may be purchased without imposing and collecting the tax and applying for a refund under section 297A.75, if:

(1) for calendar years 2013 and 2014, the purchaser employed not more than 20 full-time employees at any time during calendar year 2010 and was not an affiliate or subsidiary of a business dominant in its field of operation; and

(2) for calendar year 2015, the purchaser employed not more than 50 full-time employees at any time during calendar year 2010 and was not an affiliate or subsidiary of a business dominant in its field of operation.

(f) For calendar year 2016 and thereafter, all purchases exempt under this section may be purchased without imposing and collecting the tax and applying the refund under section 297A.75.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2012.

Sec. 7. Minnesota Statutes 2011 Supplement, section 297A.68, subdivision 42, is amended to read:

Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology equipment and computer software for use in a qualified data center are exempt. The tax on purchases exempt under this paragraph must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30, 2013, in the manner provided in section 297A.75. This exemption includes enterprise information technology equipment and computer software purchased to replace or upgrade enterprise information technology equipment and computer software in a qualified data center.

(b) Electricity used or consumed in the operation of a qualified data center is exempt.

(c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

(1) that is comprised of one or more buildings that consist in the aggregate of at least 30,000 square feet, and that are located on a single parcel or on contiguous parcels, where the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software is at least ~~\$50,000,000~~ \$30,000,000 within a ~~24-month~~ three-year period;

(2) that is constructed or substantially refurbished after June 30, 2012, where "substantially refurbished" means that at least 30,000 square feet have been rebuilt or modified; and

(3) that is used to house enterprise information technology equipment, where the facility has the following characteristics:

(i) uninterruptible power supplies, generator backup power, or both;

(ii) sophisticated fire suppression and prevention systems; and

(iii) enhanced security. A facility will be considered to have enhanced security if it has restricted access to the facility to selected personnel; permanent security guards; video camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans, such as hand scans and

retinal or fingerprint recognition; or similar security features.

In determining whether the facility has the required square footage, the square footage of the following spaces shall be included if the spaces support the operation of enterprise information technology equipment: office space, meeting space, and mechanical and other support facilities.

(d) For purposes of this subdivision, "enterprise information technology equipment" means computers and equipment supporting computing, networking, or data storage, including servers and routers. It includes, but is not limited to: cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity used for the maintenance and operation of a qualified data center, including but not limited to exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the maintenance and operation of the qualified data center.

(e) A qualified data center may claim the exemptions in this subdivision for purchases made either within 20 years of the date of its first purchase qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

(f) The purpose of this exemption is to create jobs in the construction and data center industries.

(g) This subdivision is effective for sales and purchases made after June 30, 2012, and before July 1, 2042.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2012.

Sec. 8. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

- ~~(1)~~ ~~capital equipment exempt under section 297A.68, subdivision 5;~~
- ~~(2)~~ (1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- ~~(3)~~ (2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- ~~(4)~~ (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- ~~(5)~~ (4) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- ~~(6)~~ (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- ~~(7)~~ (6) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;
- ~~(8)~~ (7) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;

~~(9)~~ (8) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;

~~(10)~~ (9) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;

~~(11)~~ (10) tangible personal property and taxable services and construction materials, supplies, and equipment exempt under section 297A.68, subdivision 41;

~~(12)~~ (11) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, clause (11);

~~(13)~~ (12) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;

~~(14)~~ (13) materials, supplies, and equipment for construction or improvement of a meat processing facility exempt under section 297A.71, subdivision 41;

~~(15)~~ (14) materials, supplies, and equipment for construction, improvement, or expansion of an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42; and

~~(16)~~ (15) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2015.

Sec. 9. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses ~~(1) to (3)~~ (2), the applicant must be the purchaser;

(2) for subdivision 1, clauses ~~(4) (3)~~ (3) and ~~(7) (6)~~, the applicant must be the governmental subdivision;

(3) for subdivision 1, clause ~~(5) (4)~~, the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause ~~(6) (5)~~, the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause ~~(8) (7)~~, the owner of the qualified low-income housing project;

(6) for subdivision 1, clause ~~(9) (8)~~, the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (9), (10), ~~(11) (13)~~, (14), and (15), ~~and (16)~~, the owner of the qualifying business; and

(8) for subdivision 1, clauses (11) and (12) ~~and (13)~~, the applicant must be the governmental entity that owns or contracts for the project or facility.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2015.

Sec. 10. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clause (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), or (15), ~~or (16),~~ the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2015.

Sec. 11. Minnesota Statutes 2010, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this subdivision, "net revenue" means an amount equal to:

(1) the revenues, including interest and penalties, collected under this section and on the leases under section 297A.61, subdivision 4, paragraph (k), clause (3), during the fiscal year; less

(2) in fiscal year 2011, \$30,100,000; in fiscal year 2012, \$31,100,000; and in fiscal year 2013 and following fiscal years, \$32,000,000.

(b) On or before June 30 of each fiscal year, the commissioner of revenue shall estimate the amount of the revenues and subtraction under paragraph (a) for the current fiscal year.

(c) On or after July 1 of the subsequent fiscal year, the commissioner of management and budget shall transfer the net revenue as estimated in paragraph (b) from the general fund, as follows:

(1) 50 percent to the greater Minnesota transit account; and

(2) 50 percent to the county state-aid highway fund. Notwithstanding any other law to the contrary, the commissioner of transportation shall allocate the funds transferred under this clause to the counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of such amount the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this clause.

(d) For fiscal years 2010 and 2011, the amount under paragraph (a), clause (1), must be calculated using the following percentages of the total revenues:

- (1) for fiscal year 2010, 83.75 percent; and
- (2) for fiscal year 2011, 93.75 percent.

EFFECTIVE DATE. This section is effective for leases entered into after June 30, 2012.

Sec. 12. Minnesota Statutes 2011 Supplement, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10 when that vehicle is equipped and specifically intended for emergency response or for providing ambulance service;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax; ~~and~~

(14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

(i) described in section 501(c)(3) of the Internal Revenue Code; and

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

(15) purchase of a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2010.

Sec. 13. **REPEALER.**

Minnesota Statutes 2011 Supplement, section 289A.60, subdivision 31, is repealed.

EFFECTIVE DATE. This section is effective for taxes due and payable after June 30, 2012.

ARTICLE 3

PROPERTY TAX

Section 1. Minnesota Statutes 2010, section 6.91, subdivision 2, is amended to read:

Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in the standard measures program for 2011 is: (1) eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity; and (2) exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if levy limits are in effect.

(b) Any county or city that elects to participate in the standard measures program for 2012 is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity, provided that for 2012, a county or city with a population over 2,500 must also participate in the expenditure-type reporting under section 471.703 in order to be eligible. Any jurisdiction participating in the comprehensive performance measurement program is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2013 if levy limits are in effect.

(c) Any county or city that elects to participate in the standard measures program for 2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity. Any jurisdiction participating in the comprehensive performance measurement program for 2013 or any year thereafter is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following year, if levy limits are in effect.

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

Sec. 2. Minnesota Statutes 2011 Supplement, section 124D.4531, subdivision 1, is amended to read:

Subdivision 1. **Career and technical levy.** (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified may levy an amount equal to the greater of:

(1) \$80 times the district's average daily membership in grades 9 through 12 for the fiscal year in which the levy is certified; or

(2) 35 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

(i) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year, including extended contracts, for services rendered in the district's approved career and technical education programs;

(ii) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

(iii) necessary travel between instructional sites by licensed career and technical education personnel;

(iv) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(v) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(vi) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

(vii) specialized vocational instructional supplies.

(b) Up to ten percent of a district's career and technical levy may be spent on equipment purchases. Districts using the career and technical levy for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

(c) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

~~(d) The amount of the levy certified under this subdivision may not exceed \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and \$15,545,000 for taxes payable in 2014.~~

~~(e) If the estimated levy exceeds the amount in paragraph (d), the commissioner must reduce the percentage in paragraph (a), clause (2), until the estimated levy no longer exceeds the limit in paragraph (d).~~

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and later.

Sec. 3. Minnesota Statutes 2011 Supplement, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. **To lease building or land.** (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of

paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

- (1) the school district has been experiencing pupil enrollment growth in the preceding five years;
- (2) the purpose of the increased levy is in the long-term public interest;
- (3) the purpose of the increased levy promotes colocation of government services; and
- (4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed \$43 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

(i) In addition to the allowable capital levies in paragraph (a), for taxes payable in 2012 to 2023, a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease agreement to finance improvements to a building and land for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e). The total levy authority under this paragraph shall not exceed \$632,000.

(j) In addition to the allowable capital levies in paragraph (a), a school district that is a member of the St. Croix River Education District that finds it economically advantageous to enter into a lease purchase agreement for a building and land for the St. Croix River Education District may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e). The authority under this paragraph is effective for taxes payable in 2013 to 2028.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and later.

Sec. 4. Minnesota Statutes 2010, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial

property and seasonal residential recreational property, as defined in this section. The state general levy base amount for commercial-industrial property is ~~\$592,000,000~~ \$742,000,000 for taxes payable in ~~2002~~ 2013 through 2016. The state general levy base amount for seasonal recreational property is \$41,200,000 for taxes payable in 2013 through 2016. ~~For taxes payable in subsequent years, the levy base amount is increased each year by multiplying the levy base amount for the prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to the year the taxes are payable.~~ For taxes payable in 2017, the state general levy is \$668,700,000 for commercial-industrial property and \$36,450,000 for seasonal residential recreational property. For taxes payable in 2018, the state general levy is \$594,400,000 for commercial-industrial property and \$32,400,000 for seasonal residential recreational property. For taxes payable in 2019, the state general levy is \$520,100,000 for commercial-industrial property and \$28,350,000 for seasonal residential recreational property. For taxes payable in 2020, the state general levy is \$445,800,000 for commercial-industrial property and \$24,300,000 for seasonal residential recreational property. For taxes payable in 2021, the state general levy is \$371,500,000 for commercial-industrial property and \$20,250,000 for seasonal residential recreational property. For taxes payable in 2022, the state general levy is \$297,200,000 for commercial-industrial property and \$16,200,000 for seasonal residential recreational property. For taxes payable in 2023, the state general levy is \$222,900,000 for commercial-industrial property and \$12,150,000 for seasonal residential recreational property. For taxes payable in 2024, the state general levy is \$148,600,000 for commercial-industrial property and \$8,100,000 for seasonal residential recreational property. For taxes payable in 2025, the state general levy is \$74,300,000 for commercial-industrial property and \$4,050,000 for seasonal residential recreational property. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

- (1) an erroneous report of taxable value by a local official;
- (2) an erroneous calculation by the commissioner; and
- (3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89 for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than \$100,000.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and thereafter.

Sec. 5. Minnesota Statutes 2010, section 275.025, subdivision 4, is amended to read:

Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety-five percent~~ The state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform rate to all seasonal residential

recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy ~~rate~~ rates to each county auditor that shall be used in spreading taxes.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and thereafter.

Sec. 6. Minnesota Statutes 2010, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year. All counties and home rule charter or statutory cities with a population of more than 2,500, shall also provide to the county auditor the county or city Web site, if there is one, where the public is able to access the budget information required to be reported under section 471.703.

(b) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

(e) At the meeting at which the taxing authority, other than a town, adopts its proposed tax levy under paragraph (a) or (b), the taxing authority shall announce the time and place of its subsequent regularly scheduled meetings at which the budget and levy will be discussed and at which the public will be allowed to speak. ~~The time and place of those meetings~~ The following information must be included in the proceedings or summary of proceedings published in the official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191:

(1) the time and place of the meetings described in this paragraph; and

(2) a statement that the budget information required to be reported under section 471.703 is

available on the county or city Web site, if there is one.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 7. Minnesota Statutes 2010, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. The notice must clearly state for each city that has a population over 500, county, school district, regional library authority established under section 134.201, and metropolitan taxing districts as defined in paragraph (i), the time and place of a meeting for each taxing authority in which the budget and levy will be discussed and public input allowed, prior to the final budget and levy determination. The notice must clearly state for each county and for each city with a population of more than 2,500 that the budget information required to be reported under section 471.703 is available on the county or city Web site, if there is one. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public must be allowed to speak at that meeting, which must occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice and an address where comments will be received by mail, except that no notice required under this section shall be interpreted as requiring the printing of a personal telephone number or address as the contact information for a taxing authority. If a taxing authority does not maintain public offices where telephone calls can be received by the authority, the authority may inform the county of the lack of a public telephone number and the county shall not list a telephone number for that taxing authority.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, net of the residential and agricultural homestead credit under section 273.1384, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and

the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 8. Minnesota Statutes 2010, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead increase more than 12 percent over the property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed an additional refund equal to ~~60~~ 75 percent of the amount of the increase over the greater of 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision "gross property taxes payable" means property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

(d) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

EFFECTIVE DATE. This section is effective beginning with refunds based on taxes payable in 2012.

Sec. 9. **[471.703] EXPENDITURE TYPE REPORTING.**

Subdivision 1. **Purpose.** In order to facilitate involvement of the public in local government budgeting, municipalities shall provide the following budgetary information on a municipal Web site, except as provided in subdivision 4, and publicize the availability of this information as part of the property tax and budget notices required in section 275.065.

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

(b) "Municipality" means a county or a home rule charter or statutory city with a population of more than 2,500.

(c) "Population" means the population of the municipality as established by the last federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council pursuant to section 473.24, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year, and which has been certified to the commissioner of revenue on or before July 15 of the year in which the information is required to be reported.

Subd. 3. **Electronic budgetary information.** (a) By July 31 of each year, a municipality shall publish on its Web site, except as provided in subdivision 4, four years of budget information on both revenues and expenditures organized by function and by expenditure type. The four years shall include actual data from the three most recently concluded budget years and estimated data for the current budget year.

(b) In addition to publications required by paragraph (a), the municipality must publish the adopted final budget on the municipal Web site within 14 days of adoption of the final budget. The published final budget must include information on both revenues and expenditures organized by function and by expenditure type. The final budget must remain on the municipal Web site for one year, or until replaced by the next final budget.

(c) The governmental funds included in the budget information required under this section shall include the municipality's general fund, debt service fund, and special revenue funds, except for special revenue funds specifically used for the acquisition and construction of major capital facilities. The reported information shall also exclude enterprise funds and fiduciary funds.

(d) The forms and reporting requirements for revenues and expenditures by function shall be established by the state auditor's office and shall be based on the revenue and expenditure breakdowns used by that office in the five-year summary tables for annual revenue, expenditure, and debt reports for counties and cities with a population over 2,500, under section 6.75.

(e) The forms and reporting requirements for expenditures by expenditure type shall be established by the state auditor's office and at minimum shall include the following line items: employee costs, purchased services, supplies, central services, capital items, debt service, transfer to other funds, and miscellaneous; with employee costs further subdivided into the following items: wages and salaries, pensions, Social Security, health care, and other benefits. The state auditor shall consult with the commissioner of management and budget, city and county representatives, and members of the governmental accounting community in developing the definition of expenditure types for reporting purposes.

Subd. 4. **Alternative publication of budgetary information.** A municipality that does not maintain an official Web site must either (1) set up a separate Web site to make accessible the budgetary information as required in subdivision 3, or (2) publish the same information required in subdivision 3 by August 31 of each year in one issue of the official newspaper of the municipality. If a county publishes the information in its official newspaper it must also publish the same information in one other newspaper, if one of general circulation is located in a different city in the county than the official newspaper. The state auditor must prescribe the form for the newspaper notice.

Subd. 5. **Incentives.** In 2012 only, a city or county that complies with the requirement of this section and section 6.91, subdivision 1, shall receive the benefits pursuant to section 6.91, subdivision 2.

Subd. 6. **Penalties.** In 2013 and thereafter, failure of a municipality to provide the information required in this section shall result in the withholding of aids payable the following calendar year under sections 162.01 to 162.14, 423A.02, and 477A.011 to 477A.014.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 10. Minnesota Statutes 2011 Supplement, section 477A.013, subdivision 9, is amended to

read:

Subd. 9. **City aid distribution.** (a) In calendar year 2013 only, each city will receive an aid distribution equal to its aid distribution in 2012 under this section. In calendar year 2009 2014 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) ~~For aids payable in 2013 only, the total aid in the previous year for any city shall mean the amount of aid it was certified to receive for aids payable in 2012 under this section.~~ For aids payable in 2014 and thereafter, the total aid in the previous year for any city means the amount of aid it was certified to receive under this section in the previous payable year.

(c) For aids payable in ~~2010~~ 2014 and thereafter, the total aid for any city shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in ~~2009~~ 2014 and thereafter, the total aid for any city with a population of 2,500 or more may not be less than its total aid under this section in the previous year minus the lesser of \$10 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in ~~2010~~ 2014 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus the lesser of \$10 multiplied by its population, or five percent of its 2003 certified aid amount. ~~For aids payable in 2009 only, the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.~~

(e) A city's aid loss under this section may not exceed \$300,000 in any year in which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or greater than the appropriation under that subdivision in the previous year, unless the city has an adjustment in its city net tax capacity under the process described in section 469.174, subdivision 28.

(f) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2013 and thereafter.

Sec. 11. Minnesota Statutes 2011 Supplement, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** For aids payable in ~~2013~~ 2014 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$426,438,012.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2013 and thereafter.

Sec. 12. **CAREER AND TECHNICAL LEVY LIMITATION, PAYABLE IN 2012.**

Notwithstanding Minnesota Statutes, section 124D.4531, subdivision 1, the amount of the levy certified under Minnesota Statutes, section 124D.4531, subdivision 1, may not exceed \$17,850,000 for taxes payable in 2012.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 only.

Sec. 13. LEASE LEVY; ADMINISTRATIVE SPACE.

Subdivision 1. **Faribault.** Notwithstanding Minnesota Statutes, section 126C.40, subdivision 1, Independent School District No. 656, Faribault, may lease administrative space under Minnesota Statutes, section 126C.40, subdivision 1, if the district can demonstrate to the satisfaction of the commissioner of education that the administrative space is less expensive than instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under Minnesota Statutes, section 126C.40, subdivision 1, if the commissioner does not grant authority under this section. The resolution must also certify that a lease of administrative space under this section is less expensive than the district's proposed instructional lease. Levy authority under this section shall not exceed the total levy authority under Minnesota Statutes, section 126C.40, subdivision 1, paragraph (e).

Subd. 2. **Wayzata.** Notwithstanding Minnesota Statutes, section 126C.40, subdivision 1, Independent School District No. 284, Wayzata, may lease administrative space under Minnesota Statutes, section 126C.40, subdivision 1, if the district can demonstrate to the satisfaction of the commissioner of education that the administrative space is less expensive than instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under Minnesota Statutes, section 126C.40, subdivision 1, if the commissioner does not grant authority under this section. The resolution must also certify that a lease of administrative space under this section is less expensive than the district's proposed instructional lease. Levy authority under this section shall not exceed the total levy authority under Minnesota Statutes, section 126C.40, subdivision 1, paragraph (e).

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and later.

Sec. 14. ADMINISTRATION OF PROPERTY TAX REFUND CLAIMS; 2011.

In administering Minnesota Statutes, section 290A.04, subdivision 2h, for claims for additional refunds submitted using 60 percent of the gross homestead property tax increase exceeding 12 percent of income under prior law, the commissioner shall recalculate and pay the refund amounts using 75 percent of the tax increase exceeding 12 percent of income. The commissioner shall notify the claimant that the recalculation was mandated by action of the 2012 legislature.

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

Sec. 15. REPEALER.

(a) Minnesota Statutes 2010, section 275.025, subdivisions 1, 2, and 4, are repealed.

(b) Minnesota Statutes 2011 Supplement, section 275.025, subdivision 3, is repealed.

EFFECTIVE DATE. This section is effective for taxes payable in 2026 and thereafter.

ARTICLE 4**LOCAL DEVELOPMENT**

Section 1. Minnesota Statutes 2010, section 469.174, subdivision 2, is amended to read:

Subd. 2. **Authority.** "Authority" means a rural development financing authority created pursuant to sections 469.142 to 469.151; a housing and redevelopment authority created pursuant to sections 469.001 to 469.047; a port authority created pursuant to sections 469.048 to 469.068; an economic development authority created pursuant to sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to 469.165; a municipality that is administering a development district created pursuant to sections 469.124 to 469.134 or any special law; a municipality that undertakes a project pursuant to sections 469.152 to 469.165, except a town located outside the metropolitan area or with a population of 5,000 persons or less; a municipality that undertakes a project pursuant to subdivision 30; or a municipality that exercises the powers of a port authority pursuant to any general or special law.

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

Sec. 2. Minnesota Statutes 2010, section 469.174, subdivision 8, is amended to read:

Subd. 8. **Project.** "Project" means a project as described in section 469.142; an industrial development district as described in section 469.058, subdivision 1; an economic development district as described in section 469.101, subdivision 1; a project as defined in section 469.002, subdivision 12; a development district as defined in section 469.125, subdivision 9, or any special law; a mining reclamation project area as defined in subdivision 30; or a project as defined in section 469.153, subdivision 2, paragraph (a), (b), or (c).

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

Sec. 3. Minnesota Statutes 2010, section 469.174, subdivision 10, is amended to read:

Subd. 10. **Redevelopment district.** (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and ~~more than~~ 50 percent or more of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;

(2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;

(3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in section 115C.02, subdivision 15, if the tank facilities:

(i) have or had a capacity of more than 1,000,000 gallons;

(ii) are located adjacent to rail facilities; and

- (iii) have been removed or are unused, underused, inappropriately used, or infrequently used; or
- (4) a qualifying disaster area, as defined in subdivision 10b.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

(c) A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard. Items of evidence that support such a conclusion include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence. Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1). Failure of a building to be disqualified under the provisions of this paragraph is a necessary, but not a sufficient, condition to determining that the building is substandard.

(d) A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) or by the improvements described in paragraph (e) if all of the following conditions are met:

(1) the parcel was occupied by a substandard building or met the requirements of paragraph (e), as the case may be, within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;

(2) the substandard building or the improvements described in paragraph (e) were demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;

(3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building or met the requirements of paragraph (e) and that after demolition and clearance the authority intended to include the parcel within a district; and

(4) upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by section 469.177, subdivision 1, paragraph (f).

(e) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.

(f) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).

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

Sec. 4. Minnesota Statutes 2010, section 469.174, is amended by adding a subdivision to read:

Subd. 19a. **Soil deficiency district.** "Soil-deficiency district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that the following conditions exist:

(1) parcels consisting of 70 percent of the area of the district contain unusual terrain or soil deficiencies which require substantial filling, grading, or other physical preparation for use and a parcel is eligible for inclusion if at least 50 percent of the area of the parcel requires substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), but excluding costs directly related to roads as defined in section 160.01, and local improvements as described in sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before completion of the preparation.

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after April 30, 2012.

Sec. 5. Minnesota Statutes 2010, section 469.174, is amended by adding a subdivision to read:

Subd. 30. **Mining reclamation project area.** (a) An authority may designate an area within its jurisdiction by finding by resolution, that parcels consisting of at least 70 percent of the acreage, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of buildings or infrastructure;

(2) soils or terrain that requires substantial filling in order to permit the development of buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of section 469.174, subdivision 10.

(b) For the purposes of paragraph (a), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 50 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (a), clause (6), a parcel is characterized by substandard buildings if

substandard buildings occupy at least 30 percent of the area of the parcel.

(c) If the authority elects, upon the adoption of the tax increment financing plan for a district, the rules under paragraphs (d) and (e) apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the authority in a mining reclamation project area.

(d) Upon election of the authority under paragraph (c), for any district created in a mining reclamation project area, the five-year rule under section 469.1763, subdivision 3, is extended to ten years, and section 469.1763, subdivision 4, does not apply.

(e) Upon election by the authority under paragraph (c), notwithstanding any provision to the contrary in section 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the mining reclamation project area.

(f) For a soil deficiency district, except as otherwise provided in this subdivision, increments may be used only to:

(1) acquire parcels on which the improvements described in clause (2) will occur;

(2) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies;

(3) pay for the administrative expenses of the authority allocable to the district; and

(4) up to 25 percent of the increment may be used to pay costs as provided in section 469.176, subdivision 4j.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district, but within the project area, are deemed to satisfy the requirements of paragraph (f), and section 469.176, subdivisions 4b and 4j.

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after April 30, 2012.

Sec. 6. Minnesota Statutes 2010, section 469.176, subdivision 1b, is amended to read:

Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be paid to the authority:

(1) after 15 years after receipt by the authority of the first increment for a renewal and renovation district;

(2) after 20 years after receipt by the authority of the first increment for a soils condition district or a soil deficiency district;

(3) after eight years after receipt by the authority of the first increment for an economic development district;

(4) for a housing district, a compact development district, or a redevelopment district, after 25 years from the date of receipt by the authority of the first increment.

(b) For purposes of determining a duration limit under this subdivision or subdivision 1e that is based on the receipt of an increment, any increments from taxes payable in the year in which the district terminates shall be paid to the authority. This paragraph does not affect a duration limit calculated from the date of approval of the tax increment financing plan or based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

(c) An action by the authority to waive or decline to accept an increment has no effect for purposes of computing a duration limit based on the receipt of increment under this subdivision or any other provision of law. The authority is deemed to have received an increment for any year in which it waived or declined to accept an increment, regardless of whether the increment was paid to the authority.

(d) Receipt by a hazardous substance subdistrict of an increment as a result of a reduction in original net tax capacity under section 469.174, subdivision 7, paragraph (b), does not constitute receipt of increment by the overlying district for the purpose of calculating the duration limit under this section.

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after April 30, 2012.

Sec. 7. Minnesota Statutes 2011 Supplement, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the

geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, 4d, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that

(i) meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; ~~and~~

~~(2)~~ (ii) does not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

~~(3)~~ be (iii) is used to:

~~(i)~~ (A) acquire and prepare the site of the housing;

~~(ii)~~ (B) acquire, construct, or rehabilitate the housing; or

~~(iii)~~ (C) make public improvements directly related to the housing; or

~~(4)~~ (2) be used to develop housing:

(i) if the market value of the housing prior to demolition or rehabilitation does not exceed the lesser of:

(A) 150 percent of the average market value of single-family homes in that municipality; or

(B) \$200,000 for municipalities located in the metropolitan area, as defined in section 473.121, or \$125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, rehabilitation, and pollution abatement on one or more parcels, ~~if provided that the parcel contains a residence containing~~ is occupied by one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period stated in the notice provided under section 580.06 has expired with respect to which a mortgage was foreclosed under chapter 580, 581, or 582; any applicable redemption period has expired without redemption; and the authority or developer enters into a purchase agreement to acquire the parcel no earlier than 30 days after expiration of the redemption period.

(e) For a district created within a biotechnology and health sciences industry zone as defined in section 469.330, subdivision 6, or for an existing district located within such a zone, tax increment derived from such a district may be expended outside of the district but within the zone only for expenditures required for the construction of public infrastructure necessary to support the activities of the zone, land acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are considered as expenditures for activities within the district.

(f) The authority under paragraph (d), clause ~~(4)~~ (2), expires on December 31, 2016. Increments

may continue to be expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2016, is considered to be the last date of the five-year period after certification under that provision.

EFFECTIVE DATE. This section is effective for any district that is subject to the provisions of Minnesota Statutes, section 469.1763, regardless of when the request for certification was made.

Sec. 8. Laws 2008, chapter 366, article 5, section 34, as amended by Laws 2009, chapter 88, article 5, section 11, is amended to read:

Sec. 34. CITY OF OAKDALE; ORIGINAL TAX CAPACITY.

Subdivision 1. Original tax capacity election. (a) The provisions of this section apply to redevelopment tax increment financing districts created by the Housing and Redevelopment Authority in and for the city of Oakdale in the areas comprised of the parcels with the following parcel identification numbers: (1) 3102921320053; 3102921320054; 3102921320055; 3102921320056; 3102921320057; 3102921320058; 3102921320062; 3102921320063; 3102921320059; 3102921320060; 3102921320061; 3102921330005; and 3102921330004; and (2) 2902921330001 and 2902921330005.

(b) For a district subject to this section, the Housing and Redevelopment Authority may, when requesting certification of the original tax capacity of the district under Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district be certified as the tax capacity of the land.

(c) The authority to request certification of a district under this section expires on ~~July 1, 2013~~ December 31, 2017.

Subd. 2. Parcels deemed occupied. (a) Parcel numbers 3102921320054, 3102921320055, 3102921320056, 3102921320057, 3102921320061, and 3102921330004 are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), notwithstanding any contrary provisions of that paragraph, if the following conditions are met:

(1) a building located on any part of each of the specified parcels was demolished after the authority adopted a resolution under Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (3);

(2) the building was removed either by the authority, by a developer under a development agreement with the authority, or by the owner of the property without entering into a development agreement with the authority; and

(3) the request for certification of the parcel as part of a district is filed with the county auditor by December 31, 2017.

(b) The provisions of subdivision 1 apply to allow an election by the authority for the parcels deemed occupied under paragraph (a), notwithstanding the provisions of Minnesota Statutes, sections 469.174, subdivision 10, paragraph (d), and 469.177, subdivision 1, paragraph (f).

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 9. CITY OF APPLE VALLEY; USE OF TAX INCREMENT FINANCING.

Subdivision 1. **Developments consisting of building and ancillary facilities.** Notwithstanding Minnesota Statutes, section 469.176, subdivisions 4c and 4m, the city of Apple Valley may use tax increment financing to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if all of the following conditions are met:

(1) the city of Apple Valley finds that the project will create or retain jobs in Minnesota, including construction jobs;

(2) the city of Apple Valley finds that construction of the project will not commence before July 1, 2013, without the use of tax increment financing;

(3) the request for certification of the district is made no later than June 30, 2013;

(4) construction of the project begins no later than July 1, 2013; and

(5) for development of housing, construction of the project begins no later than December 31, 2012.

Subd. 2. **Extension of authority to spend tax increments.** Notwithstanding Minnesota Statutes, section 469.176, subdivision 4m, the city of Apple Valley has the authority to spend tax increments under Minnesota Statutes, section 469.176, subdivision 4m, until December 31, 2013.

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

Sec. 10. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING.

Notwithstanding Minnesota Statutes, section 469.176, or Laws 1996, chapter 464, article 1, section 8, or any other law to the contrary, the city of Bloomington and its port authority may extend the duration limits of tax increment financing district No. 1-G, containing the former Met Center property, including Lindau Lane and that portion of tax increment financing district No. 1-C north of the existing building line on Lot 1, Block 1, Mall of America 7th Addition, exclusive of Lots 2 and 3, through December 31, 2038.

EFFECTIVE DATE. This section is effective upon compliance of the governing body of the city of Bloomington with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 11. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING EXTENSION.

Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other law to the contrary, the city of Bloomington and its port authority may extend the duration limits of Tax Increment Financing District No. 1-I, containing the Bloomington Central Station property for a period through December 31, 2038.

EFFECTIVE DATE. This section is effective upon compliance of the governing body of the city of Bloomington with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 12. BROOKLYN PARK; TAX INCREMENT FINANCING.

Subdivision 1. **Temporary authority extended.** The Brooklyn Park Economic Development

Authority may exercise power under Minnesota Statutes, section 469.176, subdivision 4m, to assist in development of a hotel and an aquatic performance and wellness center located on parcel number 2911921340004 in the city of Brooklyn Park, if construction on some portion of that parcel commences before July 1, 2013. The authority to spend increments for those purposes expires on July 1, 2014.

Subd. 2. **Five-year rule.** The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for Tax Increment Financing District No. 23 in the city of Brooklyn Park if the activities were undertaken by July 1, 2014.

EFFECTIVE DATE. This section is effective upon compliance by the city of Brooklyn Park with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 13. DAKOTA COUNTY COMMUNITY DEVELOPMENT AUTHORITY; TAX INCREMENT FINANCING DISTRICT.

Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law, the Dakota County Community Development Authority may establish a redevelopment tax increment financing district comprised of the properties that (1) were included in the CDA 10 Robert and South Street district in the city of West St. Paul, and (2) were not decertified before July 1, 2012. The district created under this section terminates no later than December 31, 2027.

Subd. 2. **Special rules.** The requirements for qualifying a redevelopment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located within the district. Minnesota Statutes, section 469.176, subdivisions 4g, paragraph (c), clause (1), item (ii), 4j, and 4l, do not apply to the district. The original tax capacity of the district is \$93,239.

Subd. 3. **Authorized expenditures.** Tax increment from the district may be expended to pay for any eligible activities authorized by Minnesota Statutes, chapter 469, within the redevelopment area that includes the district. All such expenditures are deemed to be activities within the district under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must be included in the adjusted net tax capacity of the city, county, and school district for the purposes of determining local government aid, education aid, and county program aid. The county auditor shall report to the commissioner of revenue the amount of the captured tax capacity for the district at the time the assessment abstracts are filed.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the Dakota County Community Development Authority with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 14. ST. CLOUD ECONOMIC DEVELOPMENT AUTHORITY; EXPENDITURE OF FUND BALANCE.

Notwithstanding any other law to the contrary or the provisions of the tax increment financing plan, the economic development authority for the city of St. Cloud may authorize the expenditure of the balance of the tax increments from tax increment district no. 2, commonly referred to as the Norwest District, within the Central Area Urban Renewal Project area of the city. Eligible expenditures are for public infrastructure improvements, including but not limited to improvements

as further described in the city of St. Cloud's 2003 Comprehensive Plan and 1996 Downtown Streetscape Plan, which will further economic development in the Central Area Urban Renewal Project area of the city. All tax increments from tax increment financing district no. 2 expended are ratified and approved and are conclusively deemed to be spent in compliance with applicable law. Any funds remaining in tax increment financing district no. 2 must be expended pursuant to this section by December 31, 2015, or distributed as excess increments under Minnesota Statutes, section 469.176, subdivision 2.

EFFECTIVE DATE. This section is effective the day following final enactment, upon approval by the governing body of the city of St. Cloud and compliance with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 5

HOMESTEAD MARKET VALUE CLEANUP

Section 1. Minnesota Statutes 2010, section 38.18, is amended to read:

38.18 COUNTY FAIRGROUNDS; IMPROVEMENT AIDED.

~~Any~~ Each town, statutory city, or school district in this state, ~~now or hereafter~~ at any time having a an estimated market value of all its taxable property, ~~exclusive of money and credits~~, of more than \$105,000,000, and having a county fair located within its corporate limits, ~~is hereby authorized to aid in defraying~~ may pay part of the expense of improving ~~any such~~ the fairground, ~~by appropriating and paying over to the treasurer of the county owning the fairground such sum of money, not exceeding \$10,000, for each of the political subdivisions, as the its governing body of the town, statutory city, or school district may, by resolution, determine~~ determines to be for the best interest of the political subdivision. The ~~sums so appropriated to~~ amounts paid to the county must be used solely for the purpose of ~~aiding in the improvement of~~ to improve the fairground in ~~such~~ the manner as the county board of the county ~~shall determine~~ determines to be for the best interest of the county.

Sec. 2. Minnesota Statutes 2010, section 40A.15, subdivision 2, is amended to read:

Subd. 2. **Eligible recipients.** All counties within the state, municipalities that prepare plans and official controls instead of a county, and districts are eligible for assistance under the program. Counties and districts may apply for assistance on behalf of other municipalities. In order to be eligible for financial assistance a county or municipality must agree to levy at least 0.01209 percent of ~~taxable~~ estimated market value for agricultural land preservation and conservation activities or otherwise spend the equivalent amount of local money on those activities, or spend \$15,000 of local money, whichever is less.

Sec. 3. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

- (a) "Commissioner" means the commissioner of revenue.
- (b) "Municipality" means:
 - (1) a home rule charter or statutory city;

- (2) an organized town;
 - (3) a park district subject to chapter 398;
 - (4) the University of Minnesota;
 - (5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;
 - (6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;
 - (7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and
 - (8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.
- (c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.
- (d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.
- (e) "Estimated market value" means latest available estimated market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.
- (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.
- (g) "Peace officer" means any person:
- (1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;
 - (2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, clause (b);
 - (3) who is sworn to enforce the general criminal laws of the state and local ordinances;
 - (4) who is licensed by the Peace Officers Standards and Training Board and is authorized to

arrest with a warrant; and

(5) who is a member of the Minneapolis Police Relief Association, the State Patrol retirement plan, or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body. In a park district, the clerk is the secretary of the board of park district commissioners. In the case of the University of Minnesota, the clerk is that official designated by the Board of Regents. For the Metropolitan Airports Commission, the clerk is the person designated by the commission. For the Department of Natural Resources or the Department of Public Safety, the clerk is the respective commissioner. For a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person designated by the applicable American Indian tribal government.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

Sec. 4. Minnesota Statutes 2010, section 69.021, subdivision 7, is amended to read:

Subd. 7. Apportionment of fire state aid to municipalities and relief associations. (a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters relief association.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must receive the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the estimated market value of each fire town, including (1) the estimated market value of tax-exempt property and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the estimated market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments must be made to subsequent apportionments. In the case of municipalities or independent fire departments

qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and estimated market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the estimated market value of each service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state aid allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighters relief associations or covered by the voluntary statewide lump-sum volunteer firefighter retirement plan based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighters relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination. If a relief association is terminated as a result of providing retirement coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the number of active volunteer firefighters of the municipality covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor, but not to exceed 30 active firefighters, must be used in this determination.

(e) Unless the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment. If the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the executive director of the Public Employees Retirement Association and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent apportionments.

Sec. 5. Minnesota Statutes 2010, section 69.021, subdivision 8, is amended to read:

Subd. 8. **Population and estimated market value.** (a) In computations relating to fire state aid requiring the use of population figures, only official statewide federal census figures are to be used. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) In calculations relating to fire state aid requiring the use of estimated market value property figures, only the latest available estimated market value property figures may be used.

Sec. 6. Minnesota Statutes 2010, section 88.51, subdivision 3, is amended to read:

Subd. 3. **Determination of market value.** In determining the net tax capacity of property within any taxing district the value of the surface of lands within any auxiliary forest therein, as determined by the county board under the provisions of section 88.48, subdivision 3, shall, for all purposes except the levying of taxes on lands within any such forest, be deemed the estimated market value thereof.

Sec. 7. Minnesota Statutes 2010, section 103B.245, subdivision 3, is amended to read:

Subd. 3. **Tax.** After adoption of the ordinance under subdivision 2, a local government unit may annually levy a tax on all taxable property in the district for the purposes for which the tax district is established. The tax may not exceed 0.02418 percent of estimated market value on taxable property located in rural towns other than urban towns, unless allowed by resolution of the town electors. The proceeds of the tax shall be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve fund at the time the tax is terminated or the district is dissolved shall be transferred and irrevocably pledged to the debt service fund of the local unit to be used solely to reduce tax levies for bonded indebtedness of taxable property in the district.

Sec. 8. Minnesota Statutes 2010, section 103B.251, subdivision 8, is amended to read:

Subd. 8. **Tax.** (a) For the payment of principal and interest on the bonds issued under subdivision 7 and the payment required under subdivision 6, the county shall irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property located within the territory of the watershed management organization or subwatershed unit for which the bonds are issued. Each year until the reserve for payment of the bonds is sufficient to retire the bonds, the county shall levy on all taxable property in the territory of the organization or unit, without respect to any statutory or other limitation on taxes, an amount of taxes sufficient to pay principal and interest on the bonds and to restore any deficiencies in reserves required to be maintained for payment of the bonds.

(b) The tax levied on rural towns other than urban towns may not exceed 0.02418 percent of ~~taxable~~ estimated market value, unless approved by resolution of the town electors.

(c) If at any time the amounts available from the levy on property in the territory of the organization are insufficient to pay principal and interest on the bonds when due, the county shall make payment from any available funds in the county treasury.

(d) The amount of any taxes which are required to be levied outside of the territory of the watershed management organization or unit or taken from the general funds of the county to pay principal or interest on the bonds shall be reimbursed to the county from taxes levied within the territory of the watershed management organization or unit.

Sec. 9. Minnesota Statutes 2010, section 103B.635, subdivision 2, is amended to read:

Subd. 2. **Municipal funding of district.** (a) The governing body or board of supervisors of each municipality in the district must provide the funds necessary to meet its proportion of the total cost determined by the board, provided the total funding from all municipalities in the district for the costs shall not exceed an amount equal to .00242 percent of the total ~~taxable~~ estimated market value within the district, unless three-fourths of the municipalities in the district pass a resolution concurring to the additional costs.

(b) The funds must be deposited in the treasury of the district in amounts and at times as the treasurer of the district requires.

Sec. 10. Minnesota Statutes 2010, section 103B.691, subdivision 2, is amended to read:

Subd. 2. **Municipal funding of district.** (a) The governing body or board of supervisors of each municipality in the district shall provide the funds necessary to meet its proportion of the total cost to be borne by the municipalities as finally certified by the board.

(b) The municipality's funds may be raised by any means within the authority of the municipality. The municipalities may each levy a tax not to exceed .02418 percent of ~~taxable~~ estimated market value on the taxable property located in the district to provide the funds. The levy shall be within all other limitations provided by law.

(c) The funds must be deposited into the treasury of the district in amounts and at times as the treasurer of the district requires.

Sec. 11. Minnesota Statutes 2010, section 103D.905, subdivision 2, is amended to read:

Subd. 2. **Organizational expense fund.** (a) An organizational expense fund, consisting of an ad valorem tax levy, shall not exceed 0.01596 percent of ~~taxable~~ estimated market value, or \$60,000, whichever is less. The money in the fund shall be used for organizational expenses and preparation of the watershed management plan for projects.

(b) The managers may borrow from the affected counties up to 75 percent of the anticipated funds to be collected from the organizational expense fund levy and the counties affected may make the advancements.

(c) The advancement of anticipated funds shall be apportioned among affected counties in the same ratio as the net tax capacity of the area of the counties within the watershed district bears to the net tax capacity of the entire watershed district. If a watershed district is enlarged, an organizational expense fund may be levied against the area added to the watershed district in the same manner as provided in this subdivision.

(d) Unexpended funds collected for the organizational expense may be transferred to the administrative fund and used for the purposes of the administrative fund.

Sec. 12. Minnesota Statutes 2010, section 103D.905, subdivision 3, is amended to read:

Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may not exceed 0.048 percent of ~~taxable~~ estimated market value, or \$250,000, whichever is less. The money in the fund shall be used for general administrative expenses and for the construction or implementation and maintenance of projects of common benefit to the watershed district. The managers may make

an annual levy for the general fund as provided in section 103D.911. In addition to the annual general levy, the managers may annually levy a tax not to exceed 0.00798 percent of ~~taxable~~ estimated market value for a period not to exceed 15 consecutive years to pay the cost attributable to the basic water management features of projects initiated by petition of a political subdivision within the watershed district or by petition of at least 50 resident owners whose property is within the watershed district.

Sec. 13. Minnesota Statutes 2010, section 103D.905, subdivision 8, is amended to read:

Subd. 8. Survey and data acquisition fund. (a) A survey and data acquisition fund is established and used only if other funds are not available to the watershed district to pay for making necessary surveys and acquiring data.

(b) The survey and data acquisition fund consists of the proceeds of a property tax that can be levied only once every five years. The levy may not exceed 0.02418 percent of ~~taxable~~ estimated market value.

(c) The balance of the survey and data acquisition fund may not exceed \$50,000.

(d) In a subsequent proceeding for a project where a survey has been made, the attributable cost of the survey as determined by the managers shall be included as a part of the cost of the work and the sum shall be repaid to the survey and data acquisition fund.

Sec. 14. Minnesota Statutes 2010, section 117.025, subdivision 7, is amended to read:

Subd. 7. Structurally substandard. "Structurally substandard" means a building:

(1) that was inspected by the appropriate local government and cited for one or more enforceable housing, maintenance, or building code violations;

(2) in which the cited building code violations involve one or more of the following:

(i) a roof and roof framing element;

(ii) support walls, beams, and headers;

(iii) foundation, footings, and subgrade conditions;

(iv) light and ventilation;

(v) fire protection, including egress;

(vi) internal utilities, including electricity, gas, and water;

(vii) flooring and flooring elements; or

(viii) walls, insulation, and exterior envelope;

(3) in which the cited housing, maintenance, or building code violations have not been remedied after two notices to cure the noncompliance; and

(4) has uncured housing, maintenance, and building code violations, satisfaction of which would cost more than 50 percent of the ~~assessor's taxable~~ estimated market value for the building, excluding land value, as determined under section 273.11 for property taxes payable in the year in which the

condemnation is commenced.

A local government is authorized to seek from a judge or magistrate an administrative warrant to gain access to inspect a specific building in a proposed development or redevelopment area upon showing of probable cause that a specific code violation has occurred and that the violation has not been cured, and that the owner has denied the local government access to the property. Items of evidence that may support a conclusion of probable cause may include recent fire or police inspections, housing inspection, exterior evidence of deterioration, or other similar reliable evidence of deterioration in the specific building.

Sec. 15. Minnesota Statutes 2010, section 127A.48, subdivision 1, is amended to read:

Subdivision 1. **Computation.** The Department of Revenue must annually conduct an assessment/sales ratio study of the taxable property in each county, city, town, and school district in accordance with the procedures in subdivisions 2 and 3. Based upon the results of this assessment/sales ratio study, the Department of Revenue must determine an aggregate equalized net tax capacity for the various classes of taxable property in each taxing district, the aggregate of which tax capacity shall be is designated as the adjusted net tax capacity. The adjusted net tax capacity must be reduced by the captured tax capacity of tax increment districts under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be subtracted from the local tax base under section 273.425; and increased by fiscal disparities distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The Department of Revenue must make whatever estimates are necessary to account for changes in the classification system. The Department of Revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted net tax capacity. On or before March 15 annually, the Department of Revenue shall file with the chair of the Tax Committee of the house of representatives and the chair of the Committee on Taxes and Tax laws of the senate a report of adjusted net tax capacities for school districts. On or before June 15 annually, the Department of Revenue shall file its final report on the adjusted net tax capacities for school districts established by the previous year's assessments and the current year's net tax capacity percentages with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each school district involved and to the county assessor or supervisor of assessments of the county or counties in which each school district is located.

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

Sec. 16. Minnesota Statutes 2010, section 138.053, is amended to read:

138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.

The governing body of any home rule charter or statutory city or town may annually appropriate from its general fund an amount not to exceed 0.02418 percent of ~~taxable~~ estimated market value, derived from ad valorem taxes on property or other revenues, to be paid to the historical society of its respective county to be used for the promotion of historical work and to aid in defraying the expenses of carrying on the historical work in the county. No city or town may appropriate any funds for the benefit of any historical society unless the society is affiliated with and approved by

the Minnesota Historical Society.

Sec. 17. Minnesota Statutes 2010, section 144F.01, subdivision 4, is amended to read:

Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the taxable real and personal property in the district. The ad valorem tax levy may not exceed 0.048 percent of the ~~taxable~~ estimated market value of the district or \$400,000, whichever is less. The proceeds of the levy must be used as provided in subdivision 5. The board shall certify the levy at the times as provided under section 275.07. The board shall provide the county with whatever information is necessary to identify the property that is located within the district. If the boundaries include a part of a parcel, the entire parcel shall be included in the district. The county auditors must spread, collect, and distribute the proceeds of the tax at the same time and in the same manner as provided by law for all other property taxes.

Sec. 18. Minnesota Statutes 2010, section 162.07, subdivision 3, is amended to read:

Subd. 3. **Computation for rural counties.** An amount equal to a levy of 0.01596 percent on each rural county's total ~~taxable~~ estimated market value for the last preceding calendar year shall be computed and shall be subtracted from the county's total estimated construction costs. The result thereof shall be the money needs of the county. For the purpose of this section, "rural counties" means all counties having a population of less than 175,000.

Sec. 19. Minnesota Statutes 2010, section 162.07, subdivision 4, is amended to read:

Subd. 4. **Computation for urban counties.** An amount equal to a levy of 0.00967 percent on each urban county's total ~~taxable~~ estimated market value for the last preceding calendar year shall be computed and shall be subtracted from the county's total estimated construction costs. The result thereof shall be the money needs of the county. For the purpose of this section, "urban counties" means all counties having a population of 175,000 or more.

Sec. 20. Minnesota Statutes 2010, section 163.04, subdivision 3, is amended to read:

Subd. 3. **Bridges within certain cities.** When the council of any statutory city or city of the third or fourth class may determine that it is necessary to build or improve any bridge or bridges, including approaches thereto, and any dam or retaining works connected therewith, upon or forming a part of streets or highways either wholly or partly within its limits, the county board shall appropriate one-half of the money as may be necessary therefor from the county road and bridge fund, not exceeding during any year one-half the amount of taxes paid into the county road and bridge fund during the preceding year, on property within the corporate limits of the city. The appropriation shall be made upon the petition of the council, which petition shall be filed by the council with the county board prior to the fixing by the board of the annual county tax levy. The county board shall determine the plans and specifications, shall let all necessary contracts, shall have charge of construction, and upon its request, warrants in payment thereof shall be issued by the county auditor, from time to time, as the construction work proceeds. Any unpaid balance may be paid or advanced by the city. On petition of the council, the appropriations of the county board, during not to exceed three successive years, may be made to apply on the construction of the same items and to repay any money advanced by the city in the construction thereof. None of the provisions of this section shall be construed to be mandatory as applied to any city whose estimated market value exceeds \$2,100 per capita of its population.

Sec. 21. Minnesota Statutes 2010, section 163.06, subdivision 6, is amended to read:

Subd. 6. **Expenditure in certain counties.** In any county having not less than 95 nor more than 105 full and fractional townships, and having ~~a~~ an estimated market value of not less than \$12,000,000 nor more than \$21,000,000, ~~exclusive of money and credits~~, the county board, by resolution, may expend the funds provided in subdivision 4 in any organized or unorganized township or portion thereof in such county.

Sec. 22. Minnesota Statutes 2010, section 165.10, subdivision 1, is amended to read:

Subdivision 1. **Certain counties may issue and sell.** The county board of any county having no outstanding road and bridge bonds may issue and sell county road bonds in an amount not exceeding 0.12089 percent of the estimated market value of the taxable property within the county ~~exclusive of money and credits~~, for the purpose of constructing, reconstructing, improving, or maintaining any bridge or bridges on any highway under its jurisdiction, without submitting the matter to a vote of the electors of the county.

Sec. 23. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision to read:

Subd. 14. **Estimated market value.** "Estimated market value" means the assessor's determination of market value, including the effects of any orders made under section 270.12 or chapter 274, for the parcel. The provisions of section 273.032 apply for certain uses in determining the total estimated market value for the taxing jurisdiction.

Sec. 24. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision to read:

Subd. 15. **Taxable market value.** "Taxable market value" means estimated market value for the parcel as reduced by market value exclusions, deferments of value, or other adjustments, required by law, that reduce market value before the application of class rates.

Sec. 25. Minnesota Statutes 2010, section 273.032, is amended to read:

273.032 MARKET VALUE DEFINITION.

(a) Unless otherwise provided, for the purpose of determining any property tax levy limitation based on market value or any limit on net debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value, the terms "market value," "taxable estimated market value," and "market valuation," whether equalized or unequalized, mean the total taxable estimated market value of taxable property within the local unit of government before any of the following or similar adjustments for:

(1) the market value exclusions under:

(i) section 273.11, subdivisions 14a and 14c (vacant platted land);

(ii) section 273.11, subdivision 16 (certain improvements to homestead property);

(iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);

(iv) section 273.11, subdivision 21 (homestead property damaged by mold);

(v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);

(vi) section 273.13, subdivision 34 (homestead of a disabled veteran, spouse, or caregiver);

(vii) section 273.13, subdivision 35 (homestead market value exclusion); or

(2) the deferment of value under:

(i) the Minnesota Agricultural Property Tax Law, section 273.111;

(ii) the aggregate resource preservation law, section 273.1115;

(iii) the Minnesota Open Space Property Tax Law, section 273.112;

(iv) the rural preserves property tax program, section 273.114; or

(v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

(3) the adjustments to tax capacity for:

(i) tax increment, financing under sections 469.174 to 469.1794;

(ii) fiscal disparity, disparities under chapter 276A or 473F; or

(iii) powerline credit, or wind energy values, but after the limited market adjustments under section 273.11, subdivision 1a, and after the market value exclusions of certain improvements to homestead property under section 273.11, subdivision 16 under section 273.425.

(b) Estimated market value under paragraph (a) also includes the market value of tax exempt property if the applicable law specifically provides that the limitation, qualification, or aid calculation includes tax exempt property.

(c) Unless otherwise provided, "market value," "taxable estimated market value," and "market valuation" for purposes of this paragraph property tax levy limitations and calculation of state aid, refer to the taxable estimated market value for the previous assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the estimated market value as last finally equalized.

For the purpose of determining any net debt limit based on market value, or any limit on the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean the total taxable market value of property within the local unit of government before any adjustments for tax increment, fiscal disparity, powerline credit, or wind energy values, but after the limited market value adjustments under section 273.11, subdivision 1a, and after the market value exclusions of certain improvements to homestead property under section 273.11, subdivision 16. Unless otherwise provided, "market value," "taxable market value," and "market valuation" for purposes of this paragraph, mean the taxable market value as last finally equalized.

(d) For purposes of a provision of a home rule charter or of any special law that is not codified in the statutes and that imposes a levy limitation based on market value or any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

Sec. 26. Minnesota Statutes 2010, section 273.11, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Except as provided in this section or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash, if the material being mined or quarried is not subject to taxation under section 298.015 and the mine or quarry is not exempt from the general property tax under section 298.25. In valuing real property which is vacant, platted property shall be assessed as provided in ~~subdivision 14~~ subdivisions 14a and 14c. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Sec. 27. Minnesota Statutes 2010, section 273.13, subdivision 21b, is amended to read:

Subd. 21b. **Net tax capacity.** ~~(a) Gross tax capacity means the product of the appropriate gross class rates in this section and market values.~~

~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this section and taxable market values.

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

Sec. 28. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each taxing district within each unique taxing jurisdiction for taxes payable in the prior year shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for taxes payable in the year for which aid is being computed, to (2) its tax capacity using the class rates for taxes payable in the year prior to that for which aid is being computed, both based upon taxable market values for taxes payable in the year prior to that for which aid is being computed. If the commissioner determines that insufficient information is available to reasonably and timely calculate the numerator in this ratio for the first taxes payable year that a class rate change or new class rate is effective, the commissioner shall omit the effects of that class rate change or new class rate when calculating this ratio for aid payable in that taxes payable year. For aid payable in the year following a year for which such omission was made, the commissioner shall use in the denominator for the class that was changed or created, the tax capacity for taxes payable two years prior to that in which the aid is payable, based on taxable market values for taxes payable in the year prior to that for which aid is being computed.

Sec. 29. Minnesota Statutes 2010, section 273.1398, subdivision 4, is amended to read:

Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989, class 4a, class 3a, and class 3b property qualifies for a disparity reduction credit if: (1) the property is located in a border city that has an enterprise zone designated pursuant to section 469.168, subdivision 4; (2) the property is located in a city with a population greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city in the other state has a population of greater than 5,000 and less than 75,000 according to the 1980 decennial census.

(b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a property to 2.3 percent of the property's taxable market value and (ii) the tax on class 3a and class 3b property to 2.3 percent of taxable market value.

(c) The county auditor shall annually certify the costs of the credits to the Department of Revenue. The department shall reimburse local governments for the property taxes forgone as the result of the credits in proportion to their total levies.

Sec. 30. Minnesota Statutes 2010, section 275.011, subdivision 1, is amended to read:

Subdivision 1. **Determination of levy limit.** The property tax levied for any purpose under a special law that is not codified in Minnesota Statutes or a city charter provision and that is subject to a mill rate limitation imposed by the special law or city charter provision, excluding levies subject to mill rate limitations that use adjusted assessed values determined by the commissioner of revenue under section 124.2131, must not exceed the following amount for the years specified:

(a) for taxes payable in 1988, the product of the applicable mill rate limitation imposed by special law or city charter provision multiplied by the total assessed valuation of all taxable property subject to the tax as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(b) for taxes payable in 1989, the product of (1) the property tax levy limitation for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property subject to the tax divided by the assessment year 1987 total market valuation of all taxable property subject to the tax; and

(c) for taxes payable in 1990 and subsequent years, the product of (1) the property tax levy limitation for the previous year determined pursuant to this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property subject to the tax for the current assessment year divided by the total market valuation of all taxable property subject to the tax for the previous assessment year.

For the purpose of determining the property tax levy limitation for the taxes payable year ~~1988~~ 2013 and subsequent years under this subdivision, "total market valuation" means the ~~total estimated market valuation~~ value of all taxable property subject to the tax without valuation adjustments for fiscal disparities (chapters 276A and 473F), tax increment financing (sections 469.174 to 469.179), or powerline credit (section 273.425) as provided under section 273.032.

Sec. 31. Minnesota Statutes 2010, section 275.077, subdivision 2, is amended to read:

Subd. 2. **Correction of levy amount.** The difference between the correct levy and the erroneous levy shall be added to the township levy for the subsequent levy year; provided that if the amount of

the difference exceeds 0.12089 percent of ~~taxable~~ estimated market value, the excess shall be added to the township levy for the second and later subsequent levy years, not to exceed an additional levy of 0.12089 percent of ~~taxable~~ estimated market value in any year, until the full amount of the difference has been levied. The funds collected from the corrected levies shall be used to reimburse the county for the payment required by subdivision 1.

Sec. 32. Minnesota Statutes 2010, section 275.71, subdivision 4, is amended to read:

Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the adjusted levy limit base is equal to the levy limit base computed under subdivision 2 or section 275.72, multiplied by:

(1) one plus the percentage growth in the implicit price deflator, but the percentage shall not be less than zero or exceed 3.9 percent;

(2) one plus a percentage equal to 50 percent of the percentage increase in the number of households, if any, for the most recent 12-month period for which data is available; and

(3) one plus a percentage equal to 50 percent of the percentage increase in the ~~taxable~~ estimated market value of the jurisdiction due to new construction of class 3 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and railroad property, for the most recent year for which data is available.

Sec. 33. Minnesota Statutes 2011 Supplement, section 276.04, subdivision 2, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The tax statement must not state or imply that property tax credits are paid by the state of Minnesota. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value under section 273.11, subdivision 1;
- (2) the property's homestead market value exclusion under section 273.13, subdivision 35;
- (3) the property's taxable market value ~~after reductions under sections 273.11, subdivisions 1a and 16, and 273.13, subdivision 35~~ section 272.03, subdivision 15;
- (4) the property's gross tax, before credits;
- (5) for homestead agricultural properties, the credit under section 273.1384;
- (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and
- (7) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

Sec. 34. Minnesota Statutes 2010, section 276A.01, subdivision 10, is amended to read:

Subd. 10. **Adjusted market value.** "Adjusted market value" of real and personal property within a municipality means the ~~assessor's estimated taxable market value, as defined in section 272.03, of all real and personal property, including the value of manufactured housing, within the municipality. For purposes of sections 276A.01 to 276A.09, the commissioner of revenue shall annually make determinations and reports with respect to each municipality which are comparable to those it makes for school districts, adjusted for sales ratios in a manner similar to the adjustments made to city and town net tax capacities under section 127A.48, subdivisions 1 to 6, in the same manner and at the same times prescribed by the subdivision. The commissioner of revenue shall annually determine, for each municipality, information comparable to that required by section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes available. The commissioner of revenue shall then compute the equalized market value of property within each municipality.~~

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

Sec. 35. Minnesota Statutes 2010, section 276A.01, subdivision 12, is amended to read:

Subd. 12. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~ adjusted

market value, determined as of January 2 of any year, divided by its population, determined as of a date in the same year.

Sec. 36. Minnesota Statutes 2010, section 276A.01, subdivision 13, is amended to read:

Subd. 13. **Average fiscal capacity.** "Average fiscal capacity" of municipalities means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined as of January 2 of any year, divided by the sum of their populations, determined as of a date in the same year.

Sec. 37. Minnesota Statutes 2010, section 276A.01, subdivision 15, is amended to read:

Subd. 15. **Net tax capacity.** "Net tax capacity" means the taxable market value of real and personal property multiplied by its net tax capacity rates in section ~~273~~.13.

Sec. 38. Minnesota Statutes 2010, section 287.08, is amended to read:

287.08 TAX, HOW PAYABLE; RECEIPTS.

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

(b) The county treasurer may refund in whole or in part any mortgage registry tax overpayment if a written application by the taxpayer is submitted to the county treasurer within 3-1/2 years from the date of the overpayment. If the county has not issued a denial of the application, the taxpayer may bring an action in Tax Court in the county in which the tax was paid at any time after the expiration of six months from the time that the application was submitted. A denial of refund may be appealed within 60 days from the date of the denial by bringing an action in Tax Court in the county in which the tax was paid. The action is commenced by the serving of a petition for relief on the county treasurer, and by filing a copy with the court. The county attorney shall defend the action. The county treasurer shall notify the treasurer of each county that has or would receive a portion of the tax as paid.

(c) If the county treasurer determines a refund should be paid, or if a refund is ordered by the court, the county treasurer of each county that actually received a portion of the tax shall immediately pay a proportionate share of three percent of the refund using any available county funds. The county treasurer of each county that received, or would have received, a portion of the tax shall also pay their county's proportionate share of the remaining 97 percent of the court-ordered refund on or before the 20th day of the following month using solely the mortgage registry tax funds that would be paid to the commissioner of revenue on that date under section 287.12. If the funds on hand under this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in which the action was brought shall file a claim with the commissioner of

revenue under section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the remaining portion upon receipt of a warrant from the state issued pursuant to the claim.

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

(e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax collected for that purpose and the mortgagor is relieved of any further obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

Sec. 39. Minnesota Statutes 2010, section 287.23, subdivision 1, is amended to read:

Subdivision 1. **Real property outside county.** If any taxable deed or instrument describes any real property located in more than one county in this state, the total tax must be paid to the treasurer of the county where the document is first presented for recording, and the payment must be receipted as provided in section 287.08. If the net consideration exceeds \$700,000, the nonstate portion of the tax must be divided and paid over by the county treasurer receiving it, on or before the 20th day of each month after receipt, to the county or counties entitled in the ratio which the estimated market value of the real property covered by the document in each county bears to the estimated market value of all the real property in this state described in the document. In making the division and payment the county treasurer shall send a statement to the other involved counties giving the description of the real property described in the document and the estimated market value of the part located in each county. The treasurer of any county may require the treasurer of any other county to certify to the former the estimated market ~~valuation~~ value of any parcel of real property for this purpose.

Sec. 40. Minnesota Statutes 2010, section 353G.08, subdivision 2, is amended to read:

Subd. 2. **Cash flow funding requirement.** If the executive director determines that an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has insufficient assets to meet the service pensions determined payable from the account, the executive director shall certify the amount of the potential service pension shortfall to the municipality or municipalities and the municipality or municipalities shall make an additional employer contribution to the account within ten days of the certification. If more than one municipality is associated with the account, unless the municipalities agree to a different allocation, the municipalities shall allocate the additional employer contribution one-half in proportion to the population of each municipality and one-half in

proportion to the estimated market value of the property of each municipality.

Sec. 41. Minnesota Statutes 2010, section 365.025, subdivision 4, is amended to read:

Subd. 4. **Major purchases: notice, petition, election.** Before buying anything under subdivision 2 that costs more than 0.24177 percent of the estimated market value of the town, the town must follow this subdivision.

The town must publish in its official newspaper the board's resolution to pay for the property over time. Then a petition for an election on the contract may be filed with the clerk. The petition must be filed within ten days after the resolution is published. To require the election the petition must be signed by a number of voters equal to ten percent of the voters at the last regular town election. The contract then must be approved by a majority of those voting on the question. The question may be voted on at a regular or special election.

Sec. 42. Minnesota Statutes 2010, section 366.095, subdivision 1, is amended to read:

Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of indebtedness within the debt limits for a town purpose otherwise authorized by law. The certificates shall be payable in not more than ten years and be issued on the terms and in the manner as the board may determine. If the amount of the certificates to be issued exceeds 0.25 percent of the estimated market value of the town, they shall not be issued for at least ten days after publication in a newspaper of general circulation in the town of the board's resolution determining to issue them. If within that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made to pay the principal and interest on the certificates as in the case of bonds.

Sec. 43. Minnesota Statutes 2010, section 366.27, is amended to read:

366.27 FIREFIGHTERS' RELIEF; TAX LEVY.

The town board of any town in this state having therein a platted portion on which resides 1,200 or more people, and wherein a duly incorporated firefighters' relief association is located may each year levy a tax not to exceed 0.00806 percent of ~~taxable~~ estimated market value for the benefit of the relief association.

Sec. 44. Minnesota Statutes 2010, section 368.01, subdivision 23, is amended to read:

Subd. 23. **Financing purchase of certain equipment.** The town board may issue certificates of indebtedness within debt limits to purchase fire or police equipment or ambulance equipment or street construction or maintenance equipment. The certificates shall be payable in not more than five years and be issued on terms and in the manner as the board may determine. If the amount of the certificates to be issued to finance a purchase exceeds 0.24177 percent of the estimated market value of the town, ~~excluding money and credits,~~ they shall not be issued for at least ten days after publication in the official newspaper of a town board resolution determining to issue them. If before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment

of the principal and interest on the certificates as in the case of bonds.

Sec. 45. Minnesota Statutes 2010, section 368.47, is amended to read:

368.47 TOWNS MAY BE DISSOLVED.

(1) When the voters residing within a town have failed to elect any town officials for more than ten years continuously;

(2) when a town has failed for a period of ten years to exercise any of the powers and functions of a town;

(3) when the estimated market value of a town drops to less than \$165,000;

(4) when the tax delinquency of a town, exclusive of taxes that are delinquent or unpaid because they are contested in proceedings for the enforcement of taxes, amounts to 12 percent of its market value; or

(5) when the state or federal government has acquired title to 50 percent of the real estate of a town,

which facts, or any of them, may be found and determined by the resolution of the county board of the county in which the town is located, according to the official records in the office of the county auditor, the county board by resolution may declare the town, naming it, dissolved and no longer entitled to exercise any of the powers or functions of a town.

In Cass, Itasca, and St. Louis Counties, before the dissolution is effective the voters of the town shall express their approval or disapproval. The town clerk shall, upon a petition signed by a majority of the registered voters of the town, filed with the clerk at least 60 days before a regular or special town election, give notice at the same time and in the same manner of the election that the question of dissolution of the town will be submitted for determination at the election. At the election the question shall be voted upon by a separate ballot, the terms of which shall be either "for dissolution" or "against dissolution." The ballot shall be deposited in a separate ballot box and the result of the voting canvassed, certified, and returned in the same manner and at the same time as other facts and returns of the election. If a majority of the votes cast at the election are for dissolution, the town shall be dissolved. If a majority of the votes cast at the election are against dissolution, the town shall not be dissolved.

When a town is dissolved under sections 368.47 to 368.49 the county shall acquire title to any telephone company or other business conducted by the town. The business shall be operated by the board of county commissioners until it can be sold. The subscribers or patrons of the business shall have the first opportunity of purchase. If the town has any outstanding indebtedness chargeable to the business, the county auditor shall levy a tax against the property situated in the dissolved town to pay the indebtedness as it becomes due.

Sec. 46. Minnesota Statutes 2010, section 370.01, is amended to read:

370.01 CHANGE OF BOUNDARIES; CREATION OF NEW COUNTIES.

The boundaries of counties may be changed by taking territory from a county and attaching it to an adjoining county, and new counties may be established out of territory of one or more existing counties. A new county shall contain at least 400 square miles and have at least 4,000 inhabitants.

A proposed new county must have a total taxable estimated market value of at least 35 percent of (i) the total taxable estimated market value of the existing county, or (ii) the average total taxable estimated market value of the existing counties, included in the proposition. The determination of the taxable estimated market value of a county must be made by the commissioner of revenue. An existing county shall not be reduced in area below 400 square miles, have less than 4,000 inhabitants, or have a total taxable estimated market value of less than that required of a new county.

No change in the boundaries of any county having an area of more than 2,500 square miles, whether by the creation of a new county, or otherwise, shall detach from the existing county any territory within 12 miles of the county seat.

Sec. 47. Minnesota Statutes 2010, section 373.40, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and bridges, and the acquisition of development rights in the form of conservation easements under chapter 84C. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(d) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

- (1) the federal decennial census,
- (2) a special census conducted under contract by the United States Bureau of the Census, or
- (3) a population estimate made either by the Metropolitan Council or by the state demographer under section 4A.02.

(e) "Qualified indoor ice arena" means a facility that meets the requirements of section 373.43.

~~(f) "Tax capacity" means total taxable market value, but does not include captured market value.~~

Sec. 48. Minnesota Statutes 2010, section 373.40, subdivision 4, is amended to read:

Subd. 4. **Limitations on amount.** A county may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section (including the bonds to be issued) will equal or exceed 0.12 percent of taxable the estimated market value of property in the county. Calculation of the limit must be made using the taxable estimated market value for the taxes payable year in which the obligations

are issued and sold. This section does not limit the authority to issue bonds under any other special or general law.

Sec. 49. Minnesota Statutes 2010, section 375.167, subdivision 1, is amended to read:

Subdivision 1. **Appropriations.** Notwithstanding any contrary law, a county board may appropriate from the general revenue fund to any nonprofit corporation a sum not to exceed 0.00604 percent of ~~taxable~~ estimated market value to provide legal assistance to persons who are unable to afford private legal counsel.

Sec. 50. Minnesota Statutes 2010, section 375.18, subdivision 3, is amended to read:

Subd. 3. **Courthouse.** Each county board may erect, furnish, and maintain a suitable courthouse. No indebtedness shall be created for a courthouse in excess of an amount equal to a levy of 0.04030 percent of ~~taxable~~ estimated market value without the approval of a majority of the voters of the county voting on the question of issuing the obligation at an election.

Sec. 51. Minnesota Statutes 2010, section 375.555, is amended to read:

375.555 FUNDING.

To implement the county emergency jobs program, the county board may expend an amount equal to what would be generated by a levy of 0.01209 percent of ~~taxable~~ estimated market value. The money to be expended may be from any available funds not otherwise earmarked.

Sec. 52. Minnesota Statutes 2010, section 383B.152, is amended to read:

383B.152 BUILDING AND MAINTENANCE FUND.

The county board may by resolution levy a tax to provide money which shall be kept in a fund known as the county reserve building and maintenance fund. Money in the fund shall be used solely for the construction, maintenance, and equipping of county buildings that are constructed or maintained by the board. The levy shall not be subject to any limit fixed by any other law or by any board of tax levy or other corresponding body, but shall not exceed 0.02215 percent of ~~taxable~~ estimated market value, less the amount required by chapter 475 to be levied in the year for the payment of the principal of and interest on all bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

Sec. 53. Minnesota Statutes 2010, section 383B.245, is amended to read:

383B.245 LIBRARY LEVY.

(a) The county board may levy a tax on the taxable property within the county to acquire, better, and construct county library buildings and branches and to pay principal and interest on bonds issued for that purpose.

(b) The county board may by resolution adopted by a five-sevenths vote issue and sell general obligation bonds of the county in the manner provided in sections 475.60 to 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59, but the maturity years and amounts and interest rates of each series of bonds shall be fixed so that the maximum amount of principal and interest to become due in any year, on the bonds of that series and of all outstanding series issued by or for the purposes of libraries, shall not exceed an amount equal to 0.01612 percent of estimated

market value of all taxable property in the county as last finally equalized before the issuance of the new series. When the tax levy authorized in this section is collected it shall be appropriated and credited to a debt service fund for the bonds in amounts required each year in lieu of a countywide tax levy for the debt service fund under section 475.61.

Sec. 54. Minnesota Statutes 2010, section 383B.73, subdivision 1, is amended to read:

Subdivision 1. **Levy.** To provide funds for the purposes of the Three Rivers Park District as set forth in its annual budget, in lieu of the levies authorized by any other special law for such purposes, the Board of Park District Commissioners may levy taxes on all the taxable property in the county and park district at a rate not exceeding 0.03224 percent of estimated market value. Notwithstanding section 398.16, on or before October 1 of each year, after public hearing, the Board of Park District Commissioners shall adopt a budget for the ensuing year and shall determine the total amount necessary to be raised from ad valorem tax levies to meet its budget. The Board of Park District Commissioners shall submit the budget to the county board. The county board may veto or modify an item contained in the budget. If the county board determines to veto or to modify an item in the budget, it must, within 15 days after the budget was submitted by the district board, state in writing the specific reasons for its objection to the item vetoed or the reason for the modification. The Park District Board, after consideration of the county board's objections and proposed modifications, may reapprove a vetoed item or the original version of an item with respect to which a modification has been proposed, by a two-thirds majority. If the district board does not reapprove a vetoed item, the item shall be deleted from the budget. If the district board does not reapprove the original version of a modified item, the item shall be included in the budget as modified by the county board. After adoption of the final budget and no later than October 1, the superintendent of the park district shall certify to the office of the Hennepin County director of tax and public records exercising the functions of the county auditor the total amount to be raised from ad valorem tax levies to meet its budget for the ensuing year. The director of tax and public records shall add the amount of any levy certified by the district to other tax levies on the property of the county within the district for collection by the director of tax and public records with other taxes. When collected, the director shall make settlement of such taxes with the district in the same manner as other taxes are distributed to the other political subdivisions in Hennepin County.

Sec. 55. Minnesota Statutes 2010, section 383E.20, is amended to read:

383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.

The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue and sell general obligation bonds of the county in the manner provided in chapter 475 to acquire, better, and construct county library buildings. The bonds shall not be subject to the requirements of sections 475.57 to 475.59. The maturity years and amounts and interest rates of each series of bonds shall be fixed so that the maximum amount of principal and interest to become due in any year, on the bonds of that series and of all outstanding series issued by or for the purposes of libraries, shall not exceed an amount equal to .01 percent of the ~~taxable~~ estimated market value of all taxable property in the county, excluding any taxable property taxed by any city for the support of any free public library. When the tax levy authorized in this section is collected, it shall be appropriated and credited to a debt service fund for the bonds. The tax levy for the debt service fund under section 475.61 shall be reduced by the amount available or reasonably anticipated to be available in the fund to make payments otherwise payable from the levy pursuant to section 475.61.

Sec. 56. Minnesota Statutes 2010, section 383E.23, is amended to read:

383E.23 LIBRARY TAX.

The Anoka County Board may levy a tax of not more than .01 percent of the ~~taxable~~ estimated market value of taxable property located within the county excluding any taxable property taxed by any city for the support of any free public library, to acquire, better, and construct county library buildings and to pay principal and interest on bonds issued for that purpose. The tax shall be disregarded in the calculation of levies or limits on levies provided by section 373.40, or other law.

Sec. 57. Minnesota Statutes 2010, section 385.31, is amended to read:

385.31 PAYMENT OF COUNTY ORDERS OR WARRANTS.

When any order or warrant drawn on the treasurer is presented for payment, if there is money in the treasury for that purpose, the county treasurer shall redeem the same, and write across the entire face thereof the word "redeemed," the date of the redemption, and the treasurer's official signature. If there is not sufficient funds in the proper accounts to pay such orders they shall be numbered and registered in their order of presentation, and proper endorsement thereof shall be made on such orders and they shall be entitled to payment in like order. Such orders shall bear interest at not to exceed the rate of six percent per annum from such date of presentment. The treasurer, as soon as there is sufficient money in the treasury, shall appropriate and set apart a sum sufficient for the payment of the orders so presented and registered, and, if entitled to interest, issue to the original holder a notice that interest will cease in 30 days from the date of such notice; and, if orders thus entitled to priority of payment are not then presented, the next in order of registry may be paid until such orders are presented. No interest shall be paid on any order, except upon a warrant drawn by the county auditor for that purpose, giving the number and the date of the order on account of which the interest warrant is drawn. In any county in this state now or hereafter having ~~a~~ an estimated market value of all taxable property, ~~exclusive of money and credits,~~ of not less than \$1,033,000,000, the county treasurer, in order to save payment of interest on county warrants drawn upon a fund in which there shall be temporarily insufficient money in the treasury to redeem the same, may borrow temporarily from any other fund in the county treasury in which there is a sufficient balance to care for the needs of such fund and allow a temporary loan or transfer to any other fund, and may pay such warrants out of such funds. Any such money so transferred and used in redeeming such county warrants shall be returned to the fund from which drawn as soon as money shall come in to the credit of such fund on which any such warrant was drawn and paid as aforesaid. Any county operating on a cash basis may use a combined form of warrant or order and check, which, when signed by the chair of the county board and by the auditor, is an order or warrant for the payment of the claim, and, when countersigned by the county treasurer, is a check for the payment of the amount thereof.

Sec. 58. Minnesota Statutes 2010, section 394.36, subdivision 1, is amended to read:

Subdivision 1. **Continuation of nonconformity; limitations.** Except as provided in subdivision 2, 3, or 4, any nonconformity, including the lawful use or occupation of land or premises existing at the time of the adoption of an official control under this chapter, may be continued, although the use or occupation does not conform to the official control. If the nonconformity or occupancy is discontinued for a period of more than one year, or any nonconforming building or structure is destroyed by fire or other peril to the extent of 50 percent of its estimated market value, any subsequent use or occupancy of the land or premises shall be a conforming use or occupancy.

Sec. 59. Minnesota Statutes 2010, section 398A.04, subdivision 8, is amended to read:

Subd. 8. **Taxation.** Before deciding to exercise the power to tax, the authority shall give six weeks' published notice in all municipalities in the region. If a number of voters in the region equal to five percent of those who voted for candidates for governor at the last gubernatorial election present a petition within nine weeks of the first published notice to the secretary of state requesting that the matter be submitted to popular vote, it shall be submitted at the next general election. The question prepared shall be:

"Shall the regional rail authority have the power to impose a property tax?

Yes

No"

If a majority of those voting on the question approve or if no petition is presented within the prescribed time the authority may levy a tax at any annual rate not exceeding 0.04835 percent of estimated market value of all taxable property situated within the municipality or municipalities named in its organization resolution. Its recording officer shall file, on or before September 15, in the office of the county auditor of each county in which territory under the jurisdiction of the authority is located a certified copy of the board of commissioners' resolution levying the tax, and each county auditor shall assess and extend upon the tax rolls of each municipality named in the organization resolution the portion of the tax that bears the same ratio to the whole amount that the net tax capacity of taxable property in that municipality bears to the net tax capacity of taxable property in all municipalities named in the organization resolution. Collections of the tax shall be remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991, the amount levied for light rail transit purposes under this subdivision shall not exceed 75 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

Sec. 60. Minnesota Statutes 2010, section 401.05, subdivision 3, is amended to read:

Subd. 3. **Leasing.** (a) A county or joint powers board of a group of counties which acquires or constructs and equips or improves facilities under this chapter may, with the approval of the board of county commissioners of each county, enter into a lease agreement with a city situated within any of the counties, or a county housing and redevelopment authority established under chapter 469 or any special law. Under the lease agreement, the city or county housing and redevelopment authority shall:

(1) construct or acquire and equip or improve a facility in accordance with plans prepared by or at the request of a county or joint powers board of the group of counties and approved by the commissioner of corrections; and

(2) finance the facility by the issuance of revenue bonds.

(b) The county or joint powers board of a group of counties may lease the facility site, improvements, and equipment for a term upon rental sufficient to produce revenue for the prompt payment of the revenue bonds and all interest accruing on them. Upon completion of payment, the lessee shall acquire title. The real and personal property acquired for the facility constitutes a project and the lease agreement constitutes a revenue agreement as provided in sections 469.152 to 469.165. All proceedings by the city or county housing and redevelopment authority and the county or joint powers board shall be as provided in sections 469.152 to 469.165, with the following

adjustments:

- (1) no tax may be imposed upon the property;
- (2) the approval of the project by the commissioner of employment and economic development is not required;
- (3) the Department of Corrections shall be furnished and shall record information concerning each project as it may prescribe, in lieu of reports required on other projects to the commissioner of employment and economic development;
- (4) the rentals required to be paid under the lease agreement shall not exceed in any year one-tenth of one percent of the estimated market value of property within the county or group of counties as last equalized before the execution of the lease agreement;
- (5) the county or group of counties shall provide for payment of all rentals due during the term of the lease agreement in the manner required in subdivision 4;
- (6) no mortgage on the facilities shall be granted for the security of the bonds, but compliance with clause (5) may be enforced as a nondiscretionary duty of the county or group of counties; and
- (7) the county or the joint powers board of the group of counties may sublease any part of the facilities for purposes consistent with their maintenance and operation.

Sec. 61. Minnesota Statutes 2010, section 410.32, is amended to read:

410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.

- (a) Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase capital equipment.
- (b) For purposes of this section, "capital equipment" means:
 - (1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and
 - (2) computer hardware and software, whether bundled with machinery or equipment or unbundled.
- (c) The equipment or software must have an expected useful life at least as long as the term of the notes.
- (d) The notes shall be payable in not more than ten years and be issued on terms and in the manner the city determines. The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of taxable property in the city for that year.
- (e) A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.
- (f) Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city.

(g) Notwithstanding a contrary provision of other law or charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 62. Minnesota Statutes 2010, section 412.221, subdivision 2, is amended to read:

Subd. 2. **Contracts.** The council shall have power to make such contracts as may be deemed necessary or desirable to make effective any power possessed by the council. The city may purchase personal property through a conditional sales contract and real property through a contract for deed under which contracts the seller is confined to the remedy of recovery of the property in case of nonpayment of all or part of the purchase price, which shall be payable over a period of not to exceed five years. When the contract price of property to be purchased by contract for deed or conditional sales contract exceeds 0.24177 percent of the estimated market value of the city, the city may not enter into such a contract for at least ten days after publication in the official newspaper of a council resolution determining to purchase property by such a contract; and, if before the end of that time a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular city election is filed with the clerk, the city may not enter into such a contract until the proposition has been approved by a majority of the votes cast on the question at a regular or special election.

Sec. 63. Minnesota Statutes 2010, section 412.301, is amended to read:

412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.

(a) The council may issue certificates of indebtedness or capital notes subject to the city debt limits to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled.

(c) The equipment or software must have an expected useful life at least as long as the terms of the certificates or notes.

(d) Such certificates or notes shall be payable in not more than ten years and shall be issued on such terms and in such manner as the council may determine.

(e) If the amount of the certificates or notes to be issued to finance any such purchase exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election.

(f) A tax levy shall be made for the payment of the principal and interest on such certificates or

notes, in accordance with section 475.61, as in the case of bonds.

Sec. 64. Minnesota Statutes 2010, section 428A.02, subdivision 1, is amended to read:

Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance establishing a special service district. Only property that is classified under section 273.13 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or designated on a land use plan for commercial or industrial use and located in the special service district, may be subject to the charges imposed by the city on the special service district. Other types of property may be included within the boundaries of the special service district but are not subject to the levies or charges imposed by the city on the special service district. If 50 percent or more of the estimated market value of a parcel of property is classified under section 273.13 as commercial, industrial, or vacant land zoned or designated on a land use plan for commercial or industrial use, or public utility for the current assessment year, then the entire taxable market value of the property is subject to a service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10. The ordinance shall describe with particularity the area within the city to be included in the district and the special services to be furnished in the district. The ordinance may not be adopted until after a public hearing has been held on the question. Notice of the hearing shall include the time and place of hearing, a map showing the boundaries of the proposed district, and a statement that all persons owning property in the proposed district that would be subject to a service charge will be given opportunity to be heard at the hearing. Within 30 days after adoption of the ordinance under this subdivision, the governing body shall send a copy of the ordinance to the commissioner of revenue.

Sec. 65. Minnesota Statutes 2010, section 430.102, subdivision 2, is amended to read:

Subd. 2. **Council approval; special tax levy limitation.** The council shall receive and consider the estimate required in subdivision 1 and the items of cost after notice and hearing before it or its appropriate committee as it considers necessary or expedient, and shall approve the estimate, with necessary amendments. The amounts of each item of cost estimated are then appropriated to operate, maintain, and improve the pedestrian mall during the next fiscal year. The amount of the special tax to be charged under subdivision 1, clause (3), must not, however, exceed 0.12089 percent of estimated market value of taxable property in the district. The council shall make any necessary adjustment in costs of operating and maintaining the district to keep the amount of the tax within this limitation.

Sec. 66. Minnesota Statutes 2010, section 447.10, is amended to read:

447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.

The governing body of a city of the first class owning a hospital may annually levy a tax to operate and maintain the hospital. The tax must not exceed 0.00806 percent of ~~taxable~~ estimated market value.

Sec. 67. Minnesota Statutes 2010, section 450.19, is amended to read:

450.19 TOURIST CAMPING GROUNDS.

A home rule charter or statutory city or town may establish and maintain public tourist camping grounds. The governing body thereof may acquire by lease, purchase, or gift, suitable lands located either within or without the corporate limits for use as public tourist camping grounds and provide for the equipment, operation, and maintenance of the same. The amount that may be expended for

the maintenance, improvement, or operation of tourist camping grounds shall not exceed, in any year, a sum equal to 0.00806 percent of ~~taxable~~ estimated market value.

Sec. 68. Minnesota Statutes 2010, section 450.25, is amended to read:

450.25 MUSEUM, GALLERY, OR SCHOOL OF ARTS OR CRAFTS; TAX LEVY.

After the acquisition of any museum, gallery, or school of arts or crafts, the board of park commissioners of the city in which it is located shall cause to be included in the annual tax levy upon all the taxable property of the county in which the museum, gallery, or school of arts or crafts is located, a tax of 0.00846 percent of estimated market value. The board shall certify the levy to the county auditor and it shall be added to, and collected with and as part of, the general, real, and personal property taxes, with like penalties and interest, in case of nonpayment and default, and all provisions of law in respect to the levy, collection, and enforcement of other taxes shall, so far as applicable, be followed in respect of these taxes. All of these taxes, penalties, and interest, when collected, shall be paid to the city treasurer of the city in which is located the museum, gallery, or school of arts or crafts and credited to a fund to be known as the park museum fund, and shall be used only for the purposes specified in sections 450.23 to 450.25. Any part of the proceeds of the levy not expended for the purposes specified in section 450.24 may be used for the erection of new buildings for the same purposes.

Sec. 69. Minnesota Statutes 2010, section 458A.10, is amended to read:

458A.10 PROPERTY TAX.

The commission shall annually levy a tax not to exceed 0.12089 percent of estimated market value on all the taxable property in the transit area at a rate sufficient to produce an amount necessary for the purposes of sections 458A.01 to 458A.15, other than the payment of principal and interest due on any revenue bonds issued pursuant to section 458A.05. Property taxes levied under this section shall be certified by the commission to the county auditors of the transit area, extended, assessed, and collected in the manner provided by law for the property taxes levied by the governing bodies of cities. The proceeds of the taxes levied under this section shall be remitted by the respective county treasurers to the treasurer of the commission, who shall credit the same to the funds of the commission for use for the purposes of sections 458A.01 to 458A.15 subject to any applicable pledges or limitations on account of tax anticipation certificates or other specific purposes. At any time after making a tax levy under this section and certifying it to the county auditors, the commission may issue general obligation certificates of indebtedness in anticipation of the collection of the taxes as provided by section 412.261.

Sec. 70. Minnesota Statutes 2010, section 458A.31, subdivision 1, is amended to read:

Subdivision 1. **Levy limit.** Notwithstanding anything to the contrary contained in the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto, limiting the amount levied in any one year for general or special purposes, the city council of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253 percent of ~~taxable~~ estimated market value, by ordinance. An ordinance fixing the levy shall take effect immediately upon its passage and approval. The proceeds of the levy shall be paid into the city treasury and deposited in the operating fund provided for in section 458A.24, subdivision 3.

Sec. 71. Minnesota Statutes 2010, section 465.04, is amended to read:

465.04 ACCEPTANCE OF GIFTS.

Cities of the second, third, or fourth class, having at any time ~~a~~ an estimated market value of not more than \$41,000,000, ~~exclusive of money and credits~~, as officially equalized by the commissioner of revenue, either under home rule charter or under the laws of this state, in addition to all other powers possessed by them, hereby are authorized and empowered to receive and accept gifts and donations for the use and benefit of such cities and the inhabitants thereof upon terms and conditions to be approved by the governing bodies of such cities; and such cities are authorized to comply with and perform such terms and conditions, which may include payment to the donor or donors of interest on the value of the gift at not exceeding five percent per annum payable annually or semiannually, during the remainder of the natural life or lives of such donor or donors.

Sec. 72. Minnesota Statutes 2010, section 469.033, subdivision 6, is amended to read:

Subd. 6. **Operation area as taxing district, special tax.** All of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes as provided in this subdivision. All of the taxable property, both real and personal, within that taxing district shall be deemed to be benefited by projects to the extent of the special taxes levied under this subdivision. Subject to the consent by resolution of the governing body of the city in and for which it was created, an authority may levy a tax upon all taxable property within that taxing district. The tax shall be extended, spread, and included with and as a part of the general taxes for state, county, and municipal purposes by the county auditor, to be collected and enforced therewith, together with the penalty, interest, and costs. As the tax, including any penalties, interest, and costs, is collected by the county treasurer it shall be accumulated and kept in a separate fund to be known as the "housing and redevelopment project fund." The money in the fund shall be turned over to the authority at the same time and in the same manner that the tax collections for the city are turned over to the city, and shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid out upon vouchers signed by the chair of the authority or an authorized representative. The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of ~~taxable~~ estimated market value. The authority shall each year formulate and file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city or, if no budgets are required to be filed, by August 1. The amount of the tax levy for the following year shall be based on that budget.

Sec. 73. Minnesota Statutes 2010, section 469.034, subdivision 2, is amended to read:

Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the general obligation of the general jurisdiction governmental unit as additional security for bonds payable from income or revenues of the project or the authority. The authority must find that the pledged revenues will equal or exceed 110 percent of the principal and interest due on the bonds for each year. The proceeds of the bonds must be used for a qualified housing development project or projects. The obligations must be issued and sold in the manner and following the procedures provided by chapter 475, except the obligations are not subject to approval by the electors, and the maturities may extend to not more than 35 years for obligations sold to finance housing for the elderly and 40 years for other obligations issued under this subdivision. The authority is the municipality for purposes of chapter 475.

(b) The principal amount of the issue must be approved by the governing body of the general jurisdiction governmental unit whose general obligation is pledged. Public hearings must be held on issuance of the obligations by both the authority and the general jurisdiction governmental unit. The

hearings must be held at least 15 days, but not more than 120 days, before the sale of the obligations.

(c) The maximum amount of general obligation bonds that may be issued and outstanding under this section equals the greater of (1) one-half of one percent of the ~~taxable~~ estimated market value of the general jurisdiction governmental unit whose general obligation is pledged, or (2) \$3,000,000. In the case of county or multicounty general obligation bonds, the outstanding general obligation bonds of all cities in the county or counties issued under this subdivision must be added in calculating the limit under clause (1).

(d) "General jurisdiction governmental unit" means the city in which the housing development project is located. In the case of a county or multicounty authority, the county or counties may act as the general jurisdiction governmental unit. In the case of a multicounty authority, the pledge of the general obligation is a pledge of a tax on the taxable property in each of the counties.

(e) "Qualified housing development project" means a housing development project providing housing either for the elderly or for individuals and families with incomes not greater than 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the standard metropolitan statistical area or the nonmetropolitan county in which the project is located. The project must be owned for the term of the bonds either by the authority or by a limited partnership or other entity in which the authority or another entity under the sole control of the authority is the sole general partner and the partnership or other entity must receive (1) an allocation from the Department of Management and Budget or an entitlement issuer of tax-exempt bonding authority for the project and a preliminary determination by the Minnesota Housing Finance Agency or the applicable suballocator of tax credits that the project will qualify for four percent low-income housing tax credits or (2) a reservation of nine percent low-income housing tax credits from the Minnesota Housing Finance Agency or a suballocator of tax credits for the project. A qualified housing development project may admit nonelderly individuals and families with higher incomes if:

(1) three years have passed since initial occupancy;

(2) the authority finds the project is experiencing unanticipated vacancies resulting in insufficient revenues, because of changes in population or other unforeseen circumstances that occurred after the initial finding of adequate revenues; and

(3) the authority finds a tax levy or payment from general assets of the general jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher income individuals or families are not admitted.

(f) The authority may issue bonds to refund bonds issued under this subdivision in accordance with section 475.67. The finding of the adequacy of pledged revenues required by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the issuance of refunding bonds. This paragraph applies to refunding bonds issued on and after July 1, 1992.

Sec. 74. Minnesota Statutes 2010, section 469.053, subdivision 4, is amended to read:

Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to the treasurer of the port authority, to be spent by the authority.

Sec. 75. Minnesota Statutes 2010, section 469.053, subdivision 4a, is amended to read:

Subd. 4a. **Seaway port authority levy.** A levy made under this subdivision shall replace the mandatory city levy under subdivision 4. A seaway port authority is a special taxing district under section 275.066 and may levy a tax in any year for the benefit of the seaway port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated market value. The county auditor shall distribute the proceeds of the property tax levy to the seaway port authority.

Sec. 76. Minnesota Statutes 2010, section 469.053, subdivision 6, is amended to read:

Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port authority's city may levy a tax to be spent by and for its port authority. The tax must enable the port authority to carry out efficiently and in the public interest sections 469.048 to 469.068 to create and develop industrial development districts. The levy must not be more than 0.00282 percent of ~~taxable~~ estimated market value. The county treasurer shall pay the proceeds of the tax to the port authority treasurer. The money may be spent by the authority in performance of its duties to create and develop industrial development districts. In spending the money the authority must judge what best serves the public interest. The levy in this subdivision is in addition to the levy in subdivision 4.

Sec. 77. Minnesota Statutes 2010, section 469.107, subdivision 1, is amended to read:

Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be not more than 0.01813 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.

Sec. 78. Minnesota Statutes 2010, section 469.177, subdivision 1, is amended to read:

Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district and that portion of the district overlying any subdistrict as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district and any subdistrict, reduction or enlargement of the district or changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after receipt of the request and sufficient information to identify the parcels included in the district. The certification relates to the taxes payable year as provided in subdivision 6.

(b) If the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(c) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If improvements are made to tax exempt property after the municipality approves the district and before the parcel becomes taxable, the

assessor shall, at the request of the authority, separately assess the estimated market value of the improvements. If the property becomes taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the parcel, excluding the separately assessed improvements. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(d) If the net tax capacity of a property increases because the property no longer qualifies under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act, chapter 473H, or because platted, unimproved property is improved or market value is increased after approval of the plat under section 273.11, subdivision 4, 14a, or 14b, the increase in net tax capacity must be added to the original net tax capacity. If the net tax capacity of a property increases because the property no longer qualifies for the homestead market value exclusion under section 273.13, subdivision 35, the increase in net tax capacity must be added to the original net tax capacity if the original construction of the affected home was completed before the date the assessor certified the original net tax capacity of the district.

(e) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt or qualifying in whole or part for an exclusion from taxable market value, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt, being excluded from taxable market value, or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(f) If a parcel of property contained a substandard building or improvements described in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174, subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building or other improvements were demolished or removed, but applying the class rates for the current year.

(g) For a redevelopment district qualifying under section 469.174, subdivision 10, paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of the land as the original tax capacity for any parcel in the district that contains a building that suffered substantial damage as a result of the disaster or emergency.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made, and to computation of increment beginning with taxes payable in 2013, provided that the adjustments to original tax capacity required by this section apply only to exclusions that reduced taxable market value beginning with taxes payable in 2012 or thereafter, regardless of when the law authorizing the exclusions became effective.

Sec. 79. Minnesota Statutes 2010, section 469.180, subdivision 2, is amended to read:

Subd. 2. **Tax levies.** Notwithstanding any law, the county board of any county may appropriate from the general revenue fund a sum not to exceed a county levy of 0.00080 percent of taxable estimated market value to carry out the purposes of this section.

Sec. 80. Minnesota Statutes 2010, section 469.187, is amended to read:

469.187 FIRST CLASS CITY SPENDING FOR PUBLICITY; PUBLICITY BOARD.

Any city of the first class may expend money for city publicity purposes. The city may levy a tax, not exceeding 0.00080 percent of taxable estimated market value. The proceeds of the levy shall be expended in the manner and for the city publicity purposes the council directs. The council may establish and provide for a publicity board or bureau to administer the fund, subject to the conditions and limitations the council prescribes by ordinance.

Sec. 81. Minnesota Statutes 2010, section 469.206, is amended to read:

469.206 HAZARDOUS PROPERTY PENALTY.

A city may assess a penalty up to one percent of the estimated market value of real property, including any building located within the city that the city determines to be hazardous as defined in section 463.15, subdivision 3. The city shall send a written notice to the address to which the property tax statement is sent at least 90 days before it may assess the penalty. If the owner of the property has not paid the penalty or fixed the property within 90 days after receiving notice of the penalty, the penalty is considered delinquent and is increased by 25 percent each 60 days the penalty is not paid and the property remains hazardous. For the purposes of this section, a penalty that is delinquent is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the same manner as delinquent property taxes.

Sec. 82. Minnesota Statutes 2010, section 471.24, is amended to read:

471.24 TOWNS, STATUTORY CITIES; JOINT MAINTENANCE OF CEMETERY.

Where a statutory city or town owns and maintains an established cemetery or burial ground, either within or without the municipal limits, the statutory city or town may, by mutual agreement with contiguous statutory cities and towns, each having a an estimated market value of not less than \$2,000,000, join together in the maintenance of such public cemetery or burial ground for the use of the inhabitants of each of such municipalities; and each such municipality is hereby authorized, by

action of its council or governing body, to levy a tax or make an appropriation for the annual support and maintenance of such cemetery or burial ground; provided, the amount thus appropriated by each municipality shall not exceed a total of \$10,000 in any one year.

Sec. 83. Minnesota Statutes 2010, section 471.571, subdivision 1, is amended to read:

Subdivision 1. **Application.** This section applies to each city in which the net tax capacity of real and personal property consists in part of iron ore or lands containing taconite or semitaconite and in which the total ~~taxable~~ estimated market value of real and personal property exceeds \$2,500,000.

Sec. 84. Minnesota Statutes 2010, section 471.571, subdivision 2, is amended to read:

Subd. 2. **Creation of fund, tax levy.** The governing body of the city may create a permanent improvement and replacement fund to be maintained by an annual tax levy. The governing body may levy a tax in excess of any charter limitation for the support of the permanent improvement and replacement fund, but not exceeding the following:

(a) in cities having a population of not more than 500 inhabitants, the lesser of \$20 per capita or 0.08059 percent of ~~taxable~~ estimated market value;

(b) in cities having a population of more than 500 and less than ~~2500~~ 2,500, the greater of \$12.50 per capita or \$10,000 but not exceeding 0.08059 percent of ~~taxable~~ estimated market value;

(c) in cities having a population of ~~more than 2500~~ 2,500 or more inhabitants, the greater of \$10 per capita or \$31,500 but not exceeding 0.08059 percent of ~~taxable~~ estimated market value.

Sec. 85. Minnesota Statutes 2010, section 471.73, is amended to read:

471.73 ACCEPTANCE OF PROVISIONS.

In the case of any city within the class specified in section 471.72 having ~~a~~ an estimated market value, ~~as defined in section 471.72,~~ in excess of \$37,000,000; and in the case of any statutory city within such class having ~~a~~ an estimated market value, ~~as defined in section 471.72,~~ of less than \$5,000,000; and in the case of any statutory city within such class which is governed by Laws 1933, chapter 211, or Laws 1937, chapter 356; and in the case of any statutory city within such class which is governed by Laws 1929, chapter 208, and has ~~a~~ an estimated market value of less than \$83,000,000; and in the case of any school district within such class having ~~a~~ an estimated market value, ~~as defined in section 471.72,~~ of more than \$54,000,000; and in the case of all towns within said class; sections 471.71 to 471.83 apply only if the governing body of the city or statutory city, the board of the school district, or the town board of the town shall have adopted a resolution determining to issue bonds under the provisions of sections 471.71 to 471.83 or to go upon a cash basis in accordance with the provisions thereof.

Sec. 86. Minnesota Statutes 2010, section 473.325, subdivision 2, is amended to read:

Subd. 2. **Chapter 475 applies; exceptions.** The Metropolitan Council shall sell and issue the bonds in the manner provided in chapter 475, and shall have the same powers and duties as a municipality issuing bonds under that law, except that the approval of a majority of the electors shall not be required and the net debt limitations shall not apply. The terms of each series of bonds shall be fixed so that the amount of principal and interest on all outstanding and undischarged bonds, together with the bonds proposed to be issued, due in any year shall not exceed 0.01209 percent of

estimated market value of all taxable property in the metropolitan area as last finally equalized prior to a proposed issue. The bonds shall be secured in accordance with section 475.61, subdivision 1, and any taxes required for their payment shall be levied by the council, shall not affect the amount or rate of taxes which may be levied by the council for other purposes, shall be spread against all taxable property in the metropolitan area and shall not be subject to limitation as to rate or amount. Any taxes certified by the council to the county auditors for collection shall be reduced by the amount received by the council from the commissioner of management and budget or the federal government for the purpose of paying the principal and interest on bonds to which the levy relates. The council shall certify the fact and amount of all money so received to the county auditors, and the auditors shall reduce the levies previously made for the bonds in the manner and to the extent provided in section 475.61, subdivision 3.

Sec. 87. Minnesota Statutes 2010, section 473.629, is amended to read:

473.629 VALUE OF PROPERTY FOR BOND ISSUES BY SCHOOL DISTRICTS.

As to any lands to be detached from any school district under the provisions hereof section 473.625, notwithstanding such prospective the detachment, the estimated market value of such the detached lands and the net tax capacity of taxable properties now located therein or thereon shall be and on the lands on the date of the detachment constitute from and after the date of the enactment hereof a part of the estimated market value of properties upon the basis of which such used to calculate the net debt limit of the school district may issue its bonds. The value of such the lands for such purpose to be and other taxable properties for purposes of the school district's net debt limit are 33-1/3 percent of the estimated market value thereof as determined and certified by said the assessor to said the school district, and it shall be the duty of such the assessor annually on or before the tenth day of October from and after the passage hereof, to so of each year, shall determine and certify that value; provided, however, that the value of such the detached lands and such taxable properties shall never exceed 20 percent of the estimated market value of all properties constituting and making up the basis aforesaid used to calculate the net debt limit of the school district.

Sec. 88. Minnesota Statutes 2010, section 473.661, subdivision 3, is amended to read:

Subd. 3. **Levy limit.** In any budget certified by the commissioners under this section, the amount included for operation and maintenance shall not exceed an amount which, when extended against the property taxable therefor under section 473.621, subdivision 5, will require a levy at a rate of 0.00806 percent of estimated market value. Taxes levied by the corporation shall not affect the amount or rate of taxes which may be levied by any other local government unit within the metropolitan area under the provisions of any charter.

Sec. 89. Minnesota Statutes 2010, section 473.667, subdivision 9, is amended to read:

Subd. 9. **Additional taxes.** Nothing herein shall prevent the commission from levying a tax not to exceed 0.00121 percent of estimated market value on taxable property within its taxing jurisdiction, in addition to any levies found necessary for the debt service fund authorized by section 473.671. Nothing herein shall prevent the levy and appropriation for purposes of the commission of any other tax on property or on any income, transaction, or privilege, when and if authorized by law. All collections of any taxes so levied shall be included in the revenues appropriated for the purposes referred to in this section, unless otherwise provided in the law authorizing the levies; but no covenant as to the continuance or as to the rate and amount of any such levy shall be made with the holders of the commission's bonds unless specifically authorized by law.

Sec. 90. Minnesota Statutes 2010, section 473.671, is amended to read:

473.671 LIMIT OF TAX LEVY.

The taxes levied against the property of the metropolitan area in any one year shall not exceed 0.00806 percent of ~~taxable~~ estimated market value, exclusive of taxes levied to pay the principal or interest on any bonds or indebtedness of the city issued under Laws 1943, chapter 500, and exclusive of any taxes levied to pay the share of the city for payments on bonded indebtedness of the corporation provided for in Laws 1943, chapter 500. The levy of taxes authorized in Laws 1943, chapter 500, shall be in addition to the maximum rate allowed to be levied to defray the cost of government under the provisions of the charter of any city affected by Laws 1943, chapter 500.

Sec. 91. Minnesota Statutes 2010, section 473.711, subdivision 2a, is amended to read:

Subd. 2a. **Tax levy.** (a) The commission may levy a tax on all taxable property in the district as defined in section 473.702 to provide funds for the purposes of sections 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined in this subdivision. A participating county may agree to levy an additional tax to be used by the commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and commission's taxes may not exceed the county's proportionate share of the property tax levy limitation determined under this subdivision based on the ratio of its total net tax capacity to the total net tax capacity of the entire district as adjusted by section 270.12, subdivision 3. The auditor of each county in the district shall add the amount of the levy made by the district to other taxes of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of the tax with the district in the same manner as other taxes are distributed to political subdivisions. No county shall levy any tax for mosquito, disease vectoring tick, and black gnat (*Simuliidae*) control except under this section. The levy shall be in addition to other taxes authorized by law.

(b) The property tax levied by the Metropolitan Mosquito Control Commission shall not exceed the product of (i) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (ii) an index for market valuation changes equal to the total estimated market valuation value of all taxable property for the current tax payable year located within the district plus any area that has been added to the district since the previous year, divided by the total estimated market valuation value of all taxable property located within the district for the previous taxes payable year.

~~(c) For the purpose of determining the commission's property tax levy limitation under this subdivision, "total market valuation" means the total market valuation of all taxable property within the district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).~~

Sec. 92. Minnesota Statutes 2010, section 473F.02, subdivision 12, is amended to read:

Subd. 12. **Adjusted market value.** "Adjusted market value" of real and personal property within a municipality means the assessor's estimated taxable market value, as defined in section 272.03, of all real and personal property, including the value of manufactured housing, within the municipality, adjusted for sales ratios in a manner similar to the adjustments made to city and town net tax capacities. ~~For purposes of sections 473F.01 to 473F.13, the commissioner of revenue shall annually make determinations and reports with respect to each municipality which are comparable to those it makes for school districts under section 127A.48, subdivisions 1 to 6, in the same~~

manner and at the same times as are prescribed by the subdivisions. The commissioner of revenue shall annually determine, for each municipality, information comparable to that required by section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes available. The commissioner of revenue shall then compute the equalized market value of property within each municipality using the aggregate sales ratios from the Department of Revenue's sales ratio study.

Sec. 93. Minnesota Statutes 2010, section 473F.02, subdivision 14, is amended to read:

Subd. 14. **Fiscal capacity.** "Fiscal capacity" of a municipality means its valuation adjusted market value, determined as of January 2 of any year, divided by its population, determined as of a date in the same year.

Sec. 94. Minnesota Statutes 2010, section 473F.02, subdivision 15, is amended to read:

Subd. 15. **Average fiscal capacity.** "Average fiscal capacity" of municipalities means the sum of the valuations adjusted market values of all municipalities, determined as of January 2 of any year, divided by the sum of their populations, determined as of a date in the same year.

Sec. 95. Minnesota Statutes 2010, section 473F.02, subdivision 23, is amended to read:

Subd. 23. **Net tax capacity.** "Net tax capacity" means the taxable market value of real and personal property multiplied by its net tax capacity rates in section 273.13.

Sec. 96. Minnesota Statutes 2010, section 475.521, subdivision 4, is amended to read:

Subd. 4. **Limitations on amount.** A municipality may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued under this section, including the bonds to be issued, will equal or exceed 0.16 percent of the taxable estimated market value of property in the municipality. Calculation of the limit must be made using the taxable estimated market value for the taxes payable year in which the obligations are issued and sold. In the case of a municipality with a population of 2,500 or more, the bonds are subject to the net debt limits under section 475.53. In the case of a shared facility in which more than one municipality participates, upon compliance by each participating municipality with the requirements of subdivision 2, the limitations in this subdivision and the net debt represented by the bonds shall be allocated to each participating municipality in proportion to its required financial contribution to the financing of the shared facility, as set forth in the joint powers agreement relating to the shared facility. This section does not limit the authority to issue bonds under any other special or general law.

Sec. 97. Minnesota Statutes 2010, section 475.53, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Except as otherwise provided in sections 475.51 to 475.74, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the estimated market value of taxable property in the municipality.

Sec. 98. Minnesota Statutes 2010, section 475.53, subdivision 3, is amended to read:

Subd. 3. **Cities first class.** Unless its charter permits a greater net debt a city of the first class may not incur a net debt in excess of two percent of the estimated market value of all taxable property therein. If the charter of the city permits a net debt of the city in excess of two percent of its valuation, it may not incur a net debt in excess of 3-2/3 percent of the estimated market value of the taxable

property therein.

The county auditor, at the time of preparing the tax list of the city, shall compile a statement setting forth the total net tax capacity and the total estimated market value of each class of taxable property in such city for such year.

Sec. 99. Minnesota Statutes 2010, section 475.53, subdivision 4, is amended to read:

Subd. 4. **School districts.** Except as otherwise provided by law, no school district shall be subject to a net debt in excess of 15 percent of the ~~actual~~ estimated market value of all taxable property situated within its corporate limits, as computed in accordance with this subdivision. The county auditor of each county containing taxable real or personal property situated within any school district shall certify to the district upon request the estimated market value of all such property. Whenever the commissioner of revenue, in accordance with section 127A.48, subdivisions 1 to 6, has determined that the ~~net tax capacity of any district furnished by county auditors is not based upon the adjusted~~ market value of taxable property in the district exceeds the estimated market value of property within the district, the commissioner of revenue shall certify to the district upon request the ratio most recently ascertained to exist between ~~such~~ the estimated market value and the actual adjusted market value of property within the district, ~~and the actual market value of property within a district, on which its debt limit under this subdivision is will be based, is (a) the value certified by the county auditors, or (b) this on the estimated market value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value.~~

Sec. 100. Minnesota Statutes 2010, section 475.53, subdivision 5, is amended to read:

Subd. 5. **Certain independent school districts.** No independent school district located wholly or partly within a city of the first class shall issue obligations with a term of more than two years, whenever the aggregate of the outstanding obligations of the district equals or exceeds 0.7 percent of the estimated market value of the taxable property within the school district.

Sec. 101. Minnesota Statutes 2010, section 475.58, subdivision 2, is amended to read:

Subd. 2. **Funding, refunding.** Any county, city, town, or school district whose outstanding gross debt, including all items referred to in section 475.51, subdivision 4, exceed in amount 1.62 percent of its estimated market value may issue bonds under this subdivision for the purpose of funding or refunding such indebtedness or any part thereof. A list of the items of indebtedness to be funded or refunded shall be made by the recording officer and treasurer and filed in the office of the recording officer. The initial resolution of the governing body shall refer to this subdivision as authority for the issue, state the amount of bonds to be issued and refer to the list of indebtedness to be funded or refunded. This resolution shall be published once each week for two successive weeks in a legal newspaper published in the municipality or if there be no such newspaper, in a legal newspaper published in the county seat. Such bonds may be issued without the submission of the question of their issue to the electors unless within ten days after the second publication of the resolution a petition requesting such election signed by ten or more voters who are taxpayers of the municipality, shall be filed with the recording officer. In event such petition is filed, no bonds shall be issued hereunder unless authorized by a majority of the electors voting on the question.

Sec. 102. Minnesota Statutes 2010, section 475.73, subdivision 1, is amended to read:

Subdivision 1. **May purchase these bonds; conditions.** Obligations sold under the provisions

of section 475.60 may be purchased by the State Board of Investment if the obligations meet the requirements of section 11A.24, subdivision 2, upon the approval of the attorney general as to form and execution of the application therefor, and under rules as the board may specify, and the state board shall have authority to purchase the same to an amount not exceeding 3.63 percent of the estimated market value of the taxable property of the municipality, according to the last preceding assessment. The obligations shall not run for a shorter period than one year, nor for a longer period than 30 years and shall bear interest at a rate to be fixed by the state board but not less than two percent per annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by virtue thereof, the commissioner of management and budget shall certify to the respective auditors of the various counties wherein are situated the municipalities issuing the same, the number, denomination, amount, rate of interest and date of maturity of each obligation.

Sec. 103. Minnesota Statutes 2011 Supplement, section 477A.011, subdivision 20, is amended to read:

Subd. 20. **City net tax capacity.** "City net tax capacity" means ~~(1) the net tax capacity computed using the net tax capacity rates in section 273.13 for taxes payable in the year of the aid distribution, and the market values, after the exclusion in section 273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2) a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2, paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior to that for which aids are being calculated. The market value utilized in computing city net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph (a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the market value of transmission lines deducted from a city's total net tax capacity under section 273.425. The city net tax capacity will be computed using equalized market values~~ the city's adjusted net tax capacity under section 273.1325.

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

Sec. 104. Minnesota Statutes 2010, section 477A.0124, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them.

(b) "County program aid" means the sum of "county need aid," "county tax base equalization aid," and "county transition aid."

(c) "Age-adjusted population" means a county's population multiplied by the county age index.

(d) "County age index" means the percentage of the population over age 65 within the county divided by the percentage of the population over age 65 within the state, except that the age index for any county may not be greater than 1.8 nor less than 0.8.

(e) "Population over age 65" means the population over age 65 established as of July 15 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02,

whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

(f) "Part I crimes" means the three-year average annual number of Part I crimes reported for each county by the Department of Public Safety for the most recent years available. By July 1 of each year, the commissioner of public safety shall certify to the commissioner of revenue the number of Part I crimes reported for each county for the three most recent calendar years available.

(g) "Households receiving food stamps" means the average monthly number of households receiving food stamps for the three most recent years for which data is available. By July 1 of each year, the commissioner of human services must certify to the commissioner of revenue the average monthly number of households in the state and in each county that receive food stamps, for the three most recent calendar years available.

(h) "County net tax capacity" means the ~~net tax capacity of the county, computed analogously to city net tax capacity under section 477A.011, subdivision 20~~ county's adjusted net tax capacity under section 273.1325.

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

Sec. 105. Minnesota Statutes 2010, section 641.23, is amended to read:

641.23 FUNDS; HOW PROVIDED.

Before any contract is made for the erection of a county jail, sheriff's residence, or both, the county board shall either levy a sufficient tax to provide the necessary funds, or issue county bonds therefor in accordance with the provisions of chapter 475, provided that no election is required if the amount of all bonds issued for this purpose and interest on them which are due and payable in any year does not exceed an amount equal to 0.09671 percent of estimated market value of taxable property within the county, as last determined before the bonds are issued.

Sec. 106. Minnesota Statutes 2010, section 641.24, is amended to read:

641.24 LEASING.

The county may, by resolution of the county board, enter into a lease agreement with any statutory or home rule charter city situated within the county, or a county housing and redevelopment authority established pursuant to chapter 469 or any special law whereby the city or county housing and redevelopment authority will construct a jail or other law enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the sheriff and other law enforcement agencies, in accordance with plans prepared by or at the request of the county board and, when required, approved by the commissioner of corrections and will finance it by the issuance of revenue bonds, and the county may lease the site and improvements for a term and upon rentals sufficient to produce revenue for the prompt payment of the bonds and all interest accruing thereon and, upon completion of payment, will acquire title thereto. The real and personal property acquired for the jail shall constitute a project and the lease agreement shall constitute a revenue agreement as contemplated in chapter 469, and all proceedings shall be taken by the city

or county housing and redevelopment authority and the county in the manner and with the force and effect provided in chapter 469; provided that:

- (1) no tax shall be imposed upon or in lieu of a tax upon the property;
- (2) the approval of the project by the commissioner of commerce shall not be required;
- (3) the Department of Corrections shall be furnished and shall record such information concerning each project as it may prescribe;
- (4) the rentals required to be paid under the lease agreement shall not exceed in any year one-tenth of one percent of the estimated market value of property within the county, as last finally equalized before the execution of the agreement;
- (5) the county board shall provide for the payment of all rentals due during the term of the lease, in the manner required in section 641.264, subdivision 2;
- (6) no mortgage on the property shall be granted for the security of the bonds, but compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the county board; and
- (7) the county board may sublease any part of the jail property for purposes consistent with the maintenance and operation of a county jail or other law enforcement facility.

Sec. 107. Minnesota Statutes 2010, section 645.44, is amended by adding a subdivision to read:

Subd. 20. **Estimated market value.** When used in determining or calculating a limit on taxation, spending, state aid amounts, or debt, bond, certificate of indebtedness, or capital note issuance by or for a local government unit, "estimated market value" has the meaning given in section 273.032.

Sec. 108. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall recodify Minnesota Statutes, section 127A.48, subdivisions 1 to 6, as section 273.1325, subdivisions 1 to 6, and change all cross-references to the affected subdivisions accordingly.

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

Sec. 109. **REPEALER.**

Minnesota Statutes 2010, sections 273.11, subdivision 1a; 276A.01, subdivision 11; 276A.06, subdivision 10; 473F.02, subdivision 13; 473F.08, subdivision 10; and 477A.011, subdivision 21, are repealed.

Sec. 110. **EFFECTIVE DATE.**

Unless otherwise specifically provided, this act is effective the day following final enactment for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, and capital notes and is effective beginning for taxes payable in 2013 for all other purposes.

ARTICLE 6

MISCELLANEOUS

Section 1. **GENERAL FUND SAVINGS AND BUDGET RESERVE TRANSFER.**

(a) The commissioner of management and budget must reduce general fund appropriations to executive agencies, including constitutional offices, for agency operations for the biennium ending June 30, 2013, by an amount calculated in paragraph (b).

(b) The reduction in appropriations under paragraph (a) must come from all funds savings provided by the reforms, efficiencies, and cost-saving measures through implementation of the data analytics master contract program administered by the Department of Administration entered into in fiscal year 2012 and fiscal year 2013.

(c) On November 15, 2012, the commissioner of management and budget shall certify the amount of general fund savings resulting from state government appropriation reductions under paragraph (a), and, in the event that the savings amount does not generate \$99,900,000, shall cancel the difference between the state government reduction general fund savings and \$99,900,000 in the budget reserve account in Minnesota Statutes, section 16A.152, to the general fund.

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

Sec. 2. SPECIAL RECOVERY FUND; CANCELLATION.

\$4,300,000 of the balance in the Revenue Department service and recovery special revenue fund under Minnesota Statutes, section 270C.15, is transferred in fiscal year 2012 to the general fund.

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

Delete the title and insert:

"A bill for an act relating to the financing of state and local government; making technical, policy, administrative, and clarifying changes to taxes on individual income, sales and uses, property, aids to local governments; modifying property tax refund payments; reducing and eliminating the state general levy; modifying various taxes and tax-related provisions; providing income tax, sales tax, and property tax exemptions; modifying tax increment financing authorities; setting the levels of the cash flow account and the budget reserve account; appropriating money; amending Minnesota Statutes 2010, sections 6.91, subdivision 2; 38.18; 40A.15, subdivision 2; 69.011, subdivision 1; 69.021, subdivisions 7, 8; 88.51, subdivision 3; 103B.245, subdivision 3; 103B.251, subdivision 8; 103B.635, subdivision 2; 103B.691, subdivision 2; 103D.905, subdivisions 2, 3, 8; 116J.8737, subdivisions 5, 7, 8, 9; 117.025, subdivision 7; 127A.48, subdivision 1; 138.053; 144F.01, subdivision 4; 162.07, subdivisions 3, 4; 163.04, subdivision 3; 163.06, subdivision 6; 165.10, subdivision 1; 272.03, by adding subdivisions; 273.032; 273.11, subdivision 1; 273.13, subdivision 21b; 273.1398, subdivisions 3, 4; 275.011, subdivision 1; 275.025, subdivisions 1, 4; 275.065, subdivisions 1, 3; 275.077, subdivision 2; 275.71, subdivision 4; 276A.01, subdivisions 10, 12, 13, 15; 287.08; 287.23, subdivision 1; 289A.20, subdivision 4; 289A.31, subdivision 5; 290.0677, subdivision 2; 290.0681, subdivisions 1, 3, 5, 10; 290A.04, subdivision 2h; 295.53, subdivision 1; 297A.61, subdivision 4; 297A.67, subdivision 7, by adding a subdivision; 297A.68, subdivision 5; 297A.815, subdivision 3; 297G.04, subdivision 2; 353G.08, subdivision 2; 365.025, subdivision 4; 366.095, subdivision 1; 366.27; 368.01, subdivision 23; 368.47; 370.01; 373.40, subdivisions 1, 4; 375.167, subdivision 1; 375.18, subdivision 3; 375.555; 383B.152; 383B.245; 383B.73, subdivision 1; 383E.20; 383E.23; 385.31; 394.36, subdivision 1; 398A.04, subdivision 8; 401.05, subdivision 3; 410.32; 412.221, subdivision 2; 412.301; 428A.02, subdivision 1; 430.102, subdivision 2; 447.10; 450.19; 450.25; 458A.10; 458A.31, subdivision 1; 465.04; 469.033, subdivision 6; 469.034, subdivision 2; 469.053, subdivisions 4,

4a, 6; 469.107, subdivision 1; 469.174, subdivisions 2, 8, 10, by adding subdivisions; 469.176, subdivision 1b; 469.177, subdivision 1; 469.180, subdivision 2; 469.187; 469.206; 471.24; 471.571, subdivisions 1, 2; 471.73; 473.325, subdivision 2; 473.629; 473.661, subdivision 3; 473.667, subdivision 9; 473.671; 473.711, subdivision 2a; 473F.02, subdivisions 12, 14, 15, 23; 475.521, subdivision 4; 475.53, subdivisions 1, 3, 4, 5; 475.58, subdivision 2; 475.73, subdivision 1; 477A.0124, subdivision 2; 641.23; 641.24; 645.44, by adding a subdivision; Minnesota Statutes 2011 Supplement, sections 116J.8737, subdivisions 1, 2; 124D.4531, subdivision 1; 126C.40, subdivision 1; 276.04, subdivision 2; 289A.02, subdivision 7; 290.01, subdivisions 19, 19a, 19b, 31; 290.091, subdivision 2; 290A.03, subdivision 15; 291.005, subdivision 1; 297A.68, subdivision 42; 297A.75, subdivisions 1, 2, 3; 297B.03; 469.1763, subdivision 2; 477A.011, subdivision 20; 477A.013, subdivision 9; 477A.03, subdivision 2a; Laws 2008, chapter 366, article 5, section 34, as amended; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 2010, sections 273.11, subdivision 1a; 275.025, subdivisions 1, 2, 4; 276A.01, subdivision 11; 276A.06, subdivision 10; 290.0677, subdivision 1a; 290.92, subdivision 31; 473F.02, subdivision 13; 473F.08, subdivision 10; 477A.011, subdivision 21; Minnesota Statutes 2011 Supplement, sections 275.025, subdivision 3; 289A.60, subdivision 31."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was re-referred

S.F. No. 2000: A bill for an act relating to mortgages; modifying provisions relating to foreclosure consultants; amending Minnesota Statutes 2010, section 325N.01.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 2226: A bill for an act relating to public safety; specifying that driving while impaired constitutes a breach of the peace for purposes of the Constitution; proposing coding for new law in Minnesota Statutes, chapter 169A.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was re-referred

S.F. No. 1148: A bill for an act relating to transportation; prohibiting certain activities on rail bank property; imposing misdemeanor penalty; amending Minnesota Statutes 2010, section 222.63, subdivision 9.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 7, strike "misdemeanors" and insert "penalties"

Page 1, line 10, before "perform" insert "knowingly"

Page 2, line 6, delete "building or" and insert "permanent"

Page 2, line 7, strike "any" and insert "a"

Page 2, line 8, reinstate the stricken language and after the period, insert "A second or subsequent violation is a misdemeanor."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 1870: A bill for an act relating to public safety; specifically including theft of motor fuel in the theft crime; creating a permissive inference regarding theft of motor fuel; modifying the drive-off gas civil liability law; amending Minnesota Statutes 2010, sections 171.175; 332.32; 604.15, subdivision 3, by adding a subdivision; 609.52, subdivisions 1, 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 12, before the period, insert "or (18)"

Page 2, line 18, before "may" insert "recognized by the Internal Revenue Service as an exempt organization under section 501(c)(6) of the Internal Revenue Code"

Page 4, lines 20 to 29, delete the new language

Page 8, line 3, strike the period and insert "; or"

Page 8, after line 3, insert:

"(18) intentionally, and without claim of right, takes motor fuel from a retailer without the retailer's consent and with intent to deprive the retailer permanently of possession of the fuel by driving a motor vehicle from the premises of the retailer without having paid for the fuel dispensed into the vehicle.

Proof that the driver of a motor vehicle into which motor fuel was dispensed drove the vehicle from the premises of the retailer without having paid for the fuel permits the factfinder to infer that the driver acted intentionally and without claim of right, and that the driver intended to deprive the retailer permanently of possession of the fuel. This paragraph does not apply if: (1) the vehicle or the vehicle's license plate has been reported stolen before the theft of the fuel; (2) payment has been made to the retailer within 30 days of the receipt of notice of nonpayment under section 604.15; or (3) a written notice as described in section 604.15, subdivision 4, disputing the retailer's claim, has been sent."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 1981: A bill for an act relating to police officers; providing for uniform procedures for police civilian review authorities; amending Minnesota Statutes 2010, section 626.89, subdivision 2, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 2409: A bill for an act relating to education; clarifying the definition of public data relating to agreements involving payment of public money; amending Minnesota Statutes 2010, section 13.43, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 13.43, subdivision 2, is amended to read:

Subd. 2. **Public data.** (a) Except for employees described in subdivision 5 and subject to the limitations described in subdivision 5a, the following personnel data on current and former employees, volunteers, and independent contractors of a government entity is public:

(1) name; employee identification number, which must not be the employee's Social Security number; actual gross salary; salary range; terms and conditions of employment relationship; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; and the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary;

(2) job title and bargaining unit; job description; education and training background; and previous work experience;

(3) date of first and last employment;

(4) the existence and status of any complaints or charges against the employee, regardless of whether the complaint or charge resulted in a disciplinary action;

(5) the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body;

(6) the terms of any agreement settling any dispute arising out of an employment relationship, including a buyout agreement as defined in section 123B.143, subdivision 2, paragraph (a); except that the agreement must include specific reasons for the agreement if it involves the payment of more than \$10,000 of public money; for purposes of this clause, the specific reasons must include a description of the substantive basis and a reasonable description of the facts prompting the agreement, except to the extent disclosure would reveal information on the health condition of the employee;

(7) work location; a work telephone number; badge number; work-related continuing education; and honors and awards received; and

(8) payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data.

(b) For purposes of this subdivision, a final disposition occurs when the government entity makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. Final disposition includes a resignation by an individual when

the resignation occurs after the final decision of the government entity, or arbitrator. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. A disciplinary action does not become public data if an arbitrator sustains a grievance and reverses all aspects of any disciplinary action.

(c) The government entity may display a photograph of a current or former employee to a prospective witness as part of the government entity's investigation of any complaint or charge against the employee.

(d) A complainant has access to a statement provided by the complainant to a government entity in connection with a complaint or charge against an employee.

(e) Notwithstanding paragraph (a), clause (5), upon completion of an investigation of a complaint or charge against a public official, or if a public official resigns or is terminated from employment while the complaint or charge is pending, all data relating to the complaint or charge are public, unless access to the data would jeopardize an active investigation or reveal confidential sources. For purposes of this paragraph, "public official" means:

(1) the head of a state agency and deputy and assistant state agency heads;

(2) members of boards or commissions required by law to be appointed by the governor or other elective officers; ~~and~~

(3) executive or administrative heads of departments, bureaus, divisions, or institutions within state government;

(4) individuals defined as superintendents, principals, and directors under Minnesota Rules, part 3512.0100; school district business managers and human resource directors; and individuals employed in comparable positions in charter schools; and

(5) an employee of a political subdivision acting in a managerial capacity as defined in section 43A.02, subdivision 28, or a similar capacity to those identified in clauses (1) to (3)."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

H.F. No. 1384: A bill for an act relating to fraudulent transfers; excluding certain transfers to charitable or religious organizations from the fraudulent transfers act; amending Minnesota Statutes 2010, section 513.41.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 513.41, is amended to read:

513.41 DEFINITIONS.

As used in sections 513.41 to 513.51:

(1) "Affiliate" means:

(i) a person who directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of the debtor, other than a person who holds the securities,

(A) as a fiduciary or agent without sole discretionary power to vote the securities; or

(B) solely to secure a debt, if the person has not exercised the power to vote;

(ii) a corporation 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the debtor or a person who directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of the debtor, other than a person who holds the securities,

(A) as a fiduciary or agent without sole power to vote the securities; or

(B) solely to secure a debt, if the person has not in fact exercised the power to vote;

(iii) a person whose business is operated by the debtor under a lease or other agreement, or a person substantially all of whose assets are controlled by the debtor; or

(iv) a person who operates the debtor's business under a lease or other agreement or controls substantially all of the debtor's assets.

(2) "Asset" means property of a debtor, but the term does not include:

(i) property to the extent it is encumbered by a valid lien;

(ii) property to the extent it is generally exempt under nonbankruptcy law; or

(iii) an interest in property held in tenancy by the entireties to the extent it is not subject to process by a creditor holding a claim against only one tenant.

(3) "Claim" means a right to payment, whether or not the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured.

(4) "Creditor" means a person who has a claim.

(5) "Debt" means liability on a claim.

(6) "Debtor" means a person who is liable on a claim.

(7) "Insider" includes:

(i) if the debtor is an individual,

(A) a relative of the debtor or of a general partner of the debtor;

(B) a partnership in which the debtor is a general partner;

(C) a general partner in a partnership described in clause (B); or

- (D) a corporation of which the debtor is a director, officer, or a person in control;
- (ii) if the debtor is a corporation,
 - (A) a director of the debtor;
 - (B) an officer of the debtor;
 - (C) a person in control of the debtor;
 - (D) a partnership in which the debtor is a general partner;
 - (E) a general partner in a partnership described in clause (D); or
 - (F) a relative of a general partner, director, officer, or person in control of the debtor;
- (iii) if the debtor is a partnership,
 - (A) a general partner in the debtor;
 - (B) a relative of a general partner in, or a general partner of, or a person in control of the debtor;
 - (C) another partnership in which the debtor is a general partner;
 - (D) a general partner in a partnership described in clause (C); or
 - (E) a person in control of the debtor;
- (iv) an affiliate, or an insider of an affiliate as if the affiliate were the debtor; and
- (v) a managing agent of the debtor.

(8) "Lien" means a charge against or an interest in property to secure payment of a debt or performance of an obligation, and includes a security interest created by agreement, a judicial lien obtained by legal or equitable process or proceedings, a common-law lien, or a statutory lien.

(9) "Person" means an individual, partnership, corporation, association, organization, government or governmental subdivision or agency, business trust, estate, trust, or any other legal or commercial entity.

(10) "Property" means anything that may be subject of ownership.

(11) "Relative" means an individual related by consanguinity within the third degree as determined by the common law, a spouse, or an individual related to a spouse within the third degree as so determined, and includes an individual in an adoptive relationship within the third degree.

(12) "Transfer" means every mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing of or parting with an asset or an interest in an asset, and includes payment of money, release, lease, and creation of a lien or other encumbrance. "Transfer" does not include a contribution of money or an asset made to a qualified charitable or religious organization or entity unless the contribution was made within two years of commencement of an action under sections 513.41 to 513.51 against the qualified charitable or religious organization or entity and:

- (i) the debtor made the charitable contribution with actual intent to hinder, delay, or defraud any

creditor of the debtor, or

(ii) the debtor:

(A) was insolvent at the time of the contribution or would be rendered insolvent by reason of the contribution;

(B) was engaged or was about to engage in a business or a transaction for which the remaining assets of the debtor were unreasonably small in relation to the business or transaction; or

(C) intended to incur, or the charitable or religious organization or entity believed or had reason to believe that the debtor would incur, debts beyond the debtor's ability to pay as the debts become due.

A transfer of a charitable contribution to a qualified charitable or religious organization or entity is not considered a transfer covered under item (ii) if the amount of that contribution did not exceed 15 percent of the gross annual income of the debtor for the year in which the transfer of the contribution was made; or the contribution exceeded that amount but the transfer was consistent with practices of the debtor in making charitable contributions.

Transfer does include a return on investment made by a qualified charitable or religious organization or entity. "Qualified charitable or religious organization or entity" means an organization or entity described in United States Code, title 26, section 170(c)(1), (2), or (3).

(13) "Valid lien" means a lien that is effective against the holder of a judicial lien subsequently obtained by legal or equitable process or proceedings.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a cause of action existing on, or arising on or after, that date."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 2403: A bill for an act relating to data practices; providing for expedited requests; requiring certain subcontracts be filed with a government entity; making other miscellaneous changes; amending Minnesota Statutes 2010, sections 13.03, subdivision 3; 13.05, by adding a subdivision; 13.072, subdivisions 1, 2; 13.43, subdivision 1; 16C.05, subdivision 2; 471.345, by adding a subdivision; repealing Minnesota Statutes 2010, sections 13.7931, subdivision 6; 84.0874.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 13.02, subdivision 16, is amended to read:

Subd. 16. **Responsible authority.** (a) "Responsible authority" in a state agency or statewide system means the state official designated by law or by the commissioner as the individual responsible for the collection, use and dissemination of any set of data on individuals, government data, or summary data.

(b) "Responsible authority" in any political subdivision means the individual designated by the governing body of that political subdivision as the individual responsible for the collection, use, and dissemination of any set of data on individuals, government data, or summary data, unless otherwise provided by state law. Until an individual is designated by the political subdivision's governing body, the responsible authority is:

(1) for counties, the county auditor;

(2) for statutory or home rule charter cities, the elected or appointed city clerk. If the home rule charter does not provide for an office of city clerk, the responsible authority is the chief clerical officer for filing and record keeping purposes;

(3) for school districts, the superintendent; and

(4) for all other political subdivisions, the chief clerical officer for filing and record keeping purposes.

Sec. 2. [13.025] GOVERNMENT ENTITY OBLIGATION.

Subdivision 1. **Data inventory.** The responsible authority shall prepare an inventory containing the authority's name, title, address, and a description of each category of record, file, or process relating to private or confidential data on individuals maintained by the authority's government entity. Forms used to collect private and confidential data may be included in the inventory. The responsible authority shall update the inventory annually and make any changes necessary to maintain the accuracy of the inventory. The inventory must be available from the responsible authority to the public according to the provisions of sections 13.03 and 15.17. The commissioner may require responsible authorities to submit copies of the inventory and may request additional information relevant to data collection practices, policies, and procedures.

Subd. 2. **Public data access policy.** The responsible authority shall prepare a written data access policy and update it no later than August 1 of each year, and at any other time as necessary to reflect changes in personnel, procedures, or other circumstances that impact the public's ability to access data.

Subd. 3. **Data subject rights and access policy.** The responsible authority shall prepare a written policy of the rights of data subjects under section 13.04 and the specific procedures used by the government entity for access by the data subject to public or private data on individuals. The written policy must be updated no later than August 1 of each year, and at any other time as necessary to reflect changes in personnel, procedures, or other circumstances that impact the public's ability to access data.

Subd. 4. **Availability.** The responsible authority shall make copies of the policies required under subdivisions 2 and 3 easily available to the public by distributing free copies to the public or by posting the policies in a conspicuous place within the government entity that is easily accessible to the public or by posting it on the government entity's Web site.

Sec. 3. Minnesota Statutes 2010, section 13.03, subdivision 2, is amended to read:

Subd. 2. **Procedures.** (a) The responsible authority in every government entity shall establish procedures, consistent with this chapter, to insure that requests for government data are received and complied with in an appropriate and prompt manner.

~~(b) The responsible authority shall prepare public access procedures in written form and update them no later than August 1 of each year as necessary to reflect any changes in personnel or circumstances that might affect public access to government data. The responsible authority shall make copies of the written public access procedures easily available to the public by distributing free copies of the procedures to the public or by posting a copy of the procedures in a conspicuous place within the government entity that is easily accessible to the public.~~

~~(e)~~ (b) Full convenience and comprehensive accessibility shall be allowed to researchers including historians, genealogists and other scholars to carry out extensive research and complete copying of all records containing government data except as otherwise expressly provided by law.

A responsible authority may designate one or more designees.

Sec. 4. Minnesota Statutes 2010, section 13.03, subdivision 4, is amended to read:

Subd. 4. **Change in classification of data; effect of dissemination among agencies.** (a) The classification of a government entity's data in the possession of an entity shall change if it is required to do so to comply with either judicial or administrative rules pertaining to the conduct of legal actions or with a specific statute applicable to the data in the possession of the disseminating or receiving entity.

(b) If data on individuals ~~is~~ are classified as both private and confidential by this chapter, or any other statute or federal law, the data ~~is~~ are private.

(c) To the extent that government data ~~is~~ are disseminated to a government entity by another government entity, the data disseminated shall have the same classification ~~in the hands of~~ at the entity receiving ~~it~~ them as ~~it~~ they had ~~in the hands of~~ at the entity providing ~~it~~ them.

(d) If a government entity disseminates data to another government entity, a classification provided for by law ~~in the hands of~~ at the entity receiving the data does not affect the classification of the data ~~in the hands of~~ at the entity that disseminates the data.

(e) To the extent that judicial branch data ~~is~~ are disseminated to government entities by the judicial branch, the data disseminated shall have the same level of accessibility ~~in the hands of the agency at the government entity receiving it~~ at the government entity receiving it as ~~it~~ they had ~~in the hands of~~ at the judicial branch entity providing ~~it~~ them. If the data have a specific classification in state statute or federal law, the government entity must maintain the data according to the specific classification.

Sec. 5. Minnesota Statutes 2010, section 13.072, subdivision 2, is amended to read:

Subd. 2. **Effect.** Opinions issued by the commissioner under this section are not binding on the government entity or members of a body subject to chapter 13D whose data or performance of duties is the subject of the opinion, but an opinion described in subdivision 1, paragraph (a), must be given deference by a court or other tribunal in a proceeding involving the data. The commissioner shall arrange for public dissemination of opinions issued under this section, and shall indicate when the principles stated in an opinion are not intended to provide guidance to all similarly situated persons or government entities. This section does not preclude a person from bringing any other action under this chapter or other law in addition to or instead of requesting a written opinion. A government entity, members of a body subject to chapter 13D, or person that acts in conformity with a written opinion of the commissioner issued to the government entity, members, or person or to another party is not liable for compensatory or exemplary damages or awards of attorneys fees

in actions for violations arising under section 13.08 or 13.085, or for a penalty under section 13.09 or for fines, awards of attorney fees, or any other penalty under chapter 13D. A member of a body subject to chapter 13D is not subject to forfeiture of office if the member was acting in reliance on an opinion.

Sec. 6. Minnesota Statutes 2010, section 13.37, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings given them.

(a) "Security information" means government data the disclosure of which the responsible authority determines would be likely to substantially jeopardize the security of information, possessions, individuals or property against theft, tampering, improper use, attempted escape, illegal disclosure, trespass, or physical injury. "Security information" includes crime prevention block maps and lists of volunteers who participate in community crime prevention programs and their home addresses and telephone numbers.

(b) "Trade secret information" means government data, including a formula, pattern, compilation, program, device, method, technique or process (1) that was supplied by the affected individual or organization, (2) that is the subject of efforts by the individual or organization that are reasonable under the circumstances to maintain its secrecy, and (3) that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

(c) "Labor relations information" means management positions on economic and noneconomic items that have not been presented during the collective bargaining process or interest arbitration, including information specifically collected or created to prepare the management position.

(d) "Parking space leasing data" means the following government data on an applicant for, or lessee of, a parking space: residence address, home telephone number, beginning and ending work hours, place of employment, work telephone number, and location of the parking space.

Sec. 7. Minnesota Statutes 2010, section 13.37, subdivision 2, is amended to read:

Subd. 2. **Classification.** (a) The following government data is classified as nonpublic data with regard to data not on individuals, pursuant to section 13.02, subdivision 9, and as private data with regard to data on individuals, pursuant to section 13.02, subdivision 12: Security information; trade secret information; sealed absentee ballots prior to opening by an election judge; sealed bids, including the number of bids received, prior to the opening of the bids; parking space leasing data; and labor relations information, provided that specific labor relations information which relates to a specific labor organization is classified as protected nonpublic data pursuant to section 13.02, subdivision 13.

(b) If a government entity denies a data request based on a determination that the data are security information, upon request, the government entity must provide a short description explaining the necessity for the classification.

Sec. 8. Minnesota Statutes 2010, section 13.39, is amended by adding a subdivision to read:

Subd. 4. **Exclusion.** This section does not apply when the sole issue or dispute is a government

entity's timeliness in responding to a data request.

Sec. 9. Minnesota Statutes 2010, section 13.43, subdivision 1, is amended to read:

Subdivision 1. **Definition.** As used in this section, "personnel data" means government data on individuals maintained because the individual is or was an employee of or an applicant for employment by, performs services on a voluntary basis for, or acts as an independent contractor with a government entity. ~~Personnel data includes data submitted by an employee to a government entity as part of an organized self-evaluation effort by the government entity to request suggestions from all employees on ways to cut costs, make government more efficient, or improve the operation of government. An employee who is identified in a suggestion shall have access to all data in the suggestion except the identity of the employee making the suggestion.~~

Sec. 10. Minnesota Statutes 2010, section 13.43, is amended by adding a subdivision to read:

Subd. 7a. **Employee suggestion data.** Personnel data includes data submitted by an employee to a government entity as part of an organized self-evaluation effort by the government entity to request suggestions from all employees on ways to cut costs, make government more efficient, or improve the operation of government. An employee who is identified in a suggestion has access to all data in the suggestion except the identity of the employee making the suggestion.

Sec. 11. Minnesota Statutes 2010, section 13.43, is amended by adding a subdivision to read:

Subd. 19. **Employee of contractor or subcontractor.** The personal telephone number, home address, and e-mail address of an employee of a contractor or subcontractor doing business with a government entity are private data on individuals.

Sec. 12. Minnesota Statutes 2010, section 13.601, subdivision 3, is amended to read:

Subd. 3. **Applicants for appointment.** (a) Data about applicants for appointment to a public body collected by a government entity as a result of the applicant's application for appointment to the public body are private data on individuals except that the following are public:

- (1) name;
- (2) city of residence, except when the appointment has a residency requirement that requires the entire address to be public;
- (3) education and training;
- (4) employment history;
- (5) volunteer work;
- (6) awards and honors;
- (7) prior government service; ~~and~~
- (8) any data required to be provided or that ~~is~~ are voluntarily provided in an application for appointment to a multimember agency pursuant to section 15.0597-; and
- (9) veteran status.

(b) Once an individual is appointed to a public body, the following additional items of data are

public:

- (1) residential address; ~~and~~
- (2) either a telephone number or electronic mail address where the appointee can be reached, or both at the request of the appointee; ~~;~~
- (3) first and last dates of service on the public body;
- (4) the existence and status of any complaints or charges against an appointee; and
- (5) upon completion of an investigation of a complaint or charge against an appointee, the final investigative report is public, unless access to the data would jeopardize an active investigation.

(c) Notwithstanding paragraph (b), any electronic mail address or telephone number provided by a public body for use by an appointee shall be public. An appointee may use an electronic mail address or telephone number provided by the public body as the designated electronic mail address or telephone number at which the appointee can be reached.

Sec. 13. Minnesota Statutes 2010, section 13.82, is amended by adding a subdivision to read:

Subd. 30. **Inactive financial transaction investigative data.** Investigative data that become inactive under subdivision 7 that are a person's financial account number or transaction numbers are private data on individuals or nonpublic data.

Sec. 14. Minnesota Statutes 2010, section 13D.015, subdivision 5, is amended to read:

Subd. 5. **Notice.** If telephone or another electronic means is used to conduct a regular, special, or emergency meeting, the entity shall provide notice of the regular meeting location, of the fact that some members may participate by electronic means, and of the provisions of subdivision 4. The timing and method of providing notice is governed by section 13D.04. In addition, the entity must post the notice on its Web site at least ten days before ~~the~~ any regular meeting as defined in section 13D.04, subdivision 1.

Sec. 15. Minnesota Statutes 2010, section 84.0874, is amended to read:

84.0874 ELECTRONIC LICENSING SYSTEM DATA.

The following data created, collected, stored, or maintained by the department for purposes of obtaining a noncommercial game and fish license, cross-country ski pass, horse pass, or snowmobile trail sticker; registering a recreational motor vehicle; or any other electronic licensing transaction are private data on individuals as defined in section 13.02, subdivision 12: name, addresses, driver's license number, and date of birth. The data may be disclosed for law enforcement purposes. The data, other than the driver's license number, may be disclosed:

- (1) to a government entity and for natural resources management purposes, including recruitment, retention, and training certification and verification; ~~;~~
- (2) for use in the normal course of business by a legitimate business or its agents, employees, or contractors, in order to verify the accuracy of personal information submitted by an individual. If the information as submitted is not correct or is no longer correct, correct information may be obtained only for the purpose of preventing fraud by, pursuing legal remedies against, or recovering

on a debt or security interest against the individual. If the person requesting access is acting as the agent of a lienholder, the requestor must submit proof of a contract with the lienholder;

(3) for use in connection with any civil, criminal, administrative, or arbitration proceedings in any court or agency or before any self-regulatory body, including service of process, investigation in anticipation of litigation, and the execution or enforcement of judgments and orders, or pursuant to a court order, provided that the requestor provides a copy of the order;

(4) for use in providing notice to the owners of towed or impounded recreational vehicles or watercraft. The person requesting access must provide the name, address, and telephone number of the entity that requested that the recreational vehicle or watercraft be towed;

(5) for use by any insurer or insurance support organization, or by a self-insured entity, or its agents, employees, or contractors, in connection with claims investigation activities, antifraud activities, rating, or underwriting; or

(6) for use by any licensed private investigative agency or licensed security service.

Sec. 16. **REPEALER.**

Minnesota Statutes 2010, section 13.05, subdivisions 1, 2, and 8, are repealed."

Amend the title accordingly

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Senator Olson from the Committee on Education, to which was referred

S.F. No. 2460: A bill for an act relating to education; clarifying accountability measures for certain charter school student populations; amending Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 10.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 14, delete "60" and insert "70"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Olson from the Committee on Education, to which was referred

H.F. No. 2291: A bill for an act relating to education finance; creating a process for adjusting adult basic education contact hours lost due to a service disruption; amending Minnesota Statutes 2010, sections 124D.518, subdivision 3, by adding a subdivision; 124D.531, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Olson from the Committee on Education, to which was referred

S.F. No. 2535: A bill for an act relating to education; modifying certain Board of School

Administrators provisions; amending Minnesota Statutes 2010, section 122A.14, subdivisions 2, 9.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 14, after the period, insert "When transmitting notice of the license fee, the board also must notify the licensee of the penalty for failing to make timely payment of the fee."

Page 1, line 18, after the period, insert "If the board suspends a licensed school administrator for failing to pay the fee, it must immediately notify the district currently employing the school administrator of the school administrator's suspension."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Olson from the Committee on Education, to which was referred

S.F. No. 2515: A bill for an act relating to school district debt limits; repealing Minnesota Statutes 2010, section 475.53, subdivision 5.

Reports the same back with the recommendation that the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Senator Gimse from the Committee on Transportation, to which was referred

S.F. No. 1310: A bill for an act relating to drivers' licenses; modifying and clarifying provisions relating to instruction permits; amending Minnesota Statutes 2010, section 171.05, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2011 Supplement, section 171.05, subdivision 2, is amended to read:

Subd. 2. **Person less than 18 years of age.** (a) Notwithstanding any provision in subdivision 1 to the contrary, the department may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and who:

(1) has successfully completed a course of driver education in another state, has a previously issued valid license from another state, or is enrolled in either:

(i) a public, private, or commercial driver education program that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training; or

(ii) an approved behind-the-wheel driver education program when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a homeschool diploma, the student is taking home-classroom driver training with classroom materials approved by the commissioner of public safety, and the student's parent has certified the student's homeschool and home-classroom driver training status on the form approved by the commissioner;

(2) has either (i) successfully completed the classroom phase of instruction in the driver

education program or (ii) enrolled in a concurrent driver education program that utilizes simulation or behind-the-wheel instruction as approved by the department and completes 15 hours of classroom instruction;

(3) has passed a test of the applicant's eyesight;

(4) has passed a department-administered test of the applicant's knowledge of traffic laws;

(5) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) ~~to~~ through (iii) do not apply, then (iv) the guardian having custody of the minor, ~~(v) the foster parent or the director of the transitional living program in which the child resides~~ or, in the event a person under the age of 18 has no living father, mother, or guardian, then (v) the foster parent or the director of the transitional living program in which the child resides or, if items (i) through (v) do not apply or the minor applicant is married or otherwise legally emancipated, then (vi) the applicant's adult spouse, adult close family member, or adult employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, foster parent, program director, adult spouse, adult close family member, or adult employer; and

(6) has paid the fee required in section 171.06, subdivision 2.

(b) For the purposes of determining compliance with the certification of paragraph (a), clause (1), item (ii), the commissioner may request verification of a student's homeschool status from the superintendent of the school district in which the student resides and the superintendent shall provide that verification.

(c) The instruction permit is valid for two years from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2."

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Gimse from the Committee on Transportation, to which was referred

S.F. No. 2529: A bill for an act relating to taxes; modifying gasoline and special fuel tax exemptions; amending Minnesota Statutes 2010, sections 296A.07, subdivision 4; 296A.08, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 296A.07, subdivision 4, is amended to read:

Subd. 4. **Exemptions.** The provisions of subdivision 1 do not apply to gasoline or denatured ethanol purchased by:

(1) a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384;

(2) providers of transportation to recipients of medical assistance home and community-based services waivers enrolled in day programs, including adult day care, family adult day care, day treatment and habilitation, prevocational services, and structured day services;

~~(2)~~ (3) an ambulance service licensed under chapter 144E; ~~or~~

(4) a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990; or

~~(3)~~ (5) a licensed distributor to be delivered to a terminal for use in blending.

EFFECTIVE DATE. Clause (2) is effective retroactively from January 1, 2012, and clause (4) is effective retroactively from January 1, 2011.

Sec. 2. Minnesota Statutes 2010, section 296A.08, subdivision 3, is amended to read:

Subd. 3. **Exemptions.** The provisions of subdivisions 1 and 2 do not apply to special fuel or alternative fuels purchased by:

(1) a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384;

(2) providers of transportation to recipients of medical assistance home and community-based services waivers enrolled in day programs, including adult day care, family adult day care, day treatment and habilitation, prevocational services, and structured day services;

~~(2)~~ (3) an ambulance service licensed under chapter 144E; ~~or~~

(4) a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990; or

~~(3)~~ (5) a licensed distributor to be delivered to a terminal for use in blending.

EFFECTIVE DATE. Clause (2) is effective retroactively from January 1, 2012, and clause (4) is effective retroactively from January 1, 2011.

Sec. 3. Minnesota Statutes 2011 Supplement, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or

country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10 when that vehicle is equipped and specifically intended for emergency response or for providing ambulance service;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job

opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax; ~~and~~

(14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

(i) described in section 501(c)(3) of the Internal Revenue Code; and

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

(15) purchase of a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990.

EFFECTIVE DATE. This section is effective for sales and purchases made after July 31, 2012."

Amend the title accordingly

And when so amended the bill do pass and be re-referred to the Committee on Taxes.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Senator Gimse from the Committee on Transportation, to which was referred

S.F. No. 1733: A bill for an act relating to public safety; traffic regulations; amending certain regulation of motor vehicle weight limits; providing exemptions, search warrants, and citation warnings; amending Minnesota Statutes 2010, sections 168.013, subdivision 3; 169.871, by adding a subdivision; 169.872, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 24, delete "150" and insert "100"

Page 4, delete sections 2 and 3 and insert:

"Sec. 2. Minnesota Statutes 2010, section 169.872, subdivision 1a, is amended to read:

Subd. 1a. **Limit on civil penalties.** A civil penalty for excessive weight under section 169.871 may be imposed based on a record of a shipment under this section only if a state law enforcement officer or motor transportation representative: (1) has inspected and copied the record within 14 days of the date the shipment was received by the person keeping the record; and (2) has assessed the penalty within 60 days of the date the officer or representative inspected and copied the record."

Amend the title as follows:

Page 1, line 3, delete ", and citation"

Page 1, line 4, delete "warnings"

Amend the title accordingly

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Gimse from the Committee on Transportation, to which was referred

S.F. No. 1792: A bill for an act relating to highways; removing certain legislative routes from the trunk highway system.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Gimse from the Committee on Transportation, to which was re-referred

S.F. No. 1597: A bill for an act relating to veterans; changing the small business set-aside program for veteran-owned small businesses; authorizing county set-aside programs for veteran-owned small businesses; changing the award to veteran-owned businesses in state procurement biddings; adding veterans to special emphasis in state job recruitment; increasing credits for veterans in examination ratings in hiring; providing civil actions; amending Minnesota Statutes 2010, sections 1.05, by adding a subdivision; 16C.16, subdivision 6a; 43A.09; 161.321, subdivisions 2, 5, by adding subdivisions; 197.455, subdivisions 4, 5; proposing coding for new law in Minnesota Statutes, chapter 375.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 3 to 4, delete sections 1 and 2 and insert:

"Section 1. Minnesota Statutes 2010, section 161.321, subdivision 2, is amended to read:

Subd. 2. **Small targeted group business set-asides.** (a) The commissioner may award up to a six percent preference in the amount bid for specified construction work to small targeted group businesses ~~and veteran-owned small businesses.~~

(b) The commissioner may designate a contract for construction work for award only to small targeted group businesses if the commissioner determines that at least three small targeted group businesses are likely to bid. ~~The commissioner may designate a contract for construction work for award only to veteran-owned small businesses if the commissioner determines that at least three veteran-owned small businesses are likely to bid.~~

(c) The commissioner, as a condition of awarding a construction contract, may set goals that require the prime contractor to subcontract a portion of the contract to small targeted group businesses ~~and veteran-owned small businesses.~~ The commissioner must establish a procedure for granting waivers from the subcontracting requirement when qualified small targeted group businesses ~~and veteran-owned small businesses~~ are not reasonably available. The commissioner may establish financial incentives for prime contractors who exceed the goals for use of subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are small targeted group businesses ~~or veteran-owned small businesses.~~

(d) The commissioner may award up to a four percent preference in the amount bid on procurement to small businesses located in an economically disadvantaged area as defined in section 16C.16, subdivision 7.

EFFECTIVE DATE. This section is effective for contracts let on or after July 1, 2012.

Sec. 2. Minnesota Statutes 2010, section 161.321, is amended by adding a subdivision to read:

Subd. 2a. **Veteran-owned small business set-asides.** (a) The commissioner must award up to a six percent preference in the amount bid for specified construction work to veteran-owned small businesses, except when prohibited by the federal government as a condition of receiving federal funds. The percentage of preference in bid amount provided under this subdivision may not be less than the percentage of bid preference provided to any small targeted group business under subdivision 2.

(b) The commissioner must be as inclusive as possible in specifying contracts for construction work, as well as for construction-related professional and technical services, available under this bid preference program for veteran-owned small businesses. The term "construction" must be given broad meaning for purposes of specifying and letting contracts for veteran-owned small businesses and must include, but is not limited to, preplanning, planning, and all other construction-related professional and technical services.

(c) The commissioner must strive to ensure that contracts under this subdivision will be awarded on a proportional basis with contracts awarded under subdivision 2.

(d) The commissioner, as a condition of awarding a construction contract, must set goals that require the prime contractor to subcontract a portion of the contract to veteran-owned small businesses, except when prohibited by federal law or rule as a condition of receiving federal funds. The commissioner must establish a procedure for granting waivers from the subcontracting requirement when qualified veteran-owned small businesses are not reasonably available. The commissioner may establish financial incentives for prime contractors who exceed the goals for use of veteran-owned small business subcontractors, as well as financial penalties for prime contractors who have not been granted a waiver and fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are veteran-owned small businesses.

(e) The commissioner may designate a contract for construction work for award only to veteran-owned small businesses, if the commissioner determines that at least three veteran-owned small businesses are likely to bid.

EFFECTIVE DATE. This section is effective for contracts let on or after July 1, 2012."

Page 5, delete section 5

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Gimse from the Committee on Transportation, to which was referred

S.F. No. 1293: A bill for an act relating to traffic regulations; clarifying the right of protective agents to escort oversized loads; amending Minnesota Statutes 2010, section 326.338, subdivision 4.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 169.86, subdivision 3b, is amended to read:

Subd. 3b. **Escort vehicles.** The commissioner or local authority shall specify in the permit:

(1) the minimum number of escort vehicles required to escort the overdimensional load; and

(2) whether the operators of the escort vehicles must be certified licensed peace officers or may be overdimensional load escort drivers who hold a current certificate under section 299D.085. However, the commissioner or local authority shall specify only certified licensed peace officers as escort drivers when the transportation will involve lengthy traffic stoppages or other dangerous situations within the judgment of the commissioner or local authority.

Sec. 2. Minnesota Statutes 2010, section 326.338, subdivision 4, is amended to read:

Subd. 4. **Protective agent.** A person who for a fee, reward, or other valuable consideration undertakes any of the following acts is considered to be engaged in the business of protective agent:

(1) providing guards, private patrol, or other security personnel to protect persons or their property or to prevent the theft, unlawful taking of goods, merchandise, or money, or to prevent the misappropriation or concealment of goods, merchandise, money, or other valuable things, or to procure the return of those things;

(2) physically responding to any alarm signal device, burglar alarm, television camera, still camera, or a mechanical or electronic device installed or used to prevent or detect burglary, theft, shoplifting, pilferage, losses, or other security measures;

(3) providing armored car services for the protection of persons or property;

(4) controlling motor traffic on public streets, roads, and highways for the purpose of escorting a funeral procession and oversized loads; or

(5) providing management and control of crowds for the purpose of safety and protection.

A person covered by this subdivision may perform the traffic-control duties in clause (4) in place of a ~~police~~ peace officer when a special permit is required, provided that the protective agent is first-aid qualified and certified under section 299D.085."

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on Judiciary and Public Safety. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 2260, 1943, 2337, 1972, 2000, 2226, 1148, 1870, 1981, 2409, 2460, 2535 and 1792 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1384 and 2291 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Eaton introduced—

S.F. No. 2549: A bill for an act relating to real estate; requiring lender response to short sale requests; specifying consequences of nonresponse; proposing coding for new law in Minnesota Statutes, chapter 47.

Referred to the Committee on Commerce and Consumer Protection.

Senator Eaton introduced—

S.F. No. 2550: A bill for an act relating to real estate; prohibiting mortgage lenders or brokers from charging for services not performed or charges in excess of what was paid to a third party; proposing coding for new law in Minnesota Statutes, chapter 47.

Referred to the Committee on Commerce and Consumer Protection.

Senator Sparks introduced—

S.F. No. 2551: A bill for an act relating to alcohol; changing the structure of small and craft brewers; amending Minnesota Statutes 2010, section 340A.301, subdivision 6.

Referred to the Committee on Commerce and Consumer Protection.

Senator Benson introduced—

S.F. No. 2552: A bill for an act relating to human services; modifying family stabilization services; amending Minnesota Statutes 2010, section 256J.575, subdivisions 1, 2, 5, 6, 8.

Referred to the Committee on Health and Human Services.

Senator Tomassoni introduced—

S.F. No. 2553: A bill for an act relating to education finance; modifying certain transportation aid provisions; amending Minnesota Statutes 2011 Supplement, section 123B.92, subdivision 5.

Referred to the Committee on Education.

Senator Carlson introduced—

S.F. No. 2554: A bill for an act relating to natural resources; providing for certain snowmobile

registration exemption; amending Minnesota Statutes 2010, section 84.82, subdivision 6.

Referred to the Committee on Environment and Natural Resources.

Senators Sieben, Bonoff, Rest, McGuire and Harrington introduced—

S.F. No. 2555: A bill for an act relating to elections; requiring the use of photographs in the polling place roster; appropriating money; amending Minnesota Statutes 2010, sections 171.07, subdivision 1a; 201.022, subdivision 1, by adding a subdivision; 201.091, subdivision 9; 201.121, subdivision 1; 201.161; 201.221, subdivision 3; 204C.10.

Referred to the Committee on Local Government and Elections.

Senators Brown and Dahms introduced—

S.F. No. 2556: A bill for an act relating to property taxation; repealing the homestead market value exclusion; amending Minnesota Statutes 2011 Supplement, sections 126C.01, subdivision 3; 273.13, subdivision 34; 276.04, subdivision 2; 477A.011, subdivision 20; repealing Minnesota Statutes 2011 Supplement, section 273.13, subdivision 35.

Referred to the Committee on Taxes.

Senators Dibble, McGuire, Pappas, Hayden and Torres Ray introduced—

S.F. No. 2557: A bill for an act relating to natural resources; imposing restrictions on permits to mine sulfide ore bodies; proposing coding for new law in Minnesota Statutes, chapter 93.

Referred to the Committee on Environment and Natural Resources.

MOTIONS AND RESOLUTIONS

Senator Stumpf moved that the name of Senator Gazelka be added as a co-author to S.F. No. 1733. The motion prevailed.

Senator Jungbauer moved that the names of Senators Ortman and Hoffman be added as co-authors to S.F. No. 2205. The motion prevailed.

Senator Newman moved that the name of Senator Lourey be added as a co-author to S.F. No. 2357. The motion prevailed.

Senator Brown moved that the name of Senator Dahms be added as a co-author to S.F. No. 2372. The motion prevailed.

Senator Wiger moved that the name of Senator Daley be added as a co-author to S.F. No. 2421. The motion prevailed.

Senator Parry moved that the name of Senator Wiger be added as a co-author to S.F. No. 2488. The motion prevailed.

Senators Dziezic, McGuire and Harrington introduced –

Senate Resolution No. 139: A Senate resolution congratulating the University of Minnesota women's ice hockey team on winning the 2012 NCAA hockey championship

Referred to the Committee on Rules and Administration.

Senators Dziezic, Harrington and Higgins introduced –

Senate Resolution No. 140: A Senate resolution congratulating the DeLaSalle High School girls basketball team on winning the 2012 State High School Class 3A girls basketball championship.

Referred to the Committee on Rules and Administration.

Senators Latz, Bonoff, Michel, Hann and Rest introduced –

Senate Resolution No. 141: A Senate resolution congratulating the Hopkins High School girls basketball team on winning the 2012 State High School Class AAAA basketball championship.

Referred to the Committee on Rules and Administration.

RECESS

Senator Senjem moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

Senator Senjem imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12.5, Senator Wolf moved that the following members be excused for a Conference Committee on H.F. No. 1870 at 3:30 p.m.:

Senators Wolf, Olson, Bonoff, Daley and Kruse. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Senjem, Chair of the Committee on Rules and Administration, designated H.F. No. 2738 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 2738: A bill for an act proposing an amendment to the Minnesota Constitution, article

VII, section 1; requiring voters to present photographic identification; providing photographic identification to voters at no charge; requiring substantially equivalent verification standards for all voters; allowing provisional balloting for voters unable to present photographic identification.

Senator Howe moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 1, lines 13 and 23, after "identification" insert "or equivalent"

Page 2, lines 1 and 9, after "identification" insert "or equivalent"

Amend the title as follows:

Page 1, line 3, after "identification" insert "or equivalent"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 63 and nays 3, as follows:

Those who voted in the affirmative were:

Bakk	Gazelka	Kelash	Nelson	Senjem
Benson	Gerlach	Koch	Newman	Sheran
Bonoff	Gimse	Kruse	Nienow	Sieben
Carlson	Goodwin	Langseth	Olson	Skoe
Chamberlain	Hall	Latz	Ortman	Sparks
Cohen	Hann	Lillie	Pappas	Stumpf
Dahms	Harrington	Lourey	Parry	Tomassoni
Daley	Hayden	Magnus	Pederson	Torres Ray
DeKruif	Higgins	Marty	Reinert	Vandever
Dibble	Hoffman	McGuire	Rest	Wiger
Dziedzic	Howe	Metzen	Robling	Wolf
Eaton	Ingebrigtsen	Michel	Rosen	
Fischbach	Jungbauer	Miller	Saxhaug	

Those who voted in the negative were:

Brown	Limmer	Thompson
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The motion prevailed. So the amendment was adopted.

Senator Latz moved that H.F. No. 2738 be re-referred to the Committee on Judiciary and Public Safety.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Goodwin	Latz	Reinert	Sparks
Bonoff	Harrington	Lourey	Rest	Stumpf
Cohen	Hayden	Marty	Saxhaug	Tomassoni
Dibble	Higgins	McGuire	Sheran	Torres Ray
Dziedzic	Kelash	Metzen	Sieben	Wiger
Eaton	Langseth	Pappas	Skoe	

Those who voted in the negative were:

Benson	Dahms	Gazelka	Hann	Jungbauer
Brown	Daley	Gerlach	Hoffman	Koch
Carlson	DeKruif	Gimse	Howe	Kruse
Chamberlain	Fischbach	Hall	Ingebrigtsen	Lillie

Limmer	Nelson	Ortman	Rosen	Wolf
Magnus	Newman	Parry	Senjem	
Michel	Nienow	Pederson	Thompson	
Miller	Olson	Robling	Vandev eer	

The motion did not prevail.

Senator Bakk moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 1, line 15, after the period, insert "A veteran living in a state veterans home shall not be required to present government-issued photographic identification or to provide government-issued proof of identity before a ballot is cast or counted."

Page 1, line 21, after "voters" insert ", other than veterans living in a state veterans home,"

Page 2, line 2, after the period, insert "Nothing in this paragraph shall apply to veterans living in a state veterans home."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 36, as follows:

Those who voted in the affirmative were:

Bakk	Goodwin	Latz	Parry	Skoe
Bonoff	Harrington	Lourey	Reinert	Sparks
Cohen	Hayden	Marty	Rest	Stumpf
Dibble	Higgins	McGuire	Saxhaug	Tomassoni
Dziedzic	Kelash	Metzen	Sheran	Torres Ray
Eaton	Langseth	Pappas	Sieben	Wiger

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Nelson	Senjem
Brown	Gerlach	Koch	Newman	Thompson
Carlson	Gimse	Kruse	Nienow	Vandev eer
Chamberlain	Hall	Lillie	Olson	Wolf
Dahms	Hann	Limmer	Ortman	
Daley	Hoffman	Magnus	Pederson	
DeKruif	Howe	Michel	Robling	
Fischbach	Ingebrigtsen	Miller	Rosen	

The motion did not prevail. So the amendment was not adopted.

Senator Goodwin moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 2, after line 2, insert:

"(c) The legislature shall enact legislation to implement the provisions of this section of the Constitution."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Hayden	Latz	Metzen
Bonoff	Eaton	Higgins	Lourey	Pappas
Cohen	Goodwin	Kelash	Marty	Reinert
Dibble	Harrington	Langseth	McGuire	Rest

Saxhaug
SheranSieben
SkoeSparks
StumpfTomassoni
Torres Ray

Wiger

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Nelson	Rosen
Brown	Gerlach	Koch	Newman	Senjem
Carlson	Gimse	Kruse	Nienow	Thompson
Chamberlain	Hall	Lillie	Olson	Vandever
Dahms	Hann	Limmer	Ortman	Wolf
Daley	Hoffman	Magnus	Parry	
DeKruif	Howe	Michel	Pederson	
Fischbach	Ingebrigtsen	Miller	Robling	

The motion did not prevail. So the amendment was not adopted.

Senator Sieben moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 1, line 21, delete the new language

Page 1, delete line 22

Page 2, line 10, delete everything after the semicolon

Page 2, line 11, delete everything before "and"

Page 1, line 4, delete everything after "charge" and insert a period

Page 1, delete line 5

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Goodwin	Latz	Reinert	Sparks
Bonoff	Harrington	Lourey	Rest	Stumpf
Cohen	Hayden	Marty	Saxhaug	Tomassoni
Dibble	Higgins	McGuire	Sheran	Torres Ray
Dziedzic	Kelash	Metzen	Sieben	Wiger
Eaton	Langseth	Pappas	Skoe	

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Nelson	Rosen
Brown	Gerlach	Koch	Newman	Senjem
Carlson	Gimse	Kruse	Nienow	Thompson
Chamberlain	Hall	Lillie	Olson	Vandever
Dahms	Hann	Limmer	Ortman	Wolf
Daley	Hoffman	Magnus	Parry	
DeKruif	Howe	Michel	Pederson	
Fischbach	Ingebrigtsen	Miller	Robling	

The motion did not prevail. So the amendment was not adopted.

Senator McGuire moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 1, line 22, after "counted" insert "", provided that the verification procedures must not require a voter to submit a provisional ballot solely because the voter registered to vote in a polling place"

on election day"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 34, as follows:

Those who voted in the affirmative were:

Bakk	Harrington	Lourey	Rest	Stumpf
Bonoff	Hayden	Marty	Saxhaug	Tomassoni
Cohen	Higgins	McGuire	Sheran	Torres Ray
Dziedzic	Kelash	Metzen	Sieben	Wiger
Eaton	Langseth	Pappas	Skoe	
Goodwin	Latz	Reinert	Sparks	

Those who voted in the negative were:

Benson	Fischbach	Jungbauer	Miller	Pederson
Brown	Gazelka	Koch	Nelson	Robling
Carlson	Gimse	Kruse	Newman	Senjem
Chamberlain	Hann	Lillie	Nienow	Thompson
Dahms	Hoffman	Limmer	Olson	Vanderveer
Daley	Howe	Magnus	Ortman	Wolf
DeKruif	Ingebrigtsen	Michel	Parry	

The motion did not prevail. So the amendment was not adopted.

Senator Harrington moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 1, lines 12, 13, and 14, delete the new language and insert "and whose physical identity or likeness has been verified before voting in a manner prescribed by law"

Page 1, line 23, delete everything after "voter" and insert "whose physical identity or likeness has not been verified as prescribed by law"

Page 1, line 24, delete "when voting in person"

Page 2, line 1, delete everything after the period

Page 2, delete line 2

Page 2, line 8, delete everything after "that" and insert "the physical identity or likeness be verified before voting"

Page 2, delete line 9

Page 2, line 10, delete everything before the semicolon

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 36, as follows:

Those who voted in the affirmative were:

Bakk	Eaton	Kelash	McGuire	Saxhaug
Bonoff	Goodwin	Langseth	Metzen	Sheran
Cohen	Harrington	Latz	Pappas	Sieben
Dibble	Hayden	Lourey	Reinert	Skoe
Dziedzic	Higgins	Marty	Rest	Sparks

Stumpf

Tomassoni

Torres Ray

Wiger

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Nelson	Rosen
Brown	Gerlach	Koch	Newman	Senjem
Carlson	Gimse	Kruse	Nienow	Thompson
Chamberlain	Hall	Lillie	Olson	Vandever
Dahms	Hann	Limmer	Ortman	
Daley	Hoffman	Magnus	Parry	
DeKruif	Howe	Michel	Pederson	
Fischbach	Ingebrigtsen	Miller	Robling	

The motion did not prevail. So the amendment was not adopted.

Senator Kelash moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 2, after line 14, insert:

"Sec. 3. **APPROPRIATIONS.**

(a) \$15,000,000 shall be appropriated annually to the Office of the Secretary of State to reimburse any county, school district, statutory or home rule charter city, or town for any expense directly associated with implementing this amendment for any state, federal, or local primary, general, or special election. Expenses eligible for reimbursement include, but are not limited to, the following:

- (1) payment to election judges who would not have been hired but for implementation needs;
- (2) the cost of printing, purchasing, or copying any ballot, ballot envelope, ballot instructions, or other documents required in addition to normal election materials;
- (3) the purchase of any special ballot box or other means of securing provisional ballots;
- (4) compensation to election officials and election judges for processing provisional ballots, including any time in addition to regularly scheduled business hours needed to process or be available to process such ballots, including being available for a voter to prove identity; and
- (5) any other cost the eligible jurisdiction can show would not have been incurred but for the requirement to implement this amendment.

(b) To be eligible for reimbursement, a qualifying entity shall submit to the Office of the Secretary of State copies of documentation, including, but not limited to, receipts and payroll records, demonstrating the actual costs of implementing this amendment. The secretary shall deny any claim for which adequate documentation is not provided, but shall first provide the requesting jurisdiction with notice of the intent to deny the basis of the denial, and 30 days to submit additional requested documentation.

(c) If in any year the amount appropriated is insufficient to fully reimburse all requesting jurisdictions, the secretary of state shall honor reimbursement requests on a proportional basis and certify the amount of the shortfall to the Department of Revenue. The following year's appropriation shall be increased by the amount of the shortfall."

Amend the title accordingly

Senator Ortman questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Kelash moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 2, line 4, before the first "The" insert "(a)"

Page 2, after line 14, insert:

"(b) The ballot must be designed so that the following notice is printed near the ballot question: "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A POTENTIAL PROPERTY TAX INCREASE." The notice shall be printed in boldface type."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Goodwin	Latz	Reinert	Sparks
Bonoff	Harrington	Lourey	Rest	Stumpf
Cohen	Hayden	Marty	Saxhaug	Tomassoni
Dibble	Higgins	McGuire	Sheran	Torres Ray
Dziedzic	Kelash	Metzen	Sieben	Wiger
Eaton	Langseth	Pappas	Skoe	

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Nelson	Rosen
Brown	Gerlach	Koch	Newman	Senjem
Carlson	Gimse	Kruse	Nienow	Thompson
Chamberlain	Hall	Lillie	Olson	Vandever
Dahms	Hann	Limmer	Ortman	Wolf
Daley	Hoffman	Magnus	Parry	
DeKruif	Howe	Michel	Pederson	
Fischbach	Ingebrigtsen	Miller	Robling	

The motion did not prevail. So the amendment was not adopted.

Senator Saxhaug moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 1, line 15, after the period, insert "A voter living in a precinct that conducts elections by mail shall not be required to provide government-issued proof of identity before a ballot is cast or counted."

Page 1, line 21, after "voters" insert ", other than individuals living in a precinct that conducts elections by mail,"

Page 2, line 2, after the period, insert "Nothing in this paragraph shall require an individual living in a precinct that conducts elections by mail to provide government-issued proof of identity."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Hayden	Latz	Metzen
Bonoff	Eaton	Higgins	Lourey	Pappas
Cohen	Goodwin	Kelash	Marty	Reinert
Dibble	Harrington	Langseth	McGuire	Rest

Saxhaug	Sieben	Sparks	Tomassoni	Wiger
Sheran	Skoe	Stumpf	Torres Ray	

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Nelson	Rosen
Brown	Gerlach	Koch	Newman	Senjem
Carlson	Gimse	Kruse	Nienow	Thompson
Chamberlain	Hall	Lillie	Olson	Vandever
Dahms	Hann	Limmer	Ortman	Wolf
Daley	Hoffman	Magnus	Parry	
DeKruif	Howe	Michel	Pederson	
Fischbach	Ingebrigtsen	Miller	Robling	

The motion did not prevail. So the amendment was not adopted.

Senator Wiger moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 1, line 15, after the period, insert "A veteran living in a state veterans home or a voter living in a nursing facility shall not be required to present government-issued photographic identification or to provide government-issued proof of identity before a ballot is cast or counted."

Page 1, line 21, after "voters" insert " , other than veterans living in a state veterans home or voters living in a nursing facility,"

Page 2, line 2, after the period, insert "Nothing in this paragraph shall apply to veterans living in a state veterans home or voters living in a nursing facility."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 35, as follows:

Those who voted in the affirmative were:

Bakk	Goodwin	Langseth	Parry	Skoe
Bonoff	Harrington	Latz	Reinert	Sparks
Cohen	Hayden	Lourey	Rest	Stumpf
Dibble	Higgins	McGuire	Saxhaug	Tomassoni
Dziedzic	Howe	Metzen	Sheran	Torres Ray
Eaton	Kelash	Pappas	Sieben	Wiger

Those who voted in the negative were:

Benson	Fischbach	Ingebrigtsen	Michel	Pederson
Brown	Gazelka	Jungbauer	Miller	Robling
Carlson	Gerlach	Koch	Nelson	Rosen
Chamberlain	Gimse	Kruse	Newman	Senjem
Dahms	Hall	Lillie	Nienow	Thompson
Daley	Hann	Limmer	Olson	Vandever
DeKruif	Hoffman	Magnus	Ortman	Wolf

The motion did not prevail. So the amendment was not adopted.

Senator Sieben moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 171.07, subdivision 1a, is amended to read:

Subd. 1a. **Filing photograph or image; data classification.** The department shall file, or contract to file, all photographs or electronically produced images obtained in the process of issuing

drivers' licenses or Minnesota identification cards. The photographs or electronically produced images shall be private data pursuant to section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the department shall not be required to provide copies of photographs or electronically produced images to data subjects. The use of the files is restricted:

(1) to the issuance and control of drivers' licenses;

(2) to criminal justice agencies, as defined in section 299C.46, subdivision 2, for the investigation and prosecution of crimes, service of process, enforcement of no contact orders, location of missing persons, investigation and preparation of cases for criminal, juvenile, and traffic court, and supervision of offenders;

(3) to public defenders, as defined in section 611.272, for the investigation and preparation of cases for criminal, juvenile, and traffic courts; ~~and~~

(4) to child support enforcement purposes under section 256.978; and

(5) to the secretary of state and other elections officials designated by the secretary of state for the purposes required by sections 201.221, subdivision 3, and 204C.10.

Sec. 2. Minnesota Statutes 2010, section 201.022, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The secretary of state shall maintain a statewide voter registration system to facilitate voter registration and to provide a central database containing voter registration information from around the state. The system must be accessible to the county auditor of each county in the state. The system must also:

(1) provide for voters to submit their voter registration applications to any county auditor, the secretary of state, or the Department of Public Safety;

(2) provide for the definition, establishment, and maintenance of a central database for all voter registration information;

(3) provide for entering data into the statewide registration system;

(4) provide for electronic transfer of completed voter registration applications from the Department of Public Safety to the secretary of state or the county auditor;

(5) assign a unique identifier to each legally registered voter in the state;

(6) provide for the acceptance of the Minnesota driver's license number, Minnesota state identification number, ~~and~~ last four digits of the Social Security number, and photograph for each voter record;

(7) coordinate with other agency databases within the state;

(8) allow county auditors and the secretary of state to add or modify information in the system to provide for accurate and up-to-date records;

(9) allow county auditors, municipal and school district clerks, and the secretary of state to have electronic access to the statewide registration system for review and search capabilities;

(10) provide security and protection of all information in the statewide registration system and

ensure that unauthorized access is not allowed;

(11) provide access to municipal clerks to use the system;

(12) provide a system for each county to identify the precinct to which a voter should be assigned for voting purposes;

(13) provide daily reports accessible by county auditors on the driver's license numbers, state identification numbers, or last four digits of the Social Security numbers submitted on voter registration applications that have been verified as accurate by the secretary of state; and

(14) provide reports on the number of absentee ballots transmitted to and returned and cast by voters under section 203B.16.

The appropriate state or local official shall provide security measures to prevent unauthorized access to the computerized list established under section 201.021.

Sec. 3. Minnesota Statutes 2010, section 201.022, is amended by adding a subdivision to read:

Subd. 1a. Photographs of voters; data classification. Photographs or electronically produced images maintained in the statewide voter registration system are classified as private data, as defined in section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the secretary shall not be required to provide copies of photographs or electronically produced images to data subjects. The use of photographs and electronically produced images is limited to the preparation and maintenance of the statewide voter registration system and polling place rosters as described in section 201.221, subdivision 3, and for voter identity verification as described in section 204C.10. A photograph or electronically produced image of a voter captured by an election official, including an election judge as provided in section 204C.10, may only be captured on secure equipment issued by the county auditor or municipal clerk, and may not be modified, copied, or stored by any election official for a reason other than those required by law.

Sec. 4. Minnesota Statutes 2010, section 201.091, subdivision 9, is amended to read:

Subd. 9. Restricted data. A list provided for public inspection or purchase, for jury selection, or in response to a law enforcement inquiry, must not include a voter's date of birth, photograph, or any part of a voter's Social Security number, driver's license number, identification card number, military identification card number, or passport number.

Sec. 5. Minnesota Statutes 2010, section 201.121, subdivision 1, is amended to read:

Subdivision 1. Entry of registration information. (a) At the time a voter registration application is properly completed, submitted, and received in accordance with sections 201.061 and 201.071, the county auditor shall enter the information contained on it into the statewide registration system. Voter registration applications completed before election day must be entered into the statewide registration system within ten days after they have been submitted to the county auditor. Voter registration applications completed on election day must be entered into the statewide registration system within 42 days after the election, unless the county auditor notifies the secretary of state before the 42-day deadline has expired that the deadline will not be met.

(b) Upon receiving a completed voter registration application, the secretary of state may electronically transmit the information on the application to the appropriate county auditor as

soon as possible for review by the county auditor before final entry into the statewide registration system. The secretary of state may mail the voter registration application to the county auditor.

(c) Within ten days after the county auditor has entered information from a voter registration application into the statewide registration system, the secretary of state shall ~~compare~~ provide the Department of Public Safety with the voter's name, date of birth, and driver's license number, state identification number, or the last four digits of the Social Security number with the same information contained in. The Department of Public Safety ~~database~~ shall provide the secretary of state with exact and possible matches for each voter. In a secure file, the Department of Public Safety shall provide the secretary of state with all of the most recent photographic images for individuals in the Department of Public Safety's database along with each individual's Minnesota driver's license or state identification card number and tracking number. At least weekly, the Department of Public Safety shall provide the secretary of state with updated files.

(d) The secretary of state shall provide a report to the county auditor on a weekly basis that includes a list of voters whose name, date of birth, or identification number have been compared with the same information in the Department of Public Safety database and cannot be verified as provided in this subdivision. The report must list separately those voters who have submitted a voter registration application by mail and have not voted in a federal election in this state.

(e) The county auditor shall compile a list of voters for whom the county auditor and the secretary of state are unable to conclude that information on the voter registration application and the corresponding information in the Department of Public Safety database relate to the same person.

(f) The county auditor shall send a notice of incomplete registration to any voter whose name appears on the list and change the voter's status to "incomplete." A voter who receives a notice of incomplete registration from the county auditor may either provide the information required to complete the registration at least 21 days before the next election or at the polling place on election day.

Sec. 6. Minnesota Statutes 2010, section 201.161, is amended to read:

201.161 DRIVER'S LICENSE AND IDENTIFICATION CARD APPLICATIONS.

The Department of Public Safety shall change its applications for an original, duplicate, or change of address driver's license or identification card so that the forms may also serve as voter registration applications. The forms must contain spaces for all information collected by voter registration applications prescribed by the secretary of state. Applicants for driver's licenses or identification cards must be asked if they want to register to vote at the same time and that information must be transmitted at least weekly by electronic means to the secretary of state. Pursuant to the Help America Vote Act of 2002, Public Law 107-252, the computerized driver's license record containing the voter's name, address, date of birth, photograph, driver's license number or state identification number, county, town, and city must be made available for access by the secretary of state and interaction with the statewide voter registration system.

Sec. 7. Minnesota Statutes 2010, section 201.221, subdivision 3, is amended to read:

Subd. 3. **Procedures for polling place rosters.** The secretary of state shall prescribe the form of polling place rosters that include the voter's name, address, date of birth, photograph, school

district number, and space for the voter's signature. The secretary of state may prescribe additional election-related information to be placed on the polling place rosters on an experimental basis for one state primary and general election cycle; the same information may not be placed on the polling place roster for a second state primary and general election cycle unless specified in this subdivision. The polling place roster must be used to indicate whether the voter has voted in a given election. The secretary of state shall prescribe procedures for transporting the polling place rosters to the election judges for use on election day. The secretary of state shall prescribe the form for a county or municipality to request the date of birth from currently registered voters. The county or municipality shall not request the date of birth from currently registered voters by any communication other than the prescribed form and the form must clearly indicate that a currently registered voter does not lose registration status by failing to provide the date of birth. In accordance with section 204B.40, the county auditor shall retain the prescribed polling place rosters used on the date of election for 22 months following the election.

Sec. 8. Minnesota Statutes 2010, section 204C.10, is amended to read:

204C.10 PERMANENT REGISTRATION; VERIFICATION OF REGISTRATION.

(a) An individual seeking to vote shall sign a polling place roster which states that the individual is at least 18 years of age, a citizen of the United States, has resided in Minnesota for 20 days immediately preceding the election, maintains residence at the address shown, is not under a guardianship in which the court order revokes the individual's right to vote, has not been found by a court of law to be legally incompetent to vote or has the right to vote because, if the individual was convicted of a felony, the felony sentence has expired or been completed or the individual has been discharged from the sentence, is registered and has not already voted in the election. The roster must also state: "I understand that deliberately providing false information is a felony punishable by not more than five years imprisonment and a fine of not more than \$10,000, or both."

(b) A judge may, before the applicant signs the roster, confirm the applicant's name, address, and date of birth, and verify that the applicant appears to be the same individual whose photograph is associated with that voter record in the polling place roster. If two or more election judges of different major political parties do not believe that the voter is the same person as the person depicted in the photograph associated with the voter's record, the voter must certify that the voter is the person who is registered to vote and the judge must take a photograph of the voter. If a photograph is not associated with the applicant's record in the roster, the voter may present a Minnesota driver's license or identification card to the judge, who shall record the number so that a photograph can be attached to the voter's record. Otherwise, the judge must request that the applicant allow the judge to take a color photograph of the applicant for inclusion in the statewide voter registration system and polling place roster. Refusal of an applicant to consent to a photograph for religious reasons must be noted on the incident log, but does not prohibit the applicant from casting a ballot.

(c) The secretary of state may send a letter to a voter if there is not a Minnesota driver's license or state identification card number associated with the voter's record to request that the voter provide this number, if the voter has a Minnesota driver's license or state identification card.

~~(e)~~ (d) After the applicant signs the roster, the judge shall give the applicant a voter's receipt. The voter shall deliver the voter's receipt to the judge in charge of ballots as proof of the voter's right to vote, and thereupon the judge shall hand to the voter the ballot. The voters' receipts must be maintained during the time for notice of filing an election contest.

Sec. 9. TENNESSEN WARNING EXEMPTION.

For photographs obtained by the commissioner of public safety during the process of issuing Minnesota drivers' licenses or state identification cards prior to the effective date of this act, the notice required under section 13.04, subdivision 2, does not need to have been provided in order for the photographs to be used as provided under Minnesota Statutes, section 171.07, subdivision 1a, clause (5).

Sec. 10. APPROPRIATION.

\$...... is appropriated from the general fund to the secretary of state to carry out the duties authorized under this act. Of the amount appropriated under this section, \$...... is added to the base of the agency."

Amend the title accordingly

Senator Ortman questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Sieben appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 37 and nays 29, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Jungbauer	Nelson	Rosen
Brown	Gerlach	Koch	Newman	Senjem
Carlson	Gimse	Kruse	Nienow	Thompson
Chamberlain	Hall	Lillie	Olson	Vanderveer
Dahms	Hann	Limmer	Ortman	Wolf
Daley	Hoffman	Magnus	Parry	
DeKruif	Howe	Michel	Pederson	
Fischbach	Ingebrigtsen	Miller	Robling	

Those who voted in the negative were:

Bakk	Goodwin	Latz	Reinert	Sparks
Bonoff	Harrington	Lourey	Rest	Stumpf
Cohen	Hayden	Marty	Saxhaug	Tomassoni
Dibble	Higgins	McGuire	Sheran	Torres Ray
Dziedzic	Kelash	Metzen	Sieben	Wiger
Eaton	Langseth	Pappas	Skoe	

So the decision of the President was sustained.

Senator Sheran moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 1, line 15, after the period, insert "A student enrolled in a public or private post-secondary institution located within or outside the state shall not be required to present government-issued photographic identification or to provide government-issued proof of identity before a ballot is cast or counted."

Page 1, line 21, after "voters" insert ", other than students enrolled in a public or private post-secondary institution located within or outside the state,"

Page 2, line 2, after the period, insert "Nothing in this paragraph shall apply to students enrolled in a public or private post-secondary institution located within or outside the state."

Senator Sheran moved to amend the Sheran amendment to H.F. No. 2738 as follows:

Page 1, line 5, after "identification" insert "or equivalent"

The motion did not prevail. So the amendment to the amendment was not adopted.

The question was taken on the adoption of the first Sheran amendment.

The roll was called, and there were yeas 30 and nays 36, as follows:

Those who voted in the affirmative were:

Bakk	Goodwin	Latz	Pappas	Skoe
Bonoff	Harrington	Lourey	Reinert	Sparks
Cohen	Hayden	Marty	Rest	Stumpf
Dibble	Higgins	McGuire	Saxhaug	Tomassoni
Dziedzic	Kelash	Metzen	Sheran	Torres Ray
Eaton	Langseth	Miller	Sieben	Wiger

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Newman	Senjem
Brown	Gerlach	Koch	Nienow	Thompson
Carlson	Gimse	Kruse	Olson	Vandever
Chamberlain	Hall	Lillie	Ortman	Wolf
Dahms	Hann	Limmer	Parry	
Daley	Hoffman	Magnus	Pederson	
DeKruif	Howe	Michel	Robling	
Fischbach	Ingebrigtsen	Nelson	Rosen	

The motion did not prevail. So the amendment was not adopted.

Senator Rest moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 2, line 5, delete "December" and insert "June 30, 2014"

Page 2, line 6, delete "1, 2013"

Page 2, line 7, delete "December 1, 2013" and insert "June 30, 2014"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Goodwin	Latz	Reinert	Sparks
Bonoff	Harrington	Lourey	Rest	Stumpf
Cohen	Hayden	Marty	Saxhaug	Tomassoni
Dibble	Higgins	McGuire	Sheran	Torres Ray
Dziedzic	Kelash	Metzen	Sieben	Wiger
Eaton	Langseth	Pappas	Skoe	

Those who voted in the negative were:

Benson	Dahms	Gazelka	Hann	Jungbauer
Brown	Daley	Gerlach	Hoffman	Koch
Carlson	DeKruif	Gimse	Howe	Kruse
Chamberlain	Fischbach	Hall	Ingebrigtsen	Lillie

Limmer	Nelson	Ortman	Rosen	Wolf
Magnus	Newman	Parry	Senjem	
Michel	Nienow	Pederson	Thompson	
Miller	Olson	Robling	Vandever	

The motion did not prevail. So the amendment was not adopted.

Senator McGuire moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 2, after line 14, insert:

"Sec. 3. **REPEALER.**

Laws 2011, chapter 88, sections 1; and 2, are repealed.

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

Amend the title accordingly

Senator Ortman questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator McGuire appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 39 and nays 25, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Jungbauer	Miller	Robling
Brown	Gerlach	Koch	Nelson	Rosen
Carlson	Gimse	Kruse	Newman	Senjem
Chamberlain	Hall	Langseth	Nienow	Stumpf
Dahms	Hann	Lillie	Olson	Thompson
Daley	Hoffman	Limmer	Ortman	Vandever
DeKruif	Howe	Magnus	Parry	Wolf
Fischbach	Ingebrigtsen	Michel	Pederson	

Those who voted in the negative were:

Bakk	Eaton	Kelash	Metzen	Sheran
Bonoff	Goodwin	Latz	Pappas	Sieben
Cohen	Harrington	Lourey	Reinert	Tomassoni
Dibble	Hayden	Marty	Rest	Torres Ray
Dziedzic	Higgins	McGuire	Saxhaug	Wiger

So the decision of the President was sustained.

Senator Harrington moved to amend H.F. No. 2738, the unofficial engrossment, as follows:

Page 1, lines 15 and 16, delete the new language

Page 2, after line 2, insert:

"(c) The state must make photographic identification available to eligible individuals at no charge as prescribed by law. The state must reimburse individuals for all costs incurred in obtaining supporting documents necessary to obtain a photo identification."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Goodwin	Latz	Reinert	Sparks
Bonoff	Harrington	Lourey	Rest	Stumpf
Cohen	Hayden	Marty	Saxhaug	Tomassoni
Dibble	Higgins	McGuire	Sheran	Torres Ray
Dziedzic	Kelash	Metzen	Sieben	Wiger
Eaton	Langseth	Pappas	Skoe	

Those who voted in the negative were:

Benson	Gazelka	Jungbauer	Nelson	Rosen
Brown	Gerlach	Koch	Newman	Senjem
Carlson	Gimse	Kruse	Nienow	Thompson
Chamberlain	Hall	Lillie	Olson	Vandever
Dahms	Hann	Limmer	Ortman	Wolf
Daley	Hoffman	Magnus	Parry	
DeKruif	Howe	Michel	Pederson	
Fischbach	Ingebrigtsen	Miller	Robling	

The motion did not prevail. So the amendment was not adopted.

CALL OF THE SENATE

Senator Limmer imposed a call of the Senate for the balance of the proceedings on H.F. No. 2738. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 2738 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 36 and nays 30, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Jungbauer	Newman	Senjem
Brown	Gerlach	Koch	Nienow	Thompson
Carlson	Gimse	Kruse	Olson	Vandever
Chamberlain	Hall	Lillie	Ortman	Wolf
Dahms	Hann	Limmer	Parry	
Daley	Hoffman	Magnus	Pederson	
DeKruif	Howe	Michel	Robling	
Fischbach	Ingebrigtsen	Nelson	Rosen	

Those who voted in the negative were:

Bakk	Goodwin	Latz	Pappas	Skoe
Bonoff	Harrington	Lourey	Reinert	Sparks
Cohen	Hayden	Marty	Rest	Stumpf
Dibble	Higgins	McGuire	Saxhaug	Tomassoni
Dziedzic	Kelash	Metzen	Sheran	Torres Ray
Eaton	Langseth	Miller	Sieben	Wiger

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills.

REPORTS OF COMMITTEES

Senator Senjem moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 2262 and 1694. The motion prevailed.

Senator Parry from the Committee on State Government Innovation and Veterans, to which was referred

S.F. No. 2488: A bill for an act relating to veterans; expanding the purposes for the Minnesota GI Bill program to include apprenticeships and on-the-job training; amending Minnesota Statutes 2010, section 197.791, subdivision 6, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 15, strike "2013" and insert "2011"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Parry from the Committee on State Government Innovation and Veterans, to which was referred

H.F. No. 1850: A bill for an act relating to state government; increasing the maximum award amount in the state employee gainsharing program; amending Minnesota Statutes 2011 Supplement, section 16A.90.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 18, delete "\$250,000" and insert "\$50,000"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Parry from the Committee on State Government Innovation and Veterans, to which was referred

H.F. No. 1812: A bill for an act relating to state government; permitting the Department of Administration to contract for waste hauling without determining whether state employees are able to do the work; proposing coding for new law in Minnesota Statutes, chapter 16C.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Parry from the Committee on State Government Innovation and Veterans, to

which was re-referred

S.F. No. 1298: A bill for an act relating to civil actions; regulating the imposition of certain civil penalties by state agencies; awarding fees and expenses to prevailing parties in certain actions involving state agencies; amending Minnesota Statutes 2010, sections 14.045, subdivision 3; 15.471, subdivision 6, by adding a subdivision; 15.472.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, delete section 1

Page 3, line 20, delete "of the administrative" and insert "in the contested case or judicial proceeding"

Page 3, line 21, delete "law judge or court"

Page 3, line 22, delete "administrative law judge or court shall award to the"

Page 3, line 23, after "party" insert "shall be awarded"

Renumber the sections in sequence

Amend the title accordingly

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Parry from the Committee on State Government Innovation and Veterans, to which was referred

S.F. No. 741: A bill for an act relating to the legislature; requiring that certain services be provided through a joint legislative office; amending Minnesota Statutes 2010, sections 3.06, subdivision 1; 3.303, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 3.06, subdivision 1, is amended to read:

Subdivision 1. **Election.** Thereupon, if a quorum is present, the houses shall elect the following officers, any of whom may be removed by resolution of the appointing body.

The senate shall elect a secretary, a first and a second assistant secretary, an enrolling clerk, an engrossing clerk, a sergeant-at-arms, an assistant sergeant-at-arms, and a chaplain.

The house of representatives shall elect a speaker, who shall be a member of the house of representatives, a chief clerk, a first and a second assistant clerk, an index clerk, a chief sergeant-at-arms, a first and a second assistant sergeant-at-arms, a postmaster, an assistant postmaster, and a chaplain.

Sec. 2. Minnesota Statutes 2010, section 3.303, is amended by adding a subdivision to read:

Subd. 11. **Geographic information systems.** The Legislative Coordinating Commission shall

provide geographic information services to the legislative branch through an agreement with an executive branch agency or a contract with a private vendor, or both. Services provided by the executive branch shall be provided in a timely fashion to the legislature. Services relating to redistricting may not be provided by an executive branch agency.

Sec. 3. Minnesota Statutes 2010, section 3.303, is amended by adding a subdivision to read:

Subd. 12. **Records retention.** The Legislative Coordinating Commission must adopt a records retention policy, for purposes of sections 15.17 and 138.17, that applies to the house of representatives, the senate, and all other entities in the legislative branch. The commission must publish this policy on the commission's Web site.

EFFECTIVE DATE. The authority to adopt a policy under this section is effective the day following final enactment. The Legislative Coordinating Commission must adopt a policy under this section by July 1, 2012. Policies previously adopted by entities in the legislative branch remain in effect until adoption of a policy by the Legislative Coordinating Commission under this section.

Sec. 4. **GIS SERVICES.**

The executive director of the Legislative Coordinating Commission, on behalf of the Commission, shall issue a request for proposals for the provision of services related to geographic information systems for the legislative branch. The request for proposals must indicate that these services may be provided by a state agency, a private vendor, or both. The request for proposals must provide for a map library and archiving of maps and map data as well as on demand data mapping services. If the services are to be provided by a state agency, they must be provided in a timely fashion to the legislature. Services relating to redistricting may not be provided by an executive branch agency.

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

Delete the title and insert:

"A bill for an act relating to the legislature; modifying provisions governing the election of certain officers; establishing additional duties for the Legislative Coordinating Commission; amending Minnesota Statutes 2010, sections 3.06, subdivision 1; 3.303, by adding a subdivision"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Parry from the Committee on State Government Innovation and Veterans, to which was referred

S.F. No. 1808: A bill for an act relating to retirement; correctional state employees retirement plan of the Minnesota State Retirement System; implementation of coverage changes recommended by the commissioner of human services; amending Minnesota Statutes 2010, section 352.91, subdivisions 3c, 3d, 3f.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1**STATUTORY ACTUARIAL ASSUMPTION AND CONFORMING CHANGES**

Section 1. Minnesota Statutes 2010, section 356.215, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the terms in the following paragraphs has the meaning given.

(b) "Actuarial valuation" means a set of calculations prepared by an actuary retained under section 356.214 if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

(c) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who is a fellow in the Society of Actuaries.

(d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual, if the benefit plan is governed by section 69.773, or over the earnings of the individual, if the benefit plan is governed by any other law, between the entry age and the assumed exit age, with the portion of the actuarial present value which is allocated to the valuation year to be the normal cost and the portion of the actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(f) "Actuarial value of assets" means:

~~(1) For the July 1, 2009, actuarial valuation, the market value of all assets as of June 30, 2009, reduced by:~~

~~(i) 20 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2006, and June 30, 2005, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2005;~~

~~(ii) 40 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2007, and June 30, 2006, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for~~

~~July 1, 2006;~~

~~(iii) 60 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2008, and June 30, 2007, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2007;~~

~~(iv) 80 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2008; and~~

~~(v) if applicable, 80 percent of the difference between the actual net change in the market value of the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets over that fiscal year period if the assets had increased at 8.5 percent annually.~~

~~(2) For the July 1, 2010, actuarial valuation, the market value of all assets as of June 30, 2010, reduced by:~~

~~(i) 20 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2007, and June 30, 2006, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2006;~~

~~(ii) 40 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2008, and June 30, 2007, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2007;~~

~~(iii) 60 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2008;~~

~~(iv) 80 percent of the difference between the actual net change in the market value of total assets between June 30, 2010, and June 30, 2009, and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2009; and~~

~~(v) if applicable, 60 percent of the difference between the actual net change in the market value of the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets over that fiscal year period if the assets had increased at 8.5 percent annually.~~

~~(3) For the July 1, 2011, actuarial valuation, the market value of all assets as of June 30, 2011, reduced by:~~

~~(i) 20 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2008, and June 30, 2007, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2007;~~

~~(ii) 40 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2008;~~

~~(iii) 60 percent of the difference between the actual net change in the market value of the total assets between June 30, 2010, and June 30, 2009, and the computed increase in the market value of the total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2009;~~

~~(iv) 80 percent of the difference between the actual net change in the market value of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2010; and~~

~~(v) if applicable, 40 percent of the difference between the actual net change in the market value of the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets over that fiscal year period if the assets had increased at 8.5 percent annually.~~

~~(4) (1) For the July 1, 2012, actuarial valuation, the market value of all assets as of June 30, 2012, reduced by:~~

~~(i) 20 percent of the difference between the actual net change in the market value of assets other than the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets other than the Minnesota postretirement investment fund over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2008;~~

~~(ii) 40 percent of the difference between the actual net change in the market value of total assets~~

between June 30, 2010, and June 30, 2009, and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2009;

(iii) 60 percent of the difference between the actual net change in the market value of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2010;

(iv) 80 percent of the difference between the actual net change in the market value of total assets between June 30, 2012, and June 30, 2011, and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for July 1, 2011; and

(v) if applicable, 20 percent of the difference between the actual net change in the market value of the Minnesota postretirement investment fund between June 30, 2009, and June 30, 2008, and the computed increase in the market value of assets over that fiscal year period if the assets had increased at 8.5 percent annually.

~~(5)~~ (2) For the July 1, 2013, and following actuarial valuations, the market value of all assets as of the preceding June 30, reduced by:

(i) 20 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

(ii) 40 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

(iii) 60 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and

(iv) 80 percent of the difference between the actual net change in the market value of total assets between the most recent June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

(g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of the actuarial value of assets and the present value of future normal costs.

(h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 2. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

(1) select interest rate assumptions

For the period after June 30, 2012, through at least July 1, 2014, and until the July 1 of the calendar year next following the determination provided for in clause (2) occurs, the select interest rate actuarial assumptions are as follows:

plan	preretirement interest rate assumption			postretirement interest rate assumption		
	<u>before July 1, 2012</u>	<u>July 1, 2012 - June 30, 2014</u>	<u>after June 30, 2014</u>	<u>before July 1, 2012</u>	<u>July 1, 2012 - June 30, 2014</u>	<u>after June 30, 2014</u>
general state employees retirement plan of the <u>Minnesota State Retirement System</u>	8.5%	<u>8.25%</u>	<u>8.00%</u>	6.0%	<u>5.75%</u>	<u>5.50%</u>
correctional state employees retirement plan	8.5	<u>8.25</u>	<u>8.00</u>	6.0	<u>5.75</u>	<u>5.50</u>
State Patrol retirement plan	8.5	<u>8.25</u>	<u>8.00</u>	6.0	<u>5.75</u>	<u>5.50</u>
legislators retirement plan	8.5	<u>0.00</u>	<u>0.00</u>	6.0	<u>-2.00</u>	<u>-2.00 until June 30, 2040, and -2.50 after June 30, 2040</u>
elective state officers retirement plan	8.5	<u>0.00</u>	<u>0.00</u>	6.0	<u>-2.00</u>	<u>-2.00 until June 30, 2040, and -2.50 after June 30, 2040</u>
judges retirement plan	8.5	<u>8.25</u>	<u>8.00</u>	6.0	<u>5.75</u>	<u>5.50</u>

general public employees retirement plan of the Public Employees Retirement Association	8.5	<u>8.25</u>	<u>8.00</u>	6.0	<u>5.75</u>	<u>5.50</u>
public employees police and fire retirement plan	8.5	<u>8.25</u>	<u>8.00</u>	6.0	<u>5.75</u>	<u>5.50</u>
local government correctional service retirement plan	8.5	<u>8.25</u>	<u>8.00</u>	6.0	<u>5.75</u>	<u>5.50</u>
teachers retirement plan	8.5	<u>8.25</u>	<u>8.00</u>	6.0	<u>5.75</u>	<u>5.50</u>
Duluth teachers retirement plan	8.5	<u>8.25</u>	<u>8.00</u>	8.5	<u>8.25</u>	<u>8.00</u>
St. Paul teachers retirement plan	8.5	<u>8.25</u>	<u>8.00</u>	8.5	<u>8.25</u>	<u>8.00</u>

(2) ultimate interest rate assumptions

Once, after July 1, 2014, the geometric average dollar weighted rate of return for a ten fiscal year period, as calculated by the approved actuary retained by the applicable retirement system or plan and disclosed in the actuarial valuation under this section, indicates that the investment performance of the applicable retirement plan equals or exceeds 8.5 percent, beginning July 1 of the calendar year next following the date on which the actuarial valuation containing that result is filed with the Legislative Commission on Pensions and Retirement, the ultimate interest rate actuarial assumptions for that retirement plan are as follows:

<u>plan</u>	<u>preretirement interest rate assumption</u>	<u>postretirement interest rate assumption</u>
<u>general state employees retirement plan</u>	<u>8.5%</u>	<u>6.0%</u>
<u>correctional state employees retirement plan</u>	<u>8.5</u>	<u>6.0</u>
<u>State Patrol retirement plan</u>	<u>8.5</u>	<u>6.0</u>
<u>judges retirement plan</u>	<u>8.5</u>	<u>6.0</u>
<u>general public employees retirement plan</u>	<u>8.5</u>	<u>6.0</u>
<u>public employees police and fire retirement plan</u>	<u>8.5</u>	<u>6.0</u>
<u>local government correctional service retirement plan</u>	<u>8.5</u>	<u>6.0</u>
<u>teachers retirement plan</u>	<u>8.5</u>	<u>6.0</u>
<u>Duluth teachers retirement plan</u>	<u>8.5</u>	<u>8.5</u>
<u>St. Paul teachers retirement plan</u>	<u>8.5</u>	<u>8.5</u>

(3) special preretirement and postretirement interest rate assumptions

<u>plan</u>	<u>preretirement interest rate assumption</u>	<u>postretirement interest rate assumption</u>
<u>legislators retirement plan</u>	<u>0.0%</u>	<u>-2.00% until June 30, 2040, and -2.50% after June 30, 2040</u>
<u>elective state officers retirement plan</u>	<u>0.0%</u>	<u>-2.00% until June 30, 2040, and -2.50% after June 30, 2040</u>

(4) single rate preretirement and postretirement interest rate assumption

<u>plan</u>	<u>interest rate assumption</u>	
Fairmont Police Relief Association	5.0	5.0
Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) ~~Before July 1, 2010,~~ The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

<u>plan</u>	<u>future salary increase assumption</u>
legislators retirement plan	5.0%
judges retirement plan	4.0 <u>3.0</u>
Fairmont Police Relief Association	3.5
Virginia Fire Department Relief Association	3.5
Bloomington Fire Department Relief Association	4.0

(2) age-related future salary increase age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

<u>plan</u>	<u>future salary increase assumption</u>
correctional state employees retirement plan	assumption D
State Patrol retirement plan	assumption E
local government correctional service retirement plan	assumption C
Duluth teachers retirement plan	assumption A
St. Paul teachers retirement plan	assumption B

The select calculation is: during the designated select period, a designated percentage rate is

multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. ~~The designated select period is five years and the designated integer is five for the general state employees retirement plan.~~ The designated select period is ten years and the designated integer is ten for all other retirement plans covered by this clause. The designated percentage rate is: (1) ~~0.2 percent for the correctional state employees retirement plan, the State Patrol retirement plan, and the local government correctional service retirement plan;~~ (2) 0.6 percent for the general state employees retirement plan; and ~~(3)~~ (2) 0.3 percent for the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	A	B	C	D
16	8.00%	6.90%	7.7500% <u>9.00%</u>	7.2500%
17	8.00	6.90	7.7500 <u>9.00</u>	7.2500
18	8.00	6.90	7.7500 <u>9.00</u>	7.2500
19	8.00	6.90	7.7500 <u>9.00</u>	7.2500
20	6.90	6.90	7.7500 <u>9.00</u>	7.2500
21	6.90	6.90	7.1454 <u>8.75</u>	6.6454
22	6.90	6.90	7.0725 <u>8.50</u>	6.5725
23	6.85	6.85	7.0544 <u>8.25</u>	6.5544
24	6.80	6.80	7.0363 <u>8.00</u>	6.5363
25	6.75	6.75	7.0000 <u>7.75</u>	6.5000
26	6.70	6.70	7.0000 <u>7.50</u>	6.5000
27	6.65	6.65	7.0000 <u>7.25</u>	6.5000
28	6.60	6.60	7.0000 <u>7.00</u>	6.5000
29	6.55	6.55	7.0000 <u>6.75</u>	6.5000
30	6.50	6.50	7.0000 <u>6.75</u>	6.5000
31	6.45	6.45	7.0000 <u>6.50</u>	6.5000
32	6.40	6.40	7.0000 <u>6.50</u>	6.5000
33	6.35	6.35	7.0000 <u>6.50</u>	6.5000
34	6.30	6.30	7.0000 <u>6.25</u>	6.5000
35	6.25	6.25	7.0000 <u>6.25</u>	6.5000
36	6.20	6.20	6.9019 <u>6.00</u>	6.4019
37	6.15	6.15	6.8074 <u>6.00</u>	6.3074
38	6.10	6.10	6.7125 <u>6.00</u>	6.2125

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39	6.05	6.05	6.6054 <u>5.75</u>	6.1054
40	6.00	6.00	6.5000 <u>5.75</u>	6.0000
41	5.90	5.95	6.3540 <u>5.75</u>	5.8540
42	5.80	5.90	6.2087 <u>5.50</u>	5.7087
43	5.70	5.85	6.0622 <u>5.25</u>	5.5622
44	5.60	5.80	5.9048 <u>5.25</u>	5.4078
45	5.50	5.75	5.7500 <u>5.00</u>	5.2500
46	5.40	5.70	5.6940 <u>5.00</u>	5.1940
47	5.30	5.65	5.6375 <u>5.00</u>	5.1375
48	5.20	5.60	5.5822 <u>5.00</u>	5.0822
49	5.10	5.55	5.5404 <u>5.00</u>	5.0404
50	5.00	5.50	5.5000 <u>5.00</u>	5.0000
51	4.90	5.45	5.4384 <u>5.00</u>	4.9384
52	4.80	5.40	5.3776 <u>5.00</u>	4.8776
53	4.70	5.35	5.3167 <u>5.00</u>	4.8167
54	4.60	5.30	5.2826 <u>5.00</u>	4.7826
55	4.50	5.25	5.2500 <u>4.75</u>	4.7500
56	4.40	5.20	5.2500 <u>4.75</u>	4.7500
57	4.30	5.15	5.2500 <u>4.50</u>	4.7500
58	4.20	5.10	5.2500 <u>4.25</u>	4.7500
59	4.10	5.05	5.2500 <u>4.25</u>	4.7500
60	4.00	5.00	5.2500 <u>4.25</u>	4.7500
61	3.90	5.00	5.2500 <u>4.25</u>	4.7500
62	3.80	5.00	5.2500 <u>4.25</u>	4.7500
63	3.70	5.00	5.2500 <u>4.25</u>	4.7500
64	3.60	5.00	5.2500 <u>4.25</u>	4.7500
65	3.50	5.00	5.2500 <u>4.00</u>	4.7500
66	3.50	5.00	5.2500 <u>4.00</u>	4.7500
67	3.50	5.00	5.2500 <u>4.00</u>	4.7500
68	3.50	5.00	5.2500 <u>4.00</u>	4.7500
69	3.50	5.00	5.2500 <u>4.00</u>	4.7500
70	3.50	5.00	5.2500 <u>4.00</u>	4.7500

(3) service-related ultimate future salary increase assumption

general state employees retirement plan of the Minnesota State Retirement System	assumption A
general employees retirement plan of the Public Employees Retirement Association	assumption B
Teachers Retirement Association	assumption C
public employees police and fire retirement plan	assumption D
<u>State Patrol retirement plan</u>	<u>assumption E</u>
<u>correctional state employees retirement plan of the Minnesota State Retirement System</u>	<u>assumption F</u>

service length	A	B	C	D	E	F
1	10.75 <u>10.50</u> %	12.25 <u>12.03</u> %	12.00%	13.00%	<u>8.00</u> %	<u>6.00</u> %
2	8.35 <u>8.10</u>	9.15 <u>8.90</u>	9.00	11.00	<u>7.50</u>	<u>5.85</u>
3	7.15 <u>6.90</u>	7.75 <u>7.46</u>	8.00	9.00	<u>7.00</u>	<u>5.70</u>
4	6.45 <u>6.20</u>	6.85 <u>6.58</u>	7.50	8.00	<u>6.75</u>	<u>5.55</u>
5	5.95 <u>5.70</u>	6.25 <u>5.97</u>	7.25	6.50	<u>6.50</u>	<u>5.40</u>
6	5.55 <u>5.30</u>	5.75 <u>5.52</u>	7.00	6.10	<u>6.25</u>	<u>5.25</u>
7	5.25 <u>5.00</u>	5.45 <u>5.16</u>	6.85	5.80	<u>6.00</u>	<u>5.10</u>
8	4.95 <u>4.70</u>	5.15 <u>4.87</u>	6.70	5.60	<u>5.85</u>	<u>4.95</u>
9	4.75 <u>4.50</u>	4.85 <u>4.63</u>	6.55	5.40	<u>5.70</u>	<u>4.80</u>
10	4.65 <u>4.40</u>	4.65 <u>4.42</u>	6.40	5.30	<u>5.55</u>	<u>4.65</u>
11	4.45 <u>4.20</u>	4.45 <u>4.24</u>	6.25	5.20	<u>5.40</u>	<u>4.55</u>
12	4.35 <u>4.10</u>	4.35 <u>4.08</u>	6.00	5.10	<u>5.25</u>	<u>4.45</u>
13	4.25 <u>4.00</u>	4.15 <u>3.94</u>	5.75	5.00	<u>5.10</u>	<u>4.35</u>
14	4.05 <u>3.80</u>	4.05 <u>3.82</u>	5.50	4.90	<u>4.95</u>	<u>4.25</u>
15	3.95 <u>3.70</u>	3.95 <u>3.70</u>	5.25	4.80	<u>4.80</u>	<u>4.15</u>
16	3.85 <u>3.60</u>	3.85 <u>3.60</u>	5.00	4.80	<u>4.65</u>	<u>4.05</u>
17	3.75 <u>3.50</u>	3.75 <u>3.51</u>	4.75	4.80	<u>4.50</u>	<u>3.95</u>
18	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.50	4.80	<u>4.35</u>	<u>3.85</u>
19	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.25	4.80	<u>4.20</u>	<u>3.75</u>
20	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.00	4.80	<u>4.05</u>	<u>3.75</u>
21	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.90	4.70	<u>4.00</u>	<u>3.75</u>
22	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.80	4.60	<u>4.00</u>	<u>3.75</u>
23	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.70	4.50	<u>4.00</u>	<u>3.75</u>

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24	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.60	4.50	<u>4.00</u>	<u>3.75</u>
25	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
26	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
27	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
28	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
29	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>
30 or more	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>

(c) ~~Before July 2, 2010,~~ The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	3.75%
correctional state employees retirement plan	4.50 <u>3.75</u>
State Patrol retirement plan	4.50 <u>3.75</u>
legislators retirement plan	4.50
judges retirement plan	4.00 <u>3.00</u>
general employees retirement plan of the Public Employees Retirement Association	3.75 <u>3.75</u>
public employees police and fire retirement plan	3.75 <u>3.75</u>
local government correctional service retirement plan	4.50 <u>3.75</u>
teachers retirement plan	3.75 <u>3.75</u>
Duluth teachers retirement plan	4.50 <u>4.50</u>
St. Paul teachers retirement plan	5.00 <u>5.00</u>

(d) ~~After July 1, 2010,~~ The assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

EFFECTIVE DATE. This section is effective June 30, 2012.

Sec. 3. Minnesota Statutes 2010, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit for contribution determination purposes indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees Retirement Association and the legislators retirement plan, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all other retirement plans and for the MERF division of the Public Employees Retirement Association and the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than the general state employees retirement plan of the Minnesota State Retirement System or a retirement plan governed by paragraph (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any retirement plan other than the general employees retirement plan of the Public Employees Retirement Association, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period

of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the MERF division of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(e) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2031.

(f) For the Teachers Retirement Association, the established date for full funding is June 30, 2037.

(g) For the correctional state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2038.

(h) For the judges retirement plan, the established date for full funding is June 30, 2038.

(i) For the public employees police and fire retirement plan, the established date for full funding is June 30, 2038.

(j) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30 of the 25th year from the valuation date. In addition to other requirements of this chapter, the annual actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the fund as of the close of the most recent fiscal year.

(k) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2040.

(l) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a

30-year period beginning anew with each annual actuarial valuation of the plan.

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

Sec. 4. DELAYED REPORTING DATE FOR CERTAIN QUADRENNIAL EXPERIENCE STUDIES.

Notwithstanding any provision of Minnesota Statutes, section 356.215, subdivisions 2 and 3, paragraph (c), to the contrary, the next experience studies of the general state employees retirement plan of the Minnesota State Retirement System, the general employees retirement plan of the Public Employees Retirement Association, and the Teachers Retirement Association must cover the period of July 1, 2008, through June 30, 2014, and must be filed with the applicable entities on June 30, 2015.

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

ARTICLE 2

CONTRIBUTION ADEQUACY REPORTING

Section 1. [16A.106] ADEQUACY OF BUDGETED AND FORECASTED DEFINED BENEFIT PLAN RETIREMENT CONTRIBUTIONS.

(a) On or before May 30 or the date occurring 30 days after the conclusion of the regular legislative session, whichever is later, in each odd-numbered year, the commissioner shall prepare a report to the legislature on the adequacy of the budgeted appropriations, including retirement-related state aids, and forecasted member and employer retirement contributions to meet the total calculated actuarial funding requirements of the statewide and major local defined benefit retirement plans.

(b) The total calculated actuarial funding requirements are the sum of:

(1) the normal cost;

(2) the administrative expenses as defined in section 356.20, subdivision 4, paragraph (c); and

(3) the supplemental amortization contribution requirement using the amortization target date specified in section 356.215, subdivision 11.

The total calculated actuarial funding requirements must be as determined in the most recent actuarial valuation of the retirement plan prepared by an approved actuary under section 356.215 and the most recent standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

(c) The statewide and major local retirement plans are the defined benefit retirement plans listed in section 356.20, subdivision 2, clauses (1) to (6), (9), (12), (13), and (14).

(d) The report must also include as an exhibit as of the start of the most recent fiscal year, the following information for each statewide and major local retirement plan in a single comparative table:

(1) the year the retirement plan was enacted or established;

- (2) the number of active members of the retirement plan;
- (3) the number of retirement annuitants and retirement benefit recipients;
- (4) whether or not the retirement plan supplements the federal Old Age, Survivors and Disability Insurance program;
- (5) the complete schedule of accrued benefit obligations and projected benefit obligations from the latest actuarial valuation reports;
- (6) whether or not the retirement plan permits the purchase of service credit for out-of-state service or time;
- (7) the percentage of covered salary employer contributions;
- (8) the percentage of covered salary member contributions;
- (9) the amount of unfunded actuarial accrued liability calculated using the actuarial value of assets and the market value of assets;
- (10) the percentage that assets, at actuarial value and at market value, represent of the actuarial accrued liability;
- (11) the normal retirement age or ages;
- (12) the salary base definition and the percentage of salary base benefit accrual rate per year of service credit formula for a normal retirement annuity;
- (13) the amount of automatic postretirement adjustment;
- (14) whether or not service credit is available for military service and any limitation on its acquisition;
- (15) the vesting period for a disability benefit and the definition of a disability qualifying for a disability benefit;
- (16) investment performance and interest rate actuarial assumptions;
- (17) the amortization target date;
- (18) four fiscal years running statistics of active retirement plan members;
- (19) four fiscal years running statistics of retirement annuitants and retirement benefit recipients;
- (20) four fiscal years running statistics of deferred annuitants;
- (21) four fiscal years running statistics of unfunded actuarial accrued liability determined on an actuarial value of assets basis and on a market value of assets basis;
- (22) four fiscal years running statistics of the percentage that assets, at actuarial value and at market value, represent of the actuarial accrued liability;
- (23) four fiscal years running statistics of actuarial value of assets; and
- (24) four fiscal years running statistics of market value of assets.

(e) The report under this section also must be included on the Web site of the department.

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

ARTICLE 3

MSRS-CORRECTIONAL PLAN MEMBERSHIP CHANGES

Section 1. Minnesota Statutes 2010, section 352.90, is amended to read:

352.90 POLICY.

It is the policy of the legislature to provide special retirement benefits for and special contributions by certain correctional employees who may be required to retire at an early age because they lose the mental or physical capacity required to maintain the safety, security, discipline, and custody of inmates at state correctional facilities or of patients at the Minnesota Security Hospital, of patients in the Minnesota sex offender program, or of patients in the Minnesota ~~extended treatment options program~~ specialty health system-Cambridge.

Sec. 2. Minnesota Statutes 2010, section 352.91, subdivision 3c, is amended to read:

Subd. 3c. **Nursing personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or at the Minnesota Security Hospital, or in the Minnesota sex offender program that are specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner.

(b) The employment positions are as follows:

- (1) registered nurse - senior;
- (2) registered nurse;
- (3) registered nurse - principal;
- (4) licensed practical nurse 2; ~~and~~
- (5) registered nurse advance practice; and
- (6) psychiatric advance practice registered nurse.

EFFECTIVE DATE. (a) This section is effective retroactively from August 22, 2011.

(b) Service credit under the correctional state employees retirement plan rather than under the general state employees retirement plan for the period between August 22, 2011, and the day following enactment is contingent on the state employee and the Department of Human Services paying the difference between the applicable employee and employer contributions in the two retirement plans under Minnesota Statutes, section 352.017, subdivision 2.

Sec. 3. Minnesota Statutes 2010, section 352.91, subdivision 3d, is amended to read:

Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or at the Minnesota Security Hospital specified in paragraph (b) if at least 75 percent of the employee's working time is

spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner.

(b) The employment positions are:

- (1) automotive mechanic;
- (2) baker;
- (3) central services administrative specialist, intermediate;
- (4) central services administrative specialist, principal;
- (5) chaplain;
- (6) chief cook;
- (7) clinical program therapist 1;
- (8) clinical program therapist 2;
- (9) clinical program therapist 3;
- (10) clinical program therapist 4;
- (11) cook;
- ~~(8) (12) cook coordinator;~~
- ~~(9) corrections program therapist 1;~~
- ~~(10) corrections program therapist 2;~~
- ~~(11) corrections program therapist 3;~~
- ~~(12) corrections program therapist 4;~~
- (13) corrections inmate program coordinator;
- (14) corrections transitions program coordinator;
- (15) corrections security caseworker;
- (16) corrections security caseworker career;
- (17) corrections teaching assistant;
- (18) delivery van driver;
- (19) dentist;
- (20) electrician supervisor;
- (21) general maintenance worker lead;
- (22) general repair worker;

- (23) library/information research services specialist;
- (24) library/information research services specialist senior;
- (25) library technician;
- (26) painter lead;
- (27) plant maintenance engineer lead;
- (28) plumber supervisor;
- (29) psychologist 1;
- (30) psychologist 3;
- (31) recreation therapist;
- (32) recreation therapist coordinator;
- (33) recreation program assistant;
- (34) recreation therapist senior;
- (35) sports medicine specialist;
- (36) work therapy assistant;
- (37) work therapy program coordinator; and
- (38) work therapy technician.

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

Sec. 4. Minnesota Statutes 2010, section 352.91, subdivision 3e, is amended to read:

Subd. 3e. **Minnesota ~~extended treatment options program~~ specialty health system-Cambridge.** (a) "Covered correctional service" means service by a state employee in one of the employment positions with the Minnesota ~~extended treatment options program~~ specialty health system-Cambridge specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with patients who are in the Minnesota ~~extended treatment options program~~ specialty health system-Cambridge and if service in such a position is certified to the executive director by the commissioner of human services.

(b) The employment positions are:

- (1) behavior analyst 1;
- (2) behavior analyst 2;
- (3) behavior analyst 3;
- (4) group supervisor;
- (5) group supervisor assistant;

- (6) human services support specialist;
- (7) residential program lead;
- (8) psychologist 2;
- (9) recreation program assistant;
- (10) recreation therapist senior;
- (11) registered nurse senior;
- (12) skills development specialist;
- (13) social worker senior;
- (14) social worker specialist; and
- (15) speech pathology specialist.

Sec. 5. Minnesota Statutes 2010, section 352.91, subdivision 3f, is amended to read:

Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) at the Minnesota Security Hospital or in the Minnesota sex offender program if at least 75 percent of the employee's working time is spent in direct contact with patients and the determination of this direct contact is certified to the executive director by the commissioner of human services.

(b) The employment positions are:

- (1) behavior analyst 2;
- (2) behavior analyst 3;
- (3) certified occupational therapy assistant 1;
- (4) certified occupational therapy assistant 2;
- (5) chemical dependency counselor senior;
- (6) client advocate;
- (7) clinical program therapist 3;
- (8) clinical program therapist 4;
- (9) customer services specialist principal;
- ~~(8)~~ (10) dental assistant registered;
- ~~(9)~~ (11) group supervisor;
- ~~(10)~~ (12) group supervisor assistant;
- ~~(11)~~ (13) human services support specialist;

- ~~(12)~~ (14) licensed alcohol and drug counselor;
- ~~(13)~~ (15) licensed practical nurse 1;
- ~~(14)~~ (16) management analyst 3;
- ~~(15)~~ (17) occupational therapist;
- ~~(16)~~ (18) occupational therapist, senior;
- ~~(17)~~ (19) psychologist 1;
- ~~(18)~~ (20) psychologist 2;
- ~~(19)~~ (21) psychologist 3;
- ~~(20)~~ (22) recreation program assistant;
- ~~(21)~~ (23) recreation therapist lead;
- ~~(22)~~ (24) recreation therapist senior;
- ~~(23)~~ (25) rehabilitation counselor senior;
- ~~(24)~~ (26) security supervisor;
- ~~(25)~~ (27) skills development specialist;
- ~~(26)~~ (28) social worker senior;
- ~~(27)~~ (29) social worker specialist;
- ~~(28)~~ (30) social worker specialist, senior;
- ~~(29)~~ (31) special education program assistant;
- ~~(30)~~ (32) speech pathology clinician;
- ~~(31)~~ (33) work therapy assistant; and
- ~~(32)~~ (34) work therapy program coordinator.

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

ARTICLE 4

HEALTH CARE SAVINGS PLAN MODIFICATIONS

Section 1. Minnesota Statutes 2010, section 352.98, subdivision 3, is amended to read:

Subd. 3. **Contributions.** (a) Contributions to the plan must be defined in a personnel policy or in a collective bargaining agreement of a public employer or political subdivision. The executive director may offer different types of trusts permitted under the Internal Revenue Code to best meet the needs of different employer units.

(b) Contributions to the plan by or on behalf of the participant must be held in trust for reimbursement of eligible health-related expenses for participants and their dependents following

termination from public employment or ~~during active employment~~ in other circumstances set forth in the plan document. The executive director shall maintain a separate account of the contributions made by or on behalf of each participant and the earnings thereon. The executive director shall make available a limited range of investment options, and each participant may direct the investment of the accumulations in the participant's account among the investment options made available by the executive director.

(c) This section does not obligate a public employer to meet and negotiate in good faith with the exclusive bargaining representative of any public employee group regarding an employer contribution to a postretirement or active employee health care savings plan authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent of the legislature to authorize the state to incur new funding obligations for the costs of retiree health care or the costs of administering retiree health care plans or accounts.

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

Sec. 2. Minnesota Statutes 2010, section 352.98, subdivision 4, is amended to read:

Subd. 4. **Reimbursement for health-related expenses.** The executive director shall reimburse participants at least quarterly for eligible health-related expenses, as allowable by federal and state law, until the participant exhausts the accumulation in the participant's account. If a participant dies prior to exhausting the participant's account balance, the participant's spouse or dependents are eligible to be reimbursed for health care expenses from the account until the account balance is exhausted. If an account balance remains after the death of a participant and all of the participant's legal dependents, the remainder of the account must be paid to the participant's beneficiaries or, if none, to ~~the participant's estate~~ a living person or persons named by the personal representative of the estate. The person or persons named must use the account for reimbursement of allowable health care expenses.

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

Sec. 3. Minnesota Statutes 2010, section 352.98, subdivision 5, is amended to read:

Subd. 5. **Fees.** The executive director is authorized to charge ~~uniform~~ fees to participants to cover the ongoing cost of operating the plan. ~~Any fees not needed must revert to participant accounts or be used to reduce plan fees the following year.~~ The fees must be deposited in an administrative fee account. On January 1, following the end of the prior fiscal year, the executive director shall estimate the amount needed to cover plan expenses, record keeping costs, and custodial fees for the new fiscal year. If the balance of the administrative fee account is in excess of this amount, the excess must revert to participant accounts, or plan fees must be reduced to eliminate the excess, or the executive director may use a combination of both approaches to eliminate the excess.

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

Sec. 4. Minnesota Statutes 2010, section 352.98, subdivision 8, is amended to read:

Subd. 8. **Exemption from process.** Assets in a ~~health-care~~ health care savings plan account described in this section must be used for the reimbursement of ~~health-care~~ health care expenses and are not assignable or subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518A.53.

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

ARTICLE 5

MSRS-UNCLASSIFIED RETIREMENT PROGRAM MODIFICATIONS

Section 1. Minnesota Statutes 2010, section 352D.02, subdivision 3, is amended to read:

Subd. 3. **Transfer to general employees retirement plan.** (a) If permitted under paragraph (b), an employee referred to in subdivision 1, paragraph (c), clauses (2) to (4), (6) to (14), and (16) to (18), who is credited with shares in the unclassified program, and who has credit for allowable service, not later than one month following the termination of covered employment, may elect to terminate participation in the unclassified program and be covered by the general employees retirement plan by filing a written election with the executive director.

(b) An employee specified in paragraph (a) is permitted to terminate participation in the unclassified program and be covered by the general employees retirement plan if the employee:

(1) was employed before July 1, 2010, and has at least ten years of allowable service as of the date of the election; or if the employee

(2) was first employed after June 30, 2010, and has no more than seven years of allowable service as of the date of the election.

The election must be in writing on a form provided by the executive director, and can be made no later than one month following the termination of covered employment.

~~(b)~~ (c) If the transfer election is made, the executive director shall then redeem the employee's total shares and shall credit to the employee's account in the general employees retirement plan the amount of contributions that would have been so credited had the employee been covered by the general employees retirement plan during the employee's entire covered employment or elective state service. The balance of money so redeemed and not credited to the employee's account must be transferred to the general employees retirement plan, except that the executive director must determine:

(1) the employee ~~contribution~~ contributions paid to the unclassified program must be compared to; and

(2) the employee contributions that would have been paid to the general employees retirement plan for the comparable period, if the individual had been covered by that plan.

If clause (1) is greater than clause (2), the difference must be refunded to the employee as provided in section 352.22. If clause (2) is greater than clause (1), the difference must be paid by the employee within six months of electing general employees retirement plan coverage or before the effective date of the annuity, whichever is sooner.

~~(e)~~ (d) An election under paragraph ~~(a)~~ (b) to transfer coverage to the general employees retirement plan is irrevocable during any period of covered employment.

~~(d)~~ (e) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or (15), who is credited with employee shares in the unclassified program is not permitted to terminate participation in the unclassified program and be covered by the general employees retirement plan.

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

ARTICLE 6

PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 16, is amended to read:

Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee deductions were withheld from salary and contributions were made at the applicable rates under section 353.27, 353.65, or 353E.03;

(2) periods of service covered by payments in lieu of salary deductions under sections 353.27, subdivision 12, and 353.35;

(3) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(4) a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized personal, parental, or medical leave of absence without pay, including a leave of absence covered under the federal Family Medical Leave Act, that does not exceed one year, and for which a member obtained service credit for each month in the leave period by payment under section 353.0161 to the fund made in place of salary deductions. An employee must return to public service and render a minimum of three months of allowable service in order to be eligible to make payment under section 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the employee must be granted allowable service credit for the purchased period;

(6) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary, excluding overtime pay, that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent a year, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 30 days after termination of public service, whichever is sooner. The executive director shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for the purchased period;

(7) an authorized temporary or seasonal layoff under subdivision 12, limited to three months allowable service per authorized temporary or seasonal layoff in one calendar year. An employee

who has received the maximum service credit allowed for an authorized temporary or seasonal layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary or seasonal layoff;

(8) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service with the same governmental subdivision upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service must be credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary, excluding overtime pay, during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate, excluding overtime pay, during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period that begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 30 days after termination of public service under subdivision 11a. If the member equivalent contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period; or

(9) a period specified under ~~subdivision 40~~ section 353.0162.

(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the Community Corrections Act, chapter 401, and transferred into county service under section 401.04, "allowable service" means the combined years of allowable

service as defined in paragraph (a), clauses (1) to (6), and section 352.01, subdivision 11.

(c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the Public Employees Retirement Association under chapter 353A or to which section 353.665 applies, and who has elected the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "allowable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

(d) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes. For an active member who was an active member of the former Minneapolis Firefighters Relief Association on the day prior to the effective date of consolidation under Laws 2011, First Special Session chapter 8, article 6, section 19, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to the effective date of consolidation under Laws 2011, First Special Session chapter 8, article 6, section 19, and the period of service credited under paragraph (a), clause (1), after the effective date of consolidation under Laws 2011, First Special Session chapter 8, article 6, section 19. For an active member who was an active member of the former Minneapolis Police Relief Association on the day prior to the effective date of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to the effective date of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19, and the period of service credited under paragraph (a), clause (1), after the effective date of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19.

(e) MS 2002 [Expired]

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

Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 47, is amended to read:

Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an annuity or benefit from a retirement plan administered by the Public Employees Retirement Association by having credit for sufficient allowable service under paragraph (b) or (c), whichever applies.

(b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan member of the general employees retirement plan of the Public Employees Retirement Association:

(1) a ~~member~~ public employee who first became a ~~public employee member~~ before July 1, 2010, is vested when the person has accrued credit for not less than three years of allowable service as defined under subdivision 16; and

(2) a ~~member~~ public employee who first becomes a ~~public employee member~~ after June 30, 2010, is vested when the person has accrued credit for not less than five years of allowable service as defined under subdivision 16.

(c) For purposes of qualifying for an annuity or benefit as a member of the police and fire plan or a member of the local government correctional employees retirement plan:

(1) a ~~member~~ public employee who first became a ~~public employee member~~ before July 1, 2010, is vested when the person has accrued credit for not less than three years of allowable service as defined under subdivision 16; and

(2) a ~~member~~ public employee who first becomes a ~~public employee member~~ after June 30, 2010, is vested at the following percentages when the person has accrued credited allowable service as defined under subdivision 16, as follows:

- (i) 50 percent after five years;
- (ii) 60 percent after six years;
- (iii) 70 percent after seven years;
- (iv) 80 percent after eight years;
- (v) 90 percent after nine years; and
- (vi) 100 percent after ten years.

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

Sec. 3. Minnesota Statutes 2010, section 353.50, subdivision 7, is amended to read:

Subd. 7. **MERF division account contributions.** (a) After June 30, 2010, the member and employer contributions to the MERF division account are governed by this subdivision.

(b) An active member covered by the MERF division must make an employee contribution of 9.75 percent of the total salary of the member as defined in section 353.01, subdivision 10. The employee contribution must be made by payroll deduction by the member's employing unit under section 353.27, subdivision 4, and is subject to the provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.

(c) The employer regular contribution to the MERF division account with respect to an active MERF division member is 9.75 percent of the total salary of the member as defined in section 353.01, subdivision 10.

(d) The employer additional contribution to the MERF division account with respect to an active member of the MERF division is 2.68 percent of the total salary of the member as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000 that the employing unit paid or is payable to the former Minneapolis Employees Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2, or 2a, during calendar year 2009, as was certified by the former executive director of the former Minneapolis Employees Retirement Fund.

(e) Annually after June 30, 2012, the employer supplemental contribution to the MERF division account by the city of Minneapolis, Special School District No. 1, Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity, Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission, and the Minnesota State Colleges and Universities system is the larger of the following:

(1) the amount by which the total actuarial required contribution determined under section 356.215 by the approved actuary retained by the Public Employees Retirement Association in the

most recent actuarial valuation of the MERF division and based on a June 30, 2031, amortization date, after subtracting the contributions under paragraphs (b), (c), and (d), exceeds \$22,750,000 or \$24,000,000, whichever applies; or

(2) the amount of \$27,000,000, but the total supplemental contribution amount plus the contributions under paragraphs (c) and (d) may not exceed \$34,000,000. Each employing unit's share of the total employer supplemental contribution amount is equal to the applicable portion specified in paragraph ~~(g)~~ (h). The initial total actuarial required contribution after June 30, 2012, must be calculated using the mortality assumption change recommended on September 30, 2009, for the Minneapolis Employees Retirement Fund by the approved consulting actuary retained by the Minneapolis Employees Retirement Fund board.

(f) Before January 31, each employing unit must be invoiced for its share of the total employer supplemental contribution amount under paragraph (e). The amount is payable by the employing unit in two parts. The first half of the amount due is payable on or before the July 31 following the date of the invoice, and the second half of the amount due is payable on or before December 15. Each invoice must be based on the actuarial valuation report prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement as of the valuation date occurring 18 months earlier.

~~(f)~~ (g) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of August 1 annually, if the amount of the retirement annuities and benefits paid from the MERF division account during the preceding fiscal year, multiplied by the factor of 1.035, exceeds the market value of the assets of the MERF division account on the preceding June 30, plus state aid of \$9,000,000, \$22,750,000, or \$24,000,000, whichever applies, plus the amounts payable under paragraphs (b), (c), (d), and (e) during the preceding fiscal year, multiplied by the factor of 1.035, the balance calculated is a special additional employer contribution. The special additional employer contribution under this paragraph is payable in addition to any employer contribution required under paragraphs (c), (d), and (e), and is payable on or before the following June 30. The special additional employer contribution under this paragraph must be allocated as specified in paragraph ~~(g)~~ (h).

~~(g)~~ (h) The employer supplemental contribution under paragraph (e) or the special additional employer contribution under paragraph ~~(f)~~ (g) must be allocated between the city of Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned public utility, improvement, or municipal activity, the Minnesota State Colleges and Universities system, Hennepin County, the Metropolitan Council, and the Metropolitan Airports Commission in proportion to their share of the actuarial accrued liability of the former Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the approved actuary retained under section 356.214 as part of the actuarial valuation prepared as of July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement.

~~(h)~~ (i) The employer contributions under paragraphs (c), (d), ~~and~~ (e), and (g) must be paid as provided in section 353.28.

~~(i)~~ (j) Contributions under this subdivision are subject to the provisions of section 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

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

Sec. 4. Minnesota Statutes 2010, section 353.656, subdivision 2, is amended to read:

Subd. 2. **Benefits paid under workers' compensation law.** (a) If a member, as described in subdivision 1, is injured under circumstances which entitle the member to receive benefits under the becomes disabled and receives a disability benefit as specified in this section and is also entitled to receive lump sum or periodic benefits under workers' compensation law, the member shall receive the same benefits as provided in subdivision 1, with disability benefits paid reimbursed and future benefits reduced by all periodic or lump-sum amounts, other than those amounts excluded under paragraph (b), paid to the member under the workers' compensation law, after deduction of amount of attorney fees, authorized under applicable workers' compensation laws, paid by a disabilitant if the total of laws, the single life annuity actuarial equivalent disability benefit amount and the workers' compensation benefit exceeds- amount must be added. The computation must exclude any attorney fees paid by the disabilitant as authorized under applicable workers' compensation laws. The computation must also exclude permanent partial disability payments provided under section 176.101, subdivision 2a, and retraining payments under section 176.102, subdivision 11, if the permanent partial disability or retraining payments are reported to the executive director in a manner specified by the executive director.

(b) The equivalent salary is the amount determined under clause (1) or (2), whichever is greater:

(1) the salary the disabled member received as of the date of the disability; or

(2) the salary currently payable for the same employment position or an employment position substantially similar to the one the person held as of the date of the disability, whichever is greater. The disability benefit must be reduced to that amount which, when added to the workers' compensation benefits, does not exceed the greater of the salaries described in clauses (1) and (2) positions in the applicable government subdivision.

(b) Permanent partial disability payments provided for in section 176.101, subdivision 2a, and retraining payments provided for in section 176.102, subdivision 11, must not be offset from disability payments due under paragraph (a) if the amounts of the permanent partial or retraining payments are reported to the executive director in a manner specified by the executive director.

(c) If the amount determined under paragraph (a) exceeds the equivalent salary determined under paragraph (b), the disability benefit amount must be reduced to that amount which, when added to the workers' compensation benefits, equals the equivalent salary.

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

Sec. 5. PERA-ADMINISTERED RETIREMENT PLANS; STUDY OF UPDATED MEMBERSHIP WAGE THRESHOLD FIGURE.

(a) The Public Employees Retirement Association shall: (1) identify the options for revising the membership threshold salary under Minnesota Statutes, section 353.01, subdivisions 2a and 2b, for membership in a retirement plan administered by the association; (2) determine the actuarial impact on the retirement plans administered by the association, the financial impact on participating employers, and the financial impact on prospective public employees of each option; and (3) formulate the recommendations for structuring each identified option.

(b) The Public Employees Retirement Association shall report its findings and recommendations of its study to the chair, the vice chair, and the executive director of the Legislative Commission on Pensions and Retirement. The report must be filed with the commission on or before February 15,

2013.

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

ARTICLE 7

REVISIONS IN THE PERA PRIVATIZATION LAW

Section 1. Minnesota Statutes 2010, section 353F.02, subdivision 4, is amended to read:

Subd. 4. **Medical facility.** "Medical facility" means:

- (1) Bridges Medical Services;
- (2) Cedarview Care Center in Steele County;
- ~~(2)~~ (3) the City of Cannon Falls Hospital;
- ~~(3)~~ (4) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
- ~~(4)~~ (5) Clearwater County Memorial Hospital doing business as Clearwater Health Services in Bagley;
- ~~(5)~~ (6) the Dassel Lakeside Community Home;
- ~~(6)~~ (7) the Douglas County Hospital, with respect to the Mental Health Unit;
- ~~(7)~~ (8) the Fair Oaks Lodge, Wadena;
- ~~(8)~~ (9) the Glencoe Area Health Center;
- ~~(9)~~ (10) Hutchinson Area Health Care;
- ~~(10)~~ (11) the Lakefield Nursing Home;
- ~~(11)~~ (12) the Lakeview Nursing Home in Gaylord;
- ~~(12)~~ (13) the Luverne Public Hospital;
- ~~(13)~~ (14) the Oakland Park Nursing Home;
- ~~(14)~~ (15) the RenVilla Nursing Home;
- ~~(15)~~ (16) the Rice Memorial Hospital in Willmar, with respect to the Department of Radiology and the Department of Radiation/Oncology;
- ~~(16)~~ (17) the St. Peter Community Health Care Center;
- (18) the Traverse Care Center in Traverse County;
- ~~(17)~~ (19) the Waconia-Ridgeview Medical Center;
- ~~(18)~~ (20) the Weiner Memorial Medical Center, Inc.;
- ~~(19)~~ (21) the Wheaton Community Hospital; and
- ~~(20)~~ (22) the Worthington Regional Hospital.

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

Sec. 2. Minnesota Statutes 2010, section 353F.04, subdivision 1, is amended to read:

Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a terminated medical facility or other public employing unit employee is subject to augmentation under section 353.71, subdivision 2, of the edition of Minnesota Statutes published in the year in which the privatization occurred, except that the rate of augmentation is as specified in ~~paragraph (b) or (c), whichever is applicable~~ this subdivision.

(b) This paragraph applies if the legislation adding the medical facility or other employing unit to section 353F.02, subdivision 4 or 5, as applicable, was enacted before July 26, 2005, and became effective before January 1, 2008, for the Hutchinson Area Health Care or before January 1, 2007, for all other medical facilities and all other employing units. For a terminated medical facility or other public employing unit employee, the augmentation rate is 5.5 percent compounded annually until January 1 following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is 7.5 percent compounded annually.

(c) If paragraph (b) is not applicable, and if the effective date of the privatization is before January 1, 2011, the augmentation rate is four percent compounded annually until January 1, following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is six percent compounded annually.

(d) If the effective date of the privatization is after December 31, 2010, the applicable augmentation rate depends on the result of computations specified in section 353F.025, subdivision 1. If those computations indicate no loss or a net gain to the fund of the general employees retirement plan of the Public Employees Retirement Association, the augmentation rate is 2.0 percent compounded annually until the effective date of retirement. If the computations under that subdivision indicate a net loss to the fund if a 2.0 percent augmentation rate is used, but a net gain or no loss if a 1.0 percent rate is used, then the augmentation rate is 1.0 percent compounded annually until the effective date of retirement.

(e) The term "effective date of the privatization" as used in this subdivision means the "effective date" as defined in section 353F.02, subdivision 3.

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

Sec. 3. Minnesota Statutes 2010, section 353F.07, is amended to read:

353F.07 EFFECT ON REFUND.

Notwithstanding any provision of chapter 353 to the contrary, terminated medical facility or other public employing unit employees may receive a refund of employee accumulated contributions plus interest ~~at the rate of six percent per year compounded annually as provided in accordance with section 353.34, subdivision 2, of the edition of Minnesota Statutes published in the year in which the privatization occurred,~~ at any time after the transfer of employment to the successor employer ~~to~~ of the terminated medical facility or other public employing unit. If a terminated medical facility or other public employing unit employee has received a refund from a pension plan ~~enumerated~~ enumerated listed in section 356.30, subdivision 3, the person may not repay that refund unless the person again becomes a member of one of those ~~enumerated~~ enumerated listed plans and complies with section 356.30, subdivision 2.

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

ARTICLE 8

TRA ADMINISTRATIVE CHANGES AND RELATED MODIFICATIONS

Section 1. Minnesota Statutes 2010, section 16A.06, subdivision 9, is amended to read:

Subd. 9. **First class city teacher retirement funds aids reporting.** Each year, on or before April 15, the commissioner of management and budget shall report to the chairs of the senate Finance Committee and the house of representatives Ways and Means Committee on expenditures for state aids to the ~~Minneapolis and Saint St. Paul Teacher Retirement Fund associations~~ Association, and to the Teachers Retirement Association on behalf of the merged Minneapolis Teachers Retirement Fund Association, under sections 354.435, 354A.12, and 423A.02, subdivision 3. This report shall include the amounts expended in the most recent fiscal year and estimates of expected expenditures for the current and next fiscal year.

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

Sec. 2. Minnesota Statutes 2010, section 126C.41, subdivision 3, is amended to read:

Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which this subdivision applies may levy an additional amount required for contributions to the general employees retirement plan of the Public Employees Retirement Association as the successor of the Minneapolis Employees Retirement Fund as a result of the maximum dollar amount limitation on state contributions to that plan imposed under section 353.505. The additional levy must not exceed the most recent amount certified by the executive director of the Public Employees Retirement Association as the district's share of the contribution requirement in excess of the maximum state contribution under section 353.505.

(b) For taxes payable in 1994 and thereafter, Special School District No. 1, Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5, section 1.

(c) If the employer retirement fund contributions under section 354A.12, subdivision 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1, Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable 1994 or later an amount equal to the amount derived by applying the net increase in the employer retirement fund contribution rate of the respective teacher retirement fund association between fiscal year 1993 and the fiscal year beginning in the year after the levy is certified to the total covered payroll of the applicable teacher retirement fund association. If an applicable school district levies under this paragraph, they may not levy under paragraph (b).

(d) In addition to the levy authorized under paragraph (c), Special School District No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the contributions under section ~~423A.02~~ 354.435, subdivision ~~3~~ 2, and may also levy in payable 1994 or later an amount equal to the state aid contribution under section ~~354A.12~~ 354.435, subdivision ~~3b~~ 1. Independent School District No. 625, St. Paul, may levy payable in 1997 or later an amount equal to the supplemental contributions under section 423A.02, subdivision 3.

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

Sec. 3. [354.435] ADDITIONAL CONTRIBUTIONS BY SPECIAL SCHOOL DISTRICT NO. 1 AND CITY OF MINNEAPOLIS.

Subdivision 1. **Special direct state matching aid.** (a) Special School District No. 1, Minneapolis, and the city of Minneapolis must make additional employer contributions to the Teachers Retirement Association in the amounts specified in paragraph (b). These contributions can be made from any available source. If made in whole or in part by a levy, the levy may be classified as that of a special taxing district for purposes of sections 275.065 and 276.04, and for all other property tax purposes.

(b) Each fiscal year \$1,250,000 must be contributed by Special School District No. 1, Minneapolis, and \$1,250,000 must be contributed by the city of Minneapolis to the Teachers Retirement Association and the state shall match this total by paying to the Teachers Retirement Association \$2,500,000. The superintendent of Special School District No. 1, Minneapolis, the mayor of the city of Minneapolis, and the executive director of the Teachers Retirement Association shall jointly certify to the commissioner of management and budget the total amount that has been contributed by Special School District No. 1, Minneapolis, and by the city of Minneapolis to the Teachers Retirement Association. Any certification to the commissioner of management and budget must be made quarterly. If the certifications for a fiscal year exceed the maximum annual direct state matching aid amount in any quarter, the amount of direct state matching aid payable to the Teachers Retirement Association must be limited to the balance of the maximum annual direct state matching aid amount available. The amount required under this paragraph, subject to the maximum direct state matching aid amount, is appropriated annually to the commissioner of management and budget.

(c) The commissioner of management and budget may prescribe the form of the certifications required under paragraph (b).

Subd. 2. **Additional contributions.** In addition to any other required contributions, on or before June 30 each fiscal year, Special School District No. 1, Minneapolis, and the city of Minneapolis must each make an additional contribution to the Teachers Retirement Association of \$1,000,000.

Subd. 3. **Procedure for recovery of deficient or delinquent amounts.** If Special School District No. 1, Minneapolis, or the city of Minneapolis fails to pay the full amount required under subdivision 1, paragraph (b), or 2, in a timely manner, the executive director is authorized to use section 354.512, or any other process in law to ensure full payment is obtained.

Subd. 4. **Expiration.** This section expires effective the first day of the fiscal year next following the fiscal year in which the Teachers Retirement Association has no unfunded actuarial accrued liability as determined by the actuarial valuation prepared under section 356.215 by the approved actuary retained under section 356.214.

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

Sec. 4. Minnesota Statutes 2010, section 354.51, subdivision 5, is amended to read:

Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the event that full required member contributions are not deducted from the salary of a teacher, payment must be made as follows:

(1) Payment of shortages in member deductions on salary earned after June 30, 1957, and before

July 1, 1981, may be made any time before retirement. Payment must include interest at an annual rate of 8.5 percent compounded annually from the end of the fiscal year in which the shortage occurred to the end of the month in which payment is made and the interest must be credited to the fund. If payment of a shortage in deductions is not made, the formula service credit of the member must be prorated under section 354.05, subdivision 25, clause (3).

(2) Payment of shortages in member deductions on salary earned after June 30, 1981, are the sole obligation of the employing unit and are payable by the employing unit upon notification by the executive director of the shortage with interest at an annual rate of 8.5 percent compounded annually from the end of the fiscal year in which the shortage occurred to the end of the month in which payment is made and the interest must be credited to the fund. Effective July 1, 1986, the employing unit shall also pay the employer contributions as specified in section 354.42, subdivisions 3 and 5 for the shortages. If the shortage payment is not paid by the employing unit within 60 days of notification, and if the executive director does not use the recovery procedure in section 354.512, the executive director shall certify the amount of the shortage ~~payment~~ to the applicable county auditor, who shall spread a levy in the amount of the shortage payment over the taxable property of the taxing district of the employing unit if the employing unit is supported by property taxes, ~~or to the commissioner of management and budget, who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit if the employing unit is not supported by property taxes.~~

(3) Payment may not be made for shortages in member deductions on salary earned before July 1, 1957, for shortages in member deductions on salary paid or payable under paragraph (b), or for shortages in member deductions for persons employed by the Minnesota State Colleges and Universities system in a faculty position or in an eligible unclassified administrative position and whose employment was less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution that exceeds the most recent 36 months.

(b) For a person who is employed by the Minnesota State Colleges and Universities system in a faculty position or in an eligible unclassified administrative position and whose employment was less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution, upon the person's election under section 354B.21 of retirement coverage under this chapter, the shortage in member deductions on the salary for employment by the Minnesota State Colleges and Universities system institution of less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution for the most recent 36 months and the associated employer contributions must be paid by the Minnesota State Colleges and Universities system institution, plus annual compound interest at the rate of 8.5 percent from the end of the fiscal year in which the shortage occurred to the end of the month in which the Teachers Retirement Association coverage election is made. ~~If the shortage payment is not made by the institution within 60 days of notification, the executive director shall certify the amount of the shortage payment to the commissioner of management and budget, who shall deduct the amount from any state appropriation to the system.~~ An individual electing coverage under this paragraph shall repay the amount of the shortage in member deductions, plus interest, through deduction from salary or compensation payments within the first year of employment after the election under section 354B.21, subject to the limitations in section 16D.16. The Minnesota State Colleges and Universities system may use any means available to recover amounts which were not recovered through deductions from salary or compensation payments. No payment of the shortage in member deductions under this paragraph may be made for a period longer than the most recent 36 months.

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

Sec. 5. **[354.512] RECOVERY OF DEFICIENCIES.**

In addition to any other remedies permitted under law, if an employing unit or other entity required by law to make any form of payment to the Teachers Retirement Association fails to make full payment within 60 days of notification, the executive director is authorized to certify the amount of deficiency to the commissioner of management and budget, who shall deduct the amount from any state aid or appropriation applicable to the employing unit or entity, and transmit the withheld aid or appropriation to the executive director for deposit in the fund.

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

Sec. 6. Minnesota Statutes 2010, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** ~~The supplemental contributions payable to the Minneapolis Teachers Retirement Fund Association by Special School District No. 1 and the city of Minneapolis under section 423A.02, subdivision 3, must be paid to the Teachers Retirement Association and must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214, or 2037, whichever occurs earlier.~~ The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, or the direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until 2037, whichever occurs earlier.

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

Sec. 7. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0

local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Fairmont Police Relief Association	5.0	5.0
Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) Before July 1, 2010, the actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	4.0
Fairmont Police Relief Association	3.5
Virginia Fire Department Relief Association	3.5
Bloomington Fire Department Relief Association	4.0

(2) age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
correctional state employees retirement plan	assumption D
State Patrol retirement plan	assumption C
local government correctional service retirement plan	assumption C
Duluth teachers retirement plan	assumption A
St. Paul teachers retirement plan	assumption B

For plans other than the Duluth teachers retirement plan, the select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. ~~The designated select period is five years and the designated integer is five for the general state employees retirement plan.~~ The designated select period is ten years and the designated integer is ten for all other retirement plans covered by this clause. The designated percentage rate is: (1) 0.2 percent for the correctional state employees retirement plan,

the State Patrol retirement plan, and the local government correctional service retirement plan; and (2) ~~0.6 percent for the general state employees retirement plan; and (3) 0.3 percent for the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association.~~ The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	A	B	C	D
16	8.00%	6.90%	7.7500%	7.2500%
17	8.00	6.90	7.7500	7.2500
18	8.00	6.90	7.7500	7.2500
19	8.00	6.90	7.7500	7.2500
20	6.90	6.90	7.7500	7.2500
21	6.90	6.90	7.1454	6.6454
22	6.90	6.90	7.0725	6.5725
23	6.85	6.85	7.0544	6.5544
24	6.80	6.80	7.0363	6.5363
25	6.75	6.75	7.0000	6.5000
26	6.70	6.70	7.0000	6.5000
27	6.65	6.65	7.0000	6.5000
28	6.60	6.60	7.0000	6.5000
29	6.55	6.55	7.0000	6.5000
30	6.50	6.50	7.0000	6.5000
31	6.45	6.45	7.0000	6.5000
32	6.40	6.40	7.0000	6.5000
33	6.35	6.35	7.0000	6.5000
34	6.30	6.30	7.0000	6.5000
35	6.25	6.25	7.0000	6.5000
36	6.20	6.20	6.9019	6.4019
37	6.15	6.15	6.8074	6.3074
38	6.10	6.10	6.7125	6.2125
39	6.05	6.05	6.6054	6.1054
40	6.00	6.00	6.5000	6.0000
41	5.90	5.95	6.3540	5.8540
42	5.80	5.90	6.2087	5.7087

43	5.70	5.85	6.0622	5.5622
44	5.60	5.80	5.9048	5.4078
45	5.50	5.75	5.7500	5.2500
46	5.40	5.70	5.6940	5.1940
47	5.30	5.65	5.6375	5.1375
48	5.20	5.60	5.5822	5.0822
49	5.10	5.55	5.5404	5.0404
50	5.00	5.50	5.5000	5.0000
51	4.90	5.45	5.4384	4.9384
52	4.80	5.40	5.3776	4.8776
53	4.70	5.35	5.3167	4.8167
54	4.60	5.30	5.2826	4.7826
55	4.50	5.25	5.2500	4.7500
56	4.40	5.20	5.2500	4.7500
57	4.30	5.15	5.2500	4.7500
58	4.20	5.10	5.2500	4.7500
59	4.10	5.05	5.2500	4.7500
60	4.00	5.00	5.2500	4.7500
61	3.90	5.00	5.2500	4.7500
62	3.80	5.00	5.2500	4.7500
63	3.70	5.00	5.2500	4.7500
64	3.60	5.00	5.2500	4.7500
65	3.50	5.00	5.2500	4.7500
66	3.50	5.00	5.2500	4.7500
67	3.50	5.00	5.2500	4.7500
68	3.50	5.00	5.2500	4.7500
69	3.50	5.00	5.2500	4.7500
70	3.50	5.00	5.2500	4.7500

(3) service-related ultimate future salary increase assumption

general state employees retirement plan of the Minnesota State Retirement System	assumption A
general employees retirement plan of the Public Employees Retirement Association	assumption B
Teachers Retirement Association	assumption C

public employees police and fire retirement plan

assumption D

service length	A	B	C	D
1	10.75%	12.25%	12.00%	13.00%
2	8.35	9.15	9.00	11.00
3	7.15	7.75	8.00	9.00
4	6.45	6.85	7.50	8.00
5	5.95	6.25	7.25	6.50
6	5.55	5.75	7.00	6.10
7	5.25	5.45	6.85	5.80
8	4.95	5.15	6.70	5.60
9	4.75	4.85	6.55	5.40
10	4.65	4.65	6.40	5.30
11	4.45	4.45	6.25	5.20
12	4.35	4.35	6.00	5.10
13	4.25	4.15	5.75	5.00
14	4.05	4.05	5.50	4.90
15	3.95	3.95	5.25	4.80
16	3.85	3.85	5.00	4.80
17	3.75	3.75	4.75	4.80
18	3.75	3.75	4.50	4.80
19	3.75	3.75	4.25	4.80
20	3.75	3.75	4.00	4.80
21	3.75	3.75	3.90	4.70
22	3.75	3.75	3.80	4.60
23	3.75	3.75	3.70	4.50
24	3.75	3.75	3.60	4.50
25	3.75	3.75	3.50	4.50
26	3.75	3.75	3.50	4.50
27	3.75	3.75	3.50	4.50
28	3.75	3.75	3.50	4.50
29	3.75	3.75	3.50	4.50

30 or more 3.75 3.75 3.50 4.50

(c) Before July 2, 2010, the actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	3.75%
correctional state employees retirement plan	4.50
State Patrol retirement plan	4.50
legislators retirement plan	4.50
judges retirement plan	4.00
general employees retirement plan of the Public Employees Retirement Association	3.75
public employees police and fire retirement plan	3.75
local government correctional service retirement plan	4.50
teachers retirement plan	3.75
Duluth teachers retirement plan	4.50
St. Paul teachers retirement plan	5.00

(d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

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

Sec. 8. Minnesota Statutes 2010, section 356.415, subdivision 1d, is amended to read:

Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers Retirement Association are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

(2) for January 1, 2013, and each successive January 1 until funding stability is restored, a postretirement increase of two percent must be applied each year, effective on January 1, to the

monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase;

(3) for January 1, 2013, and each successive January 1 until funding stability is restored, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months before the January 1 increase, an annual postretirement increase of 1/12 of two percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, ~~following the year in~~ for which the person has been retired for at least six months but less than 12 18 months;

(4) for each January 1 following the restoration of funding stability, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase; and

(5) for each January 1 following the restoration of funding stability, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months before the January 1 increase, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, ~~following the year in~~ for which the person has been retired for at least six months but less than 12 18 months.

(b) Funding stability is restored when the market value of assets of the Teachers Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of the Teachers Retirement Association in the most recent prior actuarial valuation prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Teachers Retirement Association under section 356.214.

(c) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Teachers Retirement Association requesting that the increase not be made.

(d) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

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

Sec. 9. Minnesota Statutes 2010, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization or supplementary amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid and supplemental amortization aid distributed under subdivisions 1 and 1a that is not distributed for any reason to a municipality for use by a local police or salaried fire relief association must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 50 percent of the amounts derived under this paragraph to the Teachers Retirement Association, ten

percent to the Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments shall be made on or before June 30 each fiscal year. If the St. Paul Teachers Retirement Fund Association becomes fully funded, its eligibility for this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization and supplementary amortization aid under paragraph (a), prior to June 30 Independent School District No. 625, St. Paul, must make ~~contributions~~ an additional contribution of \$800,000 each year to the St. Paul Teachers Retirement Fund Association in accordance with the following schedule:

Fiscal Year	Amount
1996	\$ 0
1997	\$ 0
1998	\$ 200,000
1999	\$ 400,000
2000	\$ 600,000
2001 and thereafter	\$ 800,000

(e) ~~Special School District No. 1, Minneapolis, and the city of Minneapolis must each make contributions to the Teachers Retirement Association in accordance with the following schedule:~~

Fiscal Year	City amount	School district amount
1996	\$ 0	\$ 0
1997	\$ 0	\$ 0
1998	\$ 250,000	\$ 250,000
1999	\$ 400,000	\$ 400,000
2000	\$ 550,000	\$ 550,000
2001	\$ 700,000	\$ 700,000
2002	\$ 850,000	\$ 850,000
2003 and thereafter	\$ 1,000,000	\$ 1,000,000

~~(d)~~ (c) Thirty percent of the difference between \$5,720,000 and the current year amortization aid and supplemental amortization aid under subdivisions 1 and 1a that is not distributed for any reason to a municipality for use by a local police or salaried firefighter relief association must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

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

Sec. 10. **REPEALER.**

Minnesota Statutes 2010, sections 128D.18; and 354A.12, subdivision 3b, are repealed.

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

ARTICLE 9

FEDERAL INTERNAL REVENUE CODE CONFORMITY PROVISIONS

Section 1. Minnesota Statutes 2010, section 356.611, subdivision 2, is amended to read:

Subd. 2. **Federal compensation limits.** (a) For members of a covered pension plan enumerated in section 356.30, subdivision 3, and of the plan established under chapter 353D, compensation in excess of the limitation specified in section 401(a)(17) of the Internal Revenue Code, as amended, for changes in the cost of living under section 401(a)(17)(B) of the Internal Revenue Code, may not be included for contribution and benefit computation purposes.

(b) Notwithstanding paragraph (a), for members specified in paragraph (a) who first contributed to a plan specified in that paragraph before July 1, 1995, the annual compensation limit specified in Internal Revenue Code section 401(a)(17) of the Internal Revenue Code on June 30, 1993, applies if that provides a greater allowable annual compensation.

(c) To the extent required by sections 3401(h) and 414(u)(12) of the federal Internal Revenue Code, an individual receiving a differential wage payment as defined in section 3401(h)(2) of the federal Internal Revenue Code from an employer shall be treated as employed by that employer, and the differential wage payment will be treated as compensation for purposes of applying the limits on annual additions under section 415(c) of the federal Internal Revenue Code.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2009.

Sec. 2. Minnesota Statutes 2010, section 356.611, subdivision 3, is amended to read:

Subd. 3. **Maximum benefit limitations.** ~~A member's~~ An annuitant's annual benefit, if necessary, must be reduced to the extent required by section 415(b) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code for any applicable increases in the cost of living, including applicable increases in the cost of living after the member's termination of employment. ~~For purposes of section 415 of the federal Internal Revenue Code, the limitation year of a pension plan covered by this section must be the fiscal year or calendar year of that plan, whichever is applicable.~~ If an annuitant participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately, if necessary, to satisfy the applicable limitation.

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

Sec. 3. Minnesota Statutes 2010, section 356.611, subdivision 3a, is amended to read:

Subd. 3a. **Maximum annual addition limitation, defined contribution plans.** The annual additions on behalf of a member to the a defined contribution plan established under chapter 352D or 353D for any limitation year beginning after December 31, 2001, shall not exceed the lesser of 100 percent of the member's compensation, as defined for purposes of applicable limitation on annual additions under section 415(c) of the federal Internal Revenue Code; or \$40,000, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code.

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

Sec. 4. Minnesota Statutes 2010, section 356.611, subdivision 4, is amended to read:

Subd. 4. **Compensation.** ~~(a)~~ For purposes of this section, compensation means a member's compensation actually paid or made available for any limitation year including all items of remuneration described in federal treasury regulation section 1.415 (c)-2(b) and excluding all items of remuneration described in federal treasury regulation section 1.415 (c)-2(c). Compensation for pension plan purposes for any limitation year shall not exceed the applicable federal compensation limit described in subdivision 2.

~~(b) Compensation for any period includes:~~

~~(1) any elective deferral as defined in section 402(g)(3) of the federal Internal Revenue Code;~~

~~(2) any elective amounts that are not includable in a member's gross income by reason of sections 125 or 457 of the federal Internal Revenue Code; and~~

~~(3) any elective amounts that are not includable in a member's gross income by reason of section 132(f)(4) of the federal Internal Revenue Code.~~

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

Sec. 5. Minnesota Statutes 2010, section 356.611, is amended by adding a subdivision to read:

Subd. 5. **Limitation year.** Unless otherwise specifically provided, for purposes of section 415 of the federal Internal Revenue Code, the limitation year of a pension plan covered by this section is the calendar year or fiscal year, whichever is applicable.

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

Sec. 6. Minnesota Statutes 2010, section 356.635, subdivision 6, is amended to read:

Subd. 6. **Eligible retirement plan.** (a) An "eligible retirement plan" is:

(1) an individual retirement account under section 408(a) or 408A of the federal Internal Revenue Code;

(2) an individual retirement annuity plan under section 408(b) of the federal Internal Revenue Code;

(3) an annuity plan under section 403(a) of the federal Internal Revenue Code;

(4) a qualified trust plan under section 401(a) of the federal Internal Revenue Code that accepts the distributee's eligible rollover distribution;

(5) an annuity contract under section 403(b) of the federal Internal Revenue Code;

(6) an eligible deferred compensation plan under section 457(b) of the federal Internal Revenue Code, which is maintained by a state or local government and which agrees to separately account for the amounts transferred into the plan; or

(7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an individual account or annuity treated as an inherited individual retirement account under section 402(c)(11) of

the federal Internal Revenue Code.

(b) For distributions of after-tax contributions which are not includable in gross income, the after-tax portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the federal Internal Revenue Code, to a Roth individual retirement account described in section 408A of the federal Internal Revenue Code, or to a qualified ~~defined contribution~~ plan described in either section 401(a) or 403(a) of the federal Internal Revenue Code, that agrees to separately account for the amounts transferred, including separately accounting for the portion of the distribution which is includable in gross income and the portion of the distribution which is not includable.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2008.

Sec. 7. Minnesota Statutes 2010, section 356.635, subdivision 9, is amended to read:

Subd. 9. **Military service.** Contributions, benefits, including death and disability benefits under section 401(a)(37) of the federal Internal Revenue Code, and service credit with respect to qualified military service must be provided according to section 414(u) of the federal Internal Revenue Code.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2007.

ARTICLE 10

AUTHORIZED PUBLIC PENSION FUND INVESTMENT REVISIONS

Section 1. Minnesota Statutes 2010, section 11A.07, subdivision 4, is amended to read:

Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

(1) plan, direct, coordinate, and execute administrative and investment functions in conformity with the policies and directives of the state board and the requirements of this chapter and of chapter 356A;

(2) prepare and submit biennial and annual budgets to the board and with the approval of the board submit the budgets to the Department of Management and Budget;

(3) employ professional and clerical staff as necessary. Employees whose primary responsibility is to invest or manage money or employees who hold positions designated as unclassified under section 43A.08, subdivision 1a, are in the unclassified service of the state. Other employees are in the classified service. Unclassified employees who are not covered by a collective bargaining agreement are employed under the terms and conditions of the compensation plan approved under section 43A.18, subdivision 3b;

(4) report to the state board on all operations under the director's control and supervision;

(5) maintain accurate and complete records of securities transactions and official activities;

(6) establish a policy relating to the purchase and sale of securities on the basis of competitive offerings or bids. The policy is subject to board approval;

(7) cause securities acquired to be kept in the custody of the commissioner of management and budget or other depositories consistent with chapter 356A, as the state board deems appropriate;

(8) prepare and file with the director of the Legislative Reference Library, by December 31 of each year, a report summarizing the activities of the state board, the council, and the director during the preceding fiscal year. The report must be prepared so as to provide the legislature and the people of the state with a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return, and the yield to the state treasury and to each of the funds whose assets are invested by the state board, and the recipients of business placed or commissions allocated among the various commercial banks, investment bankers, money managers, and brokerage organizations and the amount of these commissions or other fees. ~~The report must contain financial statements for funds managed by the board prepared in accordance with generally accepted accounting principles.~~ The report must include an executive summary;

(9) include on the state board's Web site its annual report and an executive summary of its quarterly reports;

(10) require state officials from any department or agency to produce and provide access to any financial documents the state board deems necessary in the conduct of its investment activities;

(11) receive and expend legislative appropriations; and

(12) undertake any other activities necessary to implement the duties and powers set forth in this subdivision consistent with chapter 356A.

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

Sec. 2. Minnesota Statutes 2010, section 11A.14, subdivision 14, is amended to read:

Subd. 14. **Reports required.** As of each valuation date, or as often as the state board determines, each participant shall be informed of the number of units owned and the current value of the units. ~~Annually, the state board shall provide each participant financial statements prepared in accordance with generally accepted accounting principles.~~

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

Sec. 3. Minnesota Statutes 2010, section 11A.24, is amended to read:

11A.24 AUTHORIZED INVESTMENTS.

Subdivision 1. **Securities generally.** (a) ~~The state board shall have the authority~~ is authorized to purchase, sell, lend or , and exchange the following securities specified in this section, for funds or accounts specifically made subject to this section, including puts and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned directly or through shares in exchange-traded or mutual funds, or as units in commingled trusts that own the securities described in subdivisions 2 to 6, subject to any limitations as specified in this section.

(b) Any agreement to lend securities must be concurrently collateralized with cash or securities with a market value of not less than 100 percent of the market value of the loaned securities at the time of the agreement. Any agreement for put and call options and futures contracts may only be entered into with a fully offsetting amount of cash or securities. Only securities authorized by this section, excluding those under subdivision 6, paragraph (a), clauses (1) to ~~(4)~~ (3), may be accepted as collateral or offsetting securities.

Subd. 2. **Government obligations.** The state board ~~may~~ is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness provided if the issue is backed by the full faith and credit of the issuer or if the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which the board may invest under this subdivision include are ~~include~~ are ~~are~~ guaranteed or insured issues of ~~(a)~~;

(1) the United States, its agencies, its instrumentalities, or organizations created and regulated by an act of Congress; ~~(b)~~

(2) the Dominion of Canada ~~and~~ or any of its provinces, provided the principal and interest is are ~~are~~ payable in United States dollars; ~~(c)~~

(3) any of the states ~~and~~ or any of their municipalities, political subdivisions, agencies or instrumentalities; ~~(d) the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or~~ and

(4) any ~~other~~ United States government sponsored organization of which the United States is a member, provided if the principal and interest is are ~~is~~ payable in United States dollars.

Subd. 3. **Corporate obligations.** (a) The state board ~~may~~ is authorized to invest funds in bonds, notes, debentures, transportation equipment obligations, or and ~~any~~ any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state thereof of the United States, or the Dominion of Canada or any Canadian province thereof provided that if:

(1) the principal and interest of obligations of corporations incorporated or organized under the laws of the Dominion of Canada or any Canadian province thereof shall be are ~~shall be~~ payable in United States dollars; and

(2) the obligations shall be are ~~shall be~~ rated among the top four quality categories by a nationally recognized rating agency.

(b) The state board may invest in unrated corporate obligations or in corporate obligations that are not rated among the top four quality categories as provided in paragraph (a), clause (2), ~~provided that~~ if:

(1) the aggregate value of these obligations ~~may~~ does not exceed five percent of the market or book value, whichever is less, of the fund for which the state board is investing;

(2) the state board's participation is limited to 50 percent of a single offering subject to this paragraph; and

(3) the state board's participation is limited to 25 percent of an issuer's obligations subject to this paragraph.

Subd. 4. **Other obligations.** (a) The state board ~~may~~ is authorized to invest funds in bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage securities and asset backed securities, repurchase agreements and reverse repurchase agreements, guaranteed investment contracts, savings accounts, and guaranty fund certificates, surplus notes, or debentures of domestic mutual insurance companies if they conform to the following provisions:

(1) bankers acceptances and deposit notes ~~of United States banks are limited to those~~ if issued by ~~banks~~ a United States bank that is rated in the highest four quality categories by a nationally recognized rating agency;

(2) certificates of deposit ~~are limited to those~~ if issued by ~~(i) a United States banks and savings institutions that are~~ bank or savings institution that is rated in the top four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies; ~~or (ii) certificates of deposits issued by a credit unions union in amounts up to an amount within the limit of the insurance coverage provided by the National Credit Union Administration;~~

(3) commercial paper ~~is limited to those~~ if issued by a United States ~~corporations~~ corporation or ~~their~~ its Canadian ~~subsidiaries~~ subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency;

(4) mortgage securities ~~shall be~~ and asset-backed securities if rated in the top four quality categories by a nationally recognized rating agency;

(5) ~~collateral~~ for repurchase agreements and reverse repurchase agreements ~~is limited to~~ if collateralized with letters of credit ~~and~~ or securities authorized in this section;

(6) guaranteed investment contracts ~~are limited to those~~ if issued by an insurance ~~companies~~ company or ~~banks~~ a bank that is rated in the top four quality categories by a nationally recognized rating agency or ~~to~~ alternative guaranteed investment contracts ~~where~~ if the underlying assets comply with the requirements of this section;

(7) savings accounts ~~are limited to those~~ if fully insured by a federal ~~agencies~~ agency; and

(8) asset backed securities ~~shall be~~ rated in the top four quality categories by a nationally recognized rating agency guaranty fund certificates, surplus notes, or debentures if issued by a domestic mutual insurance company.

(b) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of deposit and collateralization agreements executed by the state board under paragraph (a), clause (2).

(c) In addition to investments authorized by paragraph (a), clause (4), the state board ~~may~~ is authorized to purchase from the Minnesota Housing Finance Agency all or any part of a pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of the agency. The state board may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The state board may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the state board comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The state board may also enter into agreements with the agency for the investment of any portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

Subd. 5. **Corporate stocks.** The state board ~~may~~ is authorized to invest funds in stocks or convertible issues of any corporation organized under the laws of the United States or ~~the~~ any of its states ~~thereof~~, the Dominion of Canada or any of its provinces, or any corporation listed on an exchange ~~that is~~ regulated by an agency of the United States or ~~of the~~ Canadian national government;

if they conform to the following provisions:

(a) The aggregate value of corporate stock investments, as adjusted for realized profits and losses, shall not exceed 85 percent of the market or book value, whichever is less, of a fund, less the aggregate value of investments according to subdivision 6;

~~(b) Investments shall~~ An investment in any corporation must not exceed five percent of the total outstanding shares of ~~any one~~ that corporation, except that the state board may hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent of the shares of a closed-end mutual fund.

Subd. 5a. Asset mix limitations. The aggregate value of investments under subdivision 5, plus the aggregate value of all investments under subdivision 6, must not exceed 85 percent of the market value of a fund.

Subd. 6. Other investments. (a) In addition to the investments authorized in subdivisions 1 to 5, and subject to the provisions in paragraph (b), the state board ~~may~~ is authorized to invest funds in:

(1) ~~venture capital~~ equity and debt investment businesses through participation in limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations;

(2) real estate ownership interests or loans secured by mortgages or deeds of trust or shares of real estate investment trusts through investment in limited partnerships, ~~bank sponsored~~ bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance company commingled accounts, including separate accounts;

~~(3) regional and mutual funds through bank sponsored collective funds and open-end investment companies registered under the Federal Investment Company Act of 1940, and closed-end mutual funds listed on an exchange regulated by a governmental agency;~~

~~(4)~~ (3) resource investments through limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations; and

~~(5)~~ (4) international securities.

(b) The investments authorized in paragraph (a) must conform to the following provisions:

(1) the aggregate value of all investments made ~~according to~~ under paragraph (a), clauses (1) to ~~(4)~~ (3), may not exceed 35 percent of the market value of the fund for which the state board is investing;

(2) there must be at least four unrelated owners of the investment other than the state board for investments made under paragraph (a), clause (1), (2), or (3); ~~or~~ (4);

(3) state board participation in an investment vehicle is limited to 20 percent thereof for investments made under paragraph (a), clause (1), (2), or (3); ~~or~~ (4); and

(4) state board participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The state board may not engage in any activity

as a limited partner which creates general liability.

(c) All financial, business, or proprietary data collected, created, received, or maintained by the state board in connection with investments authorized by paragraph (a), clause (1), (2), or ~~(4)~~(3), are nonpublic data under section 13.02, subdivision 9. As used in this paragraph, "financial, business, or proprietary data" means data, as determined by the responsible authority for the state board, that is of a financial, business, or proprietary nature, the release of which could cause competitive harm to the state board, the legal entity in which the state board has invested or has considered an investment, the managing entity of an investment, or a portfolio company in which the legal entity holds an interest. As used in this section, "business data" is data described in section 13.591, subdivision 1. Regardless of whether they could be considered financial, business, or proprietary data, the following data received, prepared, used, or retained by the state board in connection with investments authorized by paragraph (a), clause (1), (2), or ~~(4)~~(3), are public at all times:

(1) the name and industry group classification of the legal entity in which the state board has invested or in which the state board has considered an investment;

(2) the state board commitment amount, if any;

(3) the funded amount of the state board's commitment to date, if any;

(4) the market value of the investment by the state board;

(5) the state board's internal rate of return for the investment, including expenditures and receipts used in the calculation of the investment's internal rate of return; and

(6) the age of the investment in years.

Subd. 7. **Appropriation.** There is annually appropriated to the state board, from the assets of the funds for which the state board invests pursuant relating to authorized investments under subdivision 6, ~~clause~~ paragraph (a), sums sufficient to pay the costs for the management of these ~~funds~~ assets by private management firms.

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

Sec. 4. Minnesota Statutes 2010, section 69.77, subdivision 9, is amended to read:

Subd. 9. **Local police and paid fire relief association investment authority.** (a) The ~~funds~~ special fund of the association must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7, whichever applies. ~~Notwithstanding any provision of section 356A.06, subdivision 6 or 7 to the contrary, the special fund of the relief association may be additionally invested in:~~

~~(1) open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment under section 356A.06, subdivision 7, up to 75 percent of the market value of the assets of the fund; and~~

~~(2) domestic government and corporate debt obligations that are not rated in the top four quality categories by a nationally recognized rating agency, and comparable unrated securities if the percentage of these assets does not exceed five percent of the total assets of the special fund or 15 percent of the special fund's nonequity assets, whichever is less, the special fund's~~

~~participation is limited to 50 percent of a single offering of the debt obligations, and the special fund's participation is limited to 25 percent of an issuer's debt obligations that are not rated in the top four quality categories. Securities held by the association before June 2, 1989, that do not meet the requirements of this subdivision may be retained after that date if they were proper investments for the association on that date.~~

~~(b) The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify special fund assets for investment by the State Board of Investment under section 11A.17. The governing board of the association may certify general fund assets of the relief association for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14. The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm shall must use the formula or formulas developed by the state board under section 11A.04, clause (11).~~

~~(c) The governing board of the association may certify general fund assets of the relief association for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14.~~

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

Sec. 5. Minnesota Statutes 2010, section 69.775, is amended to read:

69.775 INVESTMENTS.

(a) The special fund assets of a relief association governed by sections 69.771 to 69.776 must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7, whichever applies.

~~(b) Notwithstanding the foregoing, up to 75 percent of the market value of the assets of the special fund, not including any money market mutual funds, may be invested in open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment under section 356A.06, subdivision 7.~~

~~(c) Securities held by the associations before June 2, 1989, that do not meet the requirements of this section may be retained after that date if they were proper investments for the association on that date.~~

~~(d) The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify special fund assets for investment by the State Board of Investment under section 11A.17.~~

~~(e) The governing board of the association may certify general fund assets of the relief association for investment by the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14.~~

~~(f) (b) The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm shall must use the formula or formulas developed by the state board under section 11A.04, clause (11).~~

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

Sec. 6. Minnesota Statutes 2010, section 354A.08, is amended to read:

354A.08 AUTHORIZED INVESTMENTS.

~~(a)~~ In addition to investments authorized under section 356A.06, subdivision 7, a teachers retirement fund association may receive, hold, and dispose of:

~~(1)~~ real estate or personal property acquired by it, whether the acquisition was by purchase, or any other lawful means, as provided in this chapter or in the association's articles of incorporation; and

~~(2)~~ domestic government and corporate debt obligations that are not rated in the top four quality categories by a nationally recognized rating agency, and comparable unrated securities if the percentage of these assets does not exceed five percent of the total assets of the pension plan or 15 percent of the pension plan's nonequity assets, whichever is less, if the pension plan's participation is limited to 50 percent of a single offering of the debt obligations, and if the pension plan's participation is limited to 25 percent of an issuer's debt obligations that are not rated in the top four quality categories.

~~(b)~~ In addition to other authorized real estate investments, an association may also invest funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust. The board may also certify assets for investment by the State Board of Investment as provided under section 11A.17.

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

Sec. 7. Minnesota Statutes 2010, section 356.219, subdivision 1, is amended to read:

Subdivision 1. **Report required.** ~~(a) Except as indicated in subdivision 4,~~ The State Board of Investment, on behalf of the public pension funds and programs for which it is the investment authority, and any Minnesota public pension plan that is not fully invested through the State Board of Investment, including a local police or firefighters relief association governed by sections 69.77 or 69.771 to 69.775, shall report the information specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or forms for the purposes of the reporting requirements contained in this section.

(b) A local police or firefighters relief association governed by section 69.77 or sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of this section if all assets of the applicable pension plan beyond sufficient cash equivalent investments to cover six months expected expenses are invested under section 11A.17. The board of any fully invested public pension plan remains responsible for submitting investment policy statements and subsequent revisions as required by subdivision 3, paragraph (a).

(c) For purposes of this section, the State Board of Investment is considered to be the investment authority for any Minnesota public pension fund required to be invested by the State Board of Investment under section 11A.23, or for any Minnesota public pension fund authorized to invest in the supplemental investment fund under section 11A.17 and which is fully invested by the State Board of Investment.

(d) This section does not apply to the following plans:

(1) the Minnesota unclassified employees retirement program under chapter 352D;

(2) the public employees defined contribution plan under chapter 353D;

(3) the individual retirement account plans under chapters 354B and 354D;

(4) the higher education supplemental retirement plan under chapter 354C;

(5) any alternative retirement benefit plan established under section 383B.914; and

(6) the University of Minnesota faculty retirement plan.

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

Sec. 8. Minnesota Statutes 2010, section 356.219, subdivision 8, is amended to read:

Subd. 8. **Timing of reports.** (a) For salaried firefighter relief associations, police relief associations, and volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of the covered pension plan shall certify that compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the State Board of Investment a list or lists of covered pension plans which submitted certifications in order to facilitate reporting by the State Board of Investment under paragraph (c).

~~(b) For the Minneapolis Teachers Retirement Fund Association, the St. Paul Teachers Retirement Fund Association, the Duluth Teachers Retirement Fund Association, the Minneapolis Employees Retirement Fund, and the University of Minnesota faculty supplemental retirement plan, and the applicable administrators for the University of Minnesota faculty retirement plan and the individual retirement account plans under chapters 354B and 354D,~~ the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The State Board of Investment, on behalf of pension funds specified in subdivision 1, paragraph (c), must report information required under this section by September 1 of each year.

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

Sec. 9. Minnesota Statutes 2010, section 356A.01, subdivision 19, is amended to read:

Subd. 19. **Pension fund.** "Pension fund" means the assets amassed and held in a pension plan, other than the general fund, as reserves for present and future payment of benefits and administrative expenses. For a retirement plan governed by section 69.77 or by chapter 424A, the term means the relief association special fund.

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

Sec. 10. Minnesota Statutes 2010, section 356A.06, subdivision 6, is amended to read:

Subd. 6. **Limited list of authorized investment securities.** (a) ~~Except to the extent otherwise~~

~~authorized by law,~~ **Authority.** This subdivision specifies the investment authority for a limited list plan. A limited list plan is a covered pension plan ~~may invest its assets only in investment securities authorized by this subdivision if the plan that~~ does not:

- (1) have pension fund assets with a ~~book~~ market value in excess of \$1,000,000;
- (2) use the services of an investment advisor registered with the Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940, or registered as an investment advisor in accordance with sections 80A.58, and 80A.60, for the investment of at least 60 percent of its pension fund assets, calculated on ~~book~~ market value;
- (3) use the services of the State Board of Investment for the investment of at least 60 percent of its pension fund assets, calculated on ~~book~~ market value; or
- (4) use a combination of the services of an investment advisor meeting the requirements of clause (2) and the services of the State Board of Investment for the investment of at least 75 percent of its pension fund assets, calculated on ~~book~~ market value.

(b) **Investment agency appointment authority.** ~~securities authorized for~~ The governing board of a covered pension plan ~~covered by this subdivision are:~~ may select and appoint investment agencies to act for or on its behalf.

(c) **Savings accounts; similar vehicles.** A limited list plan is authorized to invest in:

- (1) certificates of deposit issued, to the extent of available insurance or collateralization, by a financial institution that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, that is insured by the National Credit Union Administration, or that is authorized to do business in this state and has deposited with the chief administrative officer of the plan a sufficient amount of marketable securities as collateral in accordance with section 118A.03;
- (2) guaranteed investment contracts, limited to those issued by insurance companies or banks rated in the top four quality categories by a nationally recognized rating agency or to alternative guaranteed investment contracts where the underlying assets comply with the requirements of this paragraph; and
- (3) savings accounts, to the extent of available insurance, with a financial institution that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation; limited to those fully insured by federal agencies.

~~(3)~~ (d) **Government-backed obligations.** A limited list plan is authorized to invest in governmental obligations as further specified in this paragraph, including bonds, notes, bills, or other fixed obligations, issued by the United States, an agency or instrumentality of the United States, an organization established and regulated by an act of Congress or by a state, state agency or instrumentality, municipality, or other governmental or political subdivision that mortgages, and other evidences of indebtedness, if the issue is backed by the full faith and credit of the issuer or if the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which plans are authorized to invest under this paragraph are guaranteed or insured issues of:

- (i) ~~for the obligation in question, issues an obligation that equals or exceeds the stated investment~~

yield of debt securities not exempt from federal income taxation and of comparable quality;

(ii) for an obligation that is a revenue bond, has been completely self-supporting for the last five years; and

(iii) for an obligation other than a revenue bond, has issued an obligation backed by the full faith and credit of the applicable taxing jurisdiction and has not been in default on the payment of principal or interest on the obligation in question or any other nonrevenue bond obligation during the preceding ten years;

(1) the United States, one of its agencies, one of its instrumentalities, or an organization created and regulated by an act of Congress;

(2) the Dominion of Canada or one of its provinces if the principal and interest are payable in United States dollars;

(3) a state or one of its municipalities, political subdivisions, agencies, or instrumentalities; or

(4) any United States government-sponsored organization of which the United States is a member if the principal and interest are payable in United States dollars.

~~(4)(e) **Corporate obligations.** A limited list plan is authorized to invest in corporate obligations, including bonds, notes, debentures, or other regularly issued and readily marketable evidences of indebtedness issued by a corporation organized under the laws of any state that during the preceding five years has had on average annual net pretax earnings at least 50 percent greater than the annual interest charges and principal payments on the total issued debt of the corporation during that period and that, for the obligation in question, has issued an obligation rated in one of the top three quality categories by Moody's Investors Service, Incorporated, or Standard and Poor's Corporation; and~~

~~(5) shares in an open-end investment company registered under the federal Investment Company Act of 1940, if the portfolio investments of the company are limited to investments that meet the requirements of clauses (1) to (4); transportation equipment obligations, or any other longer-term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any of its states, or the Dominion of Canada or any of its provinces if:~~

~~(1) the principal and interest are payable in United States dollars; and~~

~~(2) the obligations are rated among the top four quality categories by a nationally recognized rating agency.~~

~~(f) **Mutual fund authority, limited list authorized assets.** Securities authorized under paragraphs (c) to (e) may be owned directly or through shares in exchange-traded funds, or through open-end mutual funds, or as units of commingled trusts.~~

~~(g) **Extended mutual fund authority.** Notwithstanding restrictions in other paragraphs of this subdivision, a limited list plan is authorized to invest the assets of the special fund in exchange-traded funds and open-end mutual funds, if their portfolio investments comply with the type of securities authorized for investment under section 356A.06, subdivision 7, paragraphs (c) to (g). Investments under this paragraph must not exceed 75 percent of the assets of the special fund, not including any money market investments through mutual or exchange-traded funds.~~

~~(h) **Supplemental fund authority.** The governing body of a limited list plan may certify special~~

fund assets to the State Board of Investment for investment under section 11A.17.

(i) **Assets mix restrictions.** A limited list plan must conform to the asset mix limitations specified in section 356A.06, subdivision 7.

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

Sec. 11. Minnesota Statutes 2010, section 356A.06, subdivision 7, is amended to read:

Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** ~~Except to the extent otherwise authorized by law,~~ A covered pension plan not described by subdivision 6, paragraph (a), is an expanded list plan and shall invest its assets ~~only in accordance with~~ as specified in this subdivision. The governing board of an expanded list plan may select and appoint investment agencies to act for or on its behalf.

(b) **Securities generally; investment forms.** ~~The covered pension~~ An expanded list plan has the authority is authorized to purchase, sell, lend, or and exchange the investment securities specified in paragraphs (e) to (i) authorized under this subdivision, including puts and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned directly or through shares in exchange-traded or mutual funds, or as units in commingled trusts that own the securities described in paragraphs (e) to (i), including real estate investment trusts and insurance company commingled accounts, including separate accounts, subject to any limitations specified in this subdivision.

(c) **Government obligations.** ~~The covered pension~~ An expanded list plan may is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which funds may be invested under this paragraph ~~include~~ are guaranteed or insured issues of:

(1) the United States, one of its agencies, one of its instrumentalities, or ~~organizations~~ an organization created and regulated by an act of Congress;

(2) the Dominion of Canada and or one of its provinces, ~~provided if~~ the principal and interest is are payable in United States dollars;

(3) ~~the states and their~~ a state or one of its municipalities, political subdivisions, agencies, or instrumentalities; and

(4) ~~the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or any other a United States government sponsored government-sponsored organization of which the United States is a member, ~~provided if~~~~ if the principal and interest is are payable in United States dollars.

(d) **Investment-grade corporate obligations.** ~~The covered pension~~ An expanded list plan may is authorized to invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state thereof of its states, or the Dominion of Canada or any province thereof of its provinces if they conform to the following provisions:

(1) the principal and interest of obligations of corporations incorporated or organized under the

~~laws of the Dominion of Canada or any province thereof must be~~ are payable in United States dollars; and

(2) ~~the obligations must be~~ are rated among the top four quality categories by a nationally recognized rating agency.

(e) Below-investment-grade corporate obligations. An expanded list plan is authorized to invest in unrated corporate obligations or in corporate obligations that are not rated among the top four quality categories by a nationally recognized rating agency if:

(1) the aggregate value of these obligations does not exceed five percent of the covered pension plan's market value;

(2) the covered pension plan's participation is limited to 50 percent of a single offering subject to this paragraph; and

(3) the covered pension plan's participation is limited to 25 percent of an issuer's obligations subject to this paragraph.

~~(e) (f) Other obligations. (1) The covered pension~~ An expanded list plan may is authorized to invest funds in bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage participation certificates and pools, asset backed securities, repurchase agreements and reverse repurchase agreements, guaranteed investment contracts, savings accounts, and guaranty fund certificates, surplus notes, or debentures of domestic mutual insurance companies if they conform to the following provisions:

~~(i) bankers acceptances and deposit notes of United States banks are limited to those if issued by banks~~ a United States bank that is rated in the highest four quality categories by a nationally recognized rating agency;

~~(ii) certificates of deposit are limited to those if issued by (A) a United States banks and bank or savings institutions that are institution rated in the highest four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies; or (B) if issued by a credit unions union in amounts up to an amount within the limit of the insurance coverage provided by the National Credit Union Administration;~~

~~(iii) commercial paper is limited to those if issued by a United States corporations corporation or their its Canadian subsidiaries subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency;~~

~~(iv) mortgage participation or pass through certificates evidencing interests in pools of first mortgages or trust deeds on improved real estate located in the United States where the loan to value ratio for each loan as calculated in accordance with section 61A.28, subdivision 3, does not exceed 80 percent for fully amortizable residential properties and in all other respects meets the requirements of section 61A.28, subdivision 3 securities and asset-backed securities if rated in the top four quality categories by a nationally recognized rating agency;~~

~~(v) collateral for repurchase agreements and reverse repurchase agreements is limited to if collateralized with~~ letters of credit and or securities authorized in this section;

~~(vi) guaranteed investment contracts are limited to those if issued by an insurance companies~~

company or ~~banks~~ a bank that is rated in the top four quality categories by a nationally recognized rating agency or ~~to~~ alternative guaranteed investment contracts ~~where~~ if the underlying assets comply with the requirements of this subdivision;

(vii) savings accounts ~~are limited to those~~ if fully insured by a federal agencies agency; and

(viii) ~~asset backed securities must be rated in the top four quality categories by a nationally recognized rating agency~~ guaranty fund certificates, surplus notes, or debentures if issued by a domestic mutual insurance company.

(2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of deposit and collateralization agreements executed by the covered pension plan under clause (1), item (ii).

(3) In addition to investments authorized by clause (1), item (iv), ~~the covered pension an expanded list plan may~~ is authorized to purchase from the Minnesota Housing Finance Agency all or any part of a pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of the agency. The covered pension plan may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the covered pension plan comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The covered pension plan may also enter into agreements with the agency for the investment of any portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

~~(f)~~ **(g) Corporate stocks.** ~~The covered pension~~ An expanded list plan may is authorized to invest ~~funds~~ in stocks or convertible issues of any corporation organized under the laws of the United States or ~~the any of its states thereof~~, any corporation organized under the laws of the Dominion of Canada or ~~any of its provinces~~, or any corporation listed on an exchange that is regulated by an agency of the United States or of the Canadian national government, if they conform to the following provisions:

(1) ~~the aggregate value of investments under this paragraph, plus paragraphs (g) and (k), plus equity investments under paragraphs (h), (i), and (j), as adjusted for realized gains and losses, must not exceed 85 percent of the market or book value, whichever is less, of a fund; and~~

(2) ~~investments~~ An investment in any corporation must not exceed five percent of the total outstanding shares of any one that corporation, except that an expanded list plan may hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent of the shares of a closed mutual fund.

~~(g)~~ **Developed market foreign stocks investments.** ~~In addition to investments authorized under paragraph (f), the covered pension fund may invest in foreign stock sold on an exchange in any developed market country that is included in the Europe, Australia, and Far East Index.~~

~~(h)~~ **Commingled or mutual investments.** ~~The covered pension plan may invest in index funds or mutual funds, including index mutual funds, through bank-sponsored collective funds and shares of open-end investment companies registered under the Federal Investment Company Act of 1940, to the extent that these funds comply with paragraphs (c) to (j).~~

~~(i) **Real estate investment trust; related investments.** The covered pension plan may invest in real estate investment trusts secured by mortgages or deeds of trust and sold on an exchange, and insurance company commingled accounts, including separate accounts, of a debt or equity nature.~~

~~(j) **Exchange traded funds.** The covered pension plan may invest funds in exchange traded funds, subject to the maximums, the requirements, and the limitations set forth in paragraphs (e) to (i), as applicable.~~

~~(k) (h) **Other investments.** (1) In addition to the investments authorized in paragraphs (b) to (j) (g), and subject to the provisions in clause (2), the covered pension an expanded list plan may is authorized to invest funds in:~~

~~(i) venture capital equity and debt investment businesses through participation in limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations;~~

~~(ii) real estate ownership interests or loans secured by mortgages or deeds of trust or shares of real estate investment trusts, through investment in limited partnerships or bank sponsored, bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance company commingled accounts, including separate accounts;~~

~~(iii) regional and mutual funds through bank sponsored collective funds and open-end investment companies registered under the Federal Investment Company Act of 1940 to the extent that a fund or a portion of a fund does not qualify under paragraph (h);~~

~~(iv) (iii) resource investments through limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations; and~~

~~(v) (iv) international debt securities and emerging market equity securities.~~

(2) The investments authorized in clause (1) must conform to the following provisions:

(i) the aggregate value of all investments made ~~according to~~ under clause (1), ~~including allocated amounts of index and mutual funds~~ items (i), (ii), and (iii), may not exceed ~~20~~ 35 percent of the market value of the fund for which the ~~covered pension~~ expanded list plan is investing;

(ii) there must be at least four unrelated owners of the investment other than the ~~covered pension~~ expanded list plan for investments made under clause (1), item (i), (ii), or (iii), ~~or (iv)~~;

(iii) ~~covered pension plan~~ the expanded list plan's participation in an investment vehicle is limited to 20 percent thereof for investments made under clause (1), item (i), (ii), or (iii), ~~or (iv)~~; and

(iv) ~~covered pension plan~~ the expanded list plan's participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The ~~covered pension~~ expanded list plan may not engage in any activity as a limited partner which creates general liability; and

(v) for volunteer firefighter relief associations, emerging market equity and international debt investments authorized under clause (1), item (iv), must not exceed 15 percent of the association's special fund market value.

(i) **Supplemental plan investments.** The governing body of an expanded list plan may certify assets to the State Board of Investment for investment under section 11A.17.

(j) **Asset mix limitations.** The aggregate value of an expanded list plan's investments under paragraphs (g) and (h) and equity investments under paragraph (i), regardless of the form in which these investments are held, must not exceed 85 percent of the covered plan's market value.

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

Sec. 12. INVESTMENT AUTHORITY TRANSITION PROVISION.

If any investment by the State Board of Investment or any covered pension plan fund was an authorized investment under law in effect immediately before the effective date of applicable sections of this act, but is not authorized by this act, the applicable assets must be liquidated before June 30, 2013.

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

Sec. 13. REPEALER.

Minnesota Statutes 2010, section 356.219, subdivision 4, is repealed.

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

ARTICLE 11

LOCAL RELIEF ASSOCIATION OR CONSOLIDATION ACCOUNT MERGERS WITH PERA-P&F

Section 1. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 1a, is amended to read:

Subd. 1a. **Covered retirement plans.** The provisions of this section apply to ~~the following local retirement plans:~~

- ~~(1) the Bloomington Firefighters Relief Association;~~
- ~~(2) the Fairmont Police Relief Association; and~~
- ~~(3) the Virginia Fire Department Relief Association.~~

EFFECTIVE DATE. (a) For the Fairmont Police Relief Association, this section is effective as of the date for consolidation set by the board of the Public Employees Retirement Association in consultation with the State Board of Investment, but not later than June 29, 2012.

(b) For the Virginia fire consolidation account, this section is effective on June 29, 2012, which is the effective date of merger.

Sec. 2. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 4, is amended to read:

Subd. 4. **Relief association financial requirements; minimum municipal obligation.** (a) The officers of the relief association shall determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this subdivision. The financial requirements of the relief association and the

minimum obligation of the municipality must be determined on or before the submission date established by the municipality under subdivision 5.

(b) The financial requirements of the relief association for the following calendar year must be based on the most recent actuarial valuation or survey of the special fund of the association if more than one fund is maintained by the association, or of the association, if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the actuarial estimate must be used in calculating the subsequent financial requirements of the relief association.

(c) If the relief association has an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated under clauses (1), (2), and (3), constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded actuarial accrued liability as reported in the most recent actuarial valuation or survey, the amount calculated under clauses (1) and (2) constitute the financial requirements of the relief association for the following year. The financial requirement elements are:

(1) the normal level cost requirement for the following year, expressed as a dollar amount, which must be determined by applying the normal level cost of the relief association as reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected change in the active membership, for the following year;

(2) for the ~~Bloomington Fire Department Relief Association, the Fairmont Police Relief Association, and the Virginia Fire Department Relief Association,~~ to the dollar amount of normal cost determined under clause (1) must be added an amount equal to the dollar amount of the administrative expenses of the special fund of the association if more than one fund is maintained by the association, or of the association if only one fund is maintained, for the most recent year, multiplied by the factor of 1.035. The administrative expenses are those authorized under section 69.80; and

(3) to the dollar amount of normal cost and expenses determined under clauses (1) and (2) must be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded actuarial accrued liability as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the applicable rate specified in section 356.215, subdivision 8, by that fund's amortization date as specified in paragraph (d).

(d) ~~The Virginia Fire Department Relief Association special fund amortization date is December 31, 2010. The Fairmont Police Relief Association special fund amortization date is December 31, 2020.~~ The Bloomington Fire Department Relief Association special fund amortization date is determined under section 356.216, clause (2). The amortization date specified in this paragraph supersedes any amortization date specified in any applicable special law.

(e) The minimum obligation of the municipality is an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts anticipated for the following calendar year from the applicable state aid program established under sections 69.011 to 69.051 receivable by the relief association after any allocation made under section 69.031,

subdivision 5, paragraph (b), clause (2), or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police and salaried firefighters' relief association amortization aid program established under section 423A.02, subdivision 1, from the supplementary amortization state-aid program established under section 423A.02, subdivision 1a, and from the additional amortization state aid under section 423A.02, subdivision 1b.

EFFECTIVE DATE. (a) For the Fairmont Police Relief Association, this section is effective as of the date for consolidation set by the board of the Public Employees Retirement Association in consultation with the State Board of Investment, but not later than June 29, 2012.

(b) For the Virginia fire consolidation account, this section is effective on June 29, 2012, which is the effective date of merger.

Sec. 3. Minnesota Statutes 2011 Supplement, section 353.668, subdivision 4, is amended to read:

Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date of the consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19, the chief administrative officer of the Minneapolis Police Relief Association shall transfer the entire assets of the special fund of the Minneapolis Police Relief Association other than the health insurance account to the public employees police and fire retirement fund at market value. Unless ineligible or inappropriate, the transfer must be in the form of investment securities and must include any accounts receivable that are determined by the State Board of Investment as being capable of being collected. An amount, in cash, must be transferred by the city of Minneapolis equal to the market value recognized by the relief association of investment securities that are determined by the executive director of the State Board of Investment not to be in compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for retention in light of the established investment objectives of the State Board of Investment or of accounts receivable determined by the executive director of the State Board of Investment as being incapable of being collected. Legal and beneficial title to assets that are determined noncompliant or inappropriate securities or that are uncollectible accounts receivable are transferred to the city of Minneapolis on the effective date of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19. Any accounts payable on the effective date of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19, are an obligation of the public employees police and fire retirement fund and reduce the asset value for purposes of subdivision 6. The transferred assets must be deposited in the public employees police and fire retirement fund. The amount of the health insurance account as of the date of the consolidation must remain deposited in the financial institution retained by the former Minneapolis Police Relief Association on May 1, 2011, and that financial institution must act as the custodian of the account. The health insurance account may be transferred from the financial institution that holds the account to a successor financial institution on June 30, 2012, under the requirements of this subdivision and the terms of an agreement between the Minneapolis Police Relief Association and the successor financial institution dated December 30, 2011, that provides for the transfer. The financial institution shall perform all trustee and fiduciary duties with respect to the account as a condition to the retention of the account. The executive director of the Minneapolis Police Relief Association, prior to the effective date of consolidation, shall estimate three calendar years of the administrative expenses related to the operation of the account and shall prepay those expenses from the account to the financial institution prior to the effective date of consolidation. After the three-year prepayment period, the beneficiaries of the account are responsible for the payment of

the administrative expenses related to the operation of the account.

(b) Upon the transfer of assets to the State Board of Investment under paragraph (a), legal title to those transferred assets vests with the State Board of Investment on behalf of the public employees police and fire retirement plan, and beneficial title to the transferred assets remains with the former membership of the former Minneapolis Police Relief Association.

(c) The public employees police and fire retirement plan and fund is the successor in interest to all claims for or against the Minneapolis Police Relief Association. The public employees police and fire retirement plan and fund is not liable for any claim against the Minneapolis Police Relief Association, its governing board, or its administrative staff acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were not undertaken in good faith. The public employees police and fire retirement plan may assert any applicable defense to any claim in any judicial or administrative proceeding that the Minneapolis Police Relief Association, its board, or its administrative staff would otherwise have been entitled to assert, and the public employees police and fire retirement plan may assert any applicable defense that it has in its capacity as a statewide agency.

(d) The Public Employees Retirement Association shall indemnify any former fiduciary of the Minneapolis Police Relief Association consistent with the provisions of section 356A.11. The indemnification may be effected by the purchase by the Public Employees Retirement Association of reasonable fiduciary liability tail insurance for the officers and directors of the former Minneapolis Police Relief Association. Consistent with section 69.80, the relief association may purchase reasonable fiduciary liability tail insurance for its officers and directors prior to the effective date of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19.

(e) Office equipment and other physical assets of the special fund of the Minneapolis Police Relief Association that are not needed by the Public Employees Retirement Association may be sold by the special fund of the Minneapolis Police Relief Association to the general fund of the Minneapolis Police Relief Association or to any successor fraternal organization of the Minneapolis Police Relief Association at fair market value, with the proceeds of that sale deposited in the public employees police and fire retirement fund and included in the transferred asset value under subdivision 6.

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

Sec. 4. [353.669] CONSOLIDATION OF THE FAIRMONT POLICE RELIEF ASSOCIATION.

Subdivision 1. Membership transfer. On the effective date of consolidation, the retired members, including surviving spouses, of the Fairmont Police Relief Association are transferred to the public employees police and fire retirement plan, are no longer members of the former Fairmont Police Relief Association, and are members of the public employees police and fire retirement plan.

Subd. 2. Benefit liability transfer. The liability for the payment of retirement annuities, service pensions, and survivor benefits of the retired members, service pensioners, surviving spouses, and any other retirement benefit recipients of the former Fairmont Police Relief Association, as contained in the transferred records of the former relief association, is transferred to the public

employees police and fire retirement plan on the effective date of consolidation.

Subd. 3. **Transfer of records.** On the effective date of consolidation, the chief administrative officer of the Fairmont Police Relief Association shall transfer all records and documents relating to the special fund of the former Fairmont Police Relief Association to the executive director of the Public Employees Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date of consolidation, the chief administrative officer of the Fairmont Police Relief Association shall transfer the entire assets of the special fund of the Fairmont Police Relief Association to the public employees police and fire retirement fund at market value. Unless ineligible or inappropriate as determined by the State Board of Investment, the transfer must be in the form of investment securities and must include any accounts receivable that are determined by the State Board of Investment as being capable of being collected. The city of Fairmont must transfer, in cash, an amount equal to the market value, as recognized by the relief association of any investment securities that are determined by the executive director of the State Board of Investment to be not in compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24, or to be inappropriate for retention in light of the established investment objectives of the State Board of Investment, or of any accounts receivable that are determined by the executive director as being incapable of being collected. The legal and beneficial title to assets that are determined to be noncompliant or inappropriate securities or that are determined to be uncollectable accounts receivable are transferred from the relief association special fund to the city of Fairmont as of the effective date of consolidation. Any accounts payable of the special fund of the Fairmont Police Relief Association on the effective date of consolidation, are an obligation of the public employees police and fire retirement fund and reduce the value of the transferred relief association special fund assets for purposes of subdivision 6. Assets transferred from the special fund of the Fairmont Police Relief Association must be deposited in the public employees police and fire retirement fund and must be managed by the State Board of Investment through the Minnesota combined investment funds under section 11A.14.

(b) Upon the transfer of the assets to the management of the State Board of Investment under paragraph (a), legal title to those transferred assets vests with the State Board of Investment on behalf of the public employees police and fire retirement plan, and beneficial title to the transferred assets remains with the former membership of the former Fairmont Police Relief Association.

(c) The public employees police and fire retirement plan and fund is the successor in interest to all claims for and against the Fairmont Police Relief Association. The public employees police and fire retirement plan and fund is not liable for any claim against the Fairmont Police Relief Association or its governing board acting in a fiduciary capacity under chapter 356A or under common law which is founded upon a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were not undertaken in good faith. The public employees police and fire retirement plan may assert any applicable defense to any claim in any judicial or administrative proceeding that the former Fairmont Police Relief Association or its former governing board would otherwise have been entitled to assert and the public employees police and fire retirement plan may assert any applicable defense that it has in its capacity as a statewide agency.

(d) The Public Employees Retirement Association shall indemnify any former fiduciary of the Fairmont Police Relief Association consistent with the provisions of section 356A.11. The

indemnification may be effected by the purchase by the Public Employees Retirement Association of reasonable fiduciary liability tail insurance for the officers and directors of the former Fairmont Police Relief Association.

Subd. 5. **Benefits.** (a) The annuities, service pensions, and other retirement benefits of or attributable to retired members and surviving spouses of the Fairmont Police Relief Association who had that status as of the effective date of consolidation, continue after consolidation in the same amount and under the same terms as provided under Minnesota Statutes 2000, sections 423.41 to 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws 1963, chapter 423; Laws 1977, chapter 100; and Laws 1999, chapter 222, article 3, section 4, except as provided in paragraph (b).

(b) The annual base salary figure for pension and benefit determinations upon consolidation and for the balance of calendar year 2012 is \$106,666.67. After December 31, 2012, annual postretirement adjustments of pensions and benefits in force must be calculated solely under section 356.415, subdivision 1c.

Subd. 6. **Calculation of final funded status; employer contributions.** (a) As of the effective date of consolidation, the approved actuary retained by the Public Employees Retirement Association under section 356.214 shall determine the final funded status of the Fairmont Police Relief Association special fund. The final funded status is the present value of future benefits payable from the Fairmont Police Relief Association as of the effective date of consolidation after subtracting the market value of the transferred assets of the Fairmont Police Relief Association as of the effective date of consolidation. The present value of future benefits figure must be calculated using the applicable actuarial assumptions for the public employees police and fire retirement plan specified in or established under section 356.215. If there is a remainder present value of future benefits amount, the city of Fairmont shall pay to the public employees police and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize the calculated remainder present value of future benefits amount by December 31, 2020. Payments shall be made annually on or before December 31, beginning in 2012.

(b) If there are assets of the former Fairmont Police Relief Association in excess of the present value of future benefits as of the effective date of consolidation, these assets must be credited to an interest bearing suspense account within the public employees police and fire retirement fund, must be used to offset any amount payable under paragraph (c) until June 30, 2015, and, after June 30, 2015, must be paid to the city of Fairmont. The suspense account must be credited with the same rate of investment return as the public employees police and fire retirement fund.

(c) If, after the effective date of consolidation, the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and the amortization contribution by the city of Fairmont for the balance of the amortization period must be redetermined and certified to the city of Fairmont.

EFFECTIVE DATE. This section is effective as of the date for consolidation set by the board of the Public Employees Retirement Association in consultation with the State Board of Investment, but not later than June 29, 2012.

Sec. 5. **[353.6691] MERGER OF THE VIRGINIA FIRE DEPARTMENT RELIEF**

ASSOCIATION.

Subdivision 1. **Merger authorized.** On the effective date of merger, the Virginia fire department consolidation account of the Public Employees Retirement Association under chapter 353A becomes a part of the public employees police and fire retirement plan and fund governed by sections 353.63 to 353.659.

Subd. 2. **Benefit liability transfer.** All current and future liabilities of the Virginia fire department consolidation account under chapter 353A are liabilities of the public employees police and fire retirement plan and fund as of the effective date of merger and the accrued benefits of the members of the consolidation account are the obligation of the public employees police and fire retirement plan and fund.

Subd. 3. **Transfer of assets; transfer to title assets.** On the effective date of merger, the assets of the Virginia fire department consolidation account must be transferred to the public employees police and fire retirement fund. Upon transfer, the market value of the assets of the consolidation account, less any amount of residual assets under subdivision 5, are assets of the public employees police and fire fund as of the effective date of merger, and the assets, excluding the distribution amount under subdivision 5, become an asset of the public employees police and fire retirement fund. The public employees police and fire retirement fund also must be credited as an asset with the amount of any receivable assets from employer contributions under subdivision 5.

Subd. 4. **Benefits.** A person who received a service pension, a disability benefit, or a survivor benefit from the Virginia fire department consolidation account for the month prior to the effective date of merger and who has not previously elected postretirement adjustments under section 356.415, subdivision 1c, rather than the postretirement adjustment mechanism of the Virginia Fire Department Relief Association under section 353A.08, subdivision 1, may elect future postretirement adjustments under section 356.415, subdivision 1c, or the retention of the former Virginia Fire Department Relief Association postretirement adjustment mechanism. The election must be made in writing on a form prescribed by the executive director on or before September 1, 2012. Unless modified by an election under this subdivision, the benefit plan election by any person or on behalf of any person under section 353A.08 remains binding.

Subd. 5. **Calculation of final funded status; employer contributions.** (a) As of the effective date of merger, the approved actuary retained by the Public Employees Retirement Association under section 356.214 shall determine the final funded status of the former Virginia Fire Department Relief Association special fund. The final funded status is the present value of future benefits payable from the Virginia fire department consolidation account as of the effective date of merger after subtracting the market value of the transferred assets of the Virginia fire department consolidation account as of the effective date of merger. The present value of future benefits figure must be calculated using the applicable actuarial assumptions for the public employees police and fire retirement plan specified in or established under section 356.215. If there is a remainder present value of future benefits amount, the city of Virginia shall pay to the public employees police and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize the calculated remainder present value of future benefits amount by December 31, 2020. Payments shall be made annually on or before December 31, beginning in 2012.

(b) If there are assets of the former Virginia fire department consolidation account in excess of the present value of future benefits as of the effective date of merger, these assets shall be credited

to an interest bearing suspense account within the public employees police and fire retirement fund until January 1, 2013. The suspense account must be credited with the same rate of investment return as the public employees police and fire retirement fund.

(c) If, after the effective date of merger, the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and any amortization contribution by the city of Virginia for the balance of the amortization period must be redetermined and certified to the city of Virginia.

(d) On January 1, 2013, one-half of any suspense account under paragraph (b) must be paid as an additional ad hoc postretirement adjustment to the service pensioners, disabilitants, and surviving spouses of the former Virginia fire consolidation account. The additional ad hoc postretirement adjustment for each recipient is the total amount available for the adjustment divided by the total number of recipients as of January 1, 2013, of the former Virginia fire consolidation account. On January 1, 2014, if the suspense account has earned investment income equal to or greater than the preretirement interest rate assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, the balance remaining of the suspense account under paragraph (b) must be paid as an additional ad hoc postretirement adjustment to the service pensioners, disabilitants, and surviving spouses of the former Virginia fire consolidation account, divided by the total number of recipients as of January 1, 2014. Nothing in this paragraph may be deemed to authorize the payment of a postretirement adjustment to an estate.

EFFECTIVE DATE. This section is effective on June 29, 2012, which is the effective date of merger.

Sec. 6. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0

local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Fairmont Police Relief Association	5.0	5.0
Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) Before July 1, 2010, the actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	4.0
Fairmont Police Relief Association	3.5
Virginia Fire Department Relief Association	3.5
Bloomington Fire Department Relief Association	4.0

(2) age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
correctional state employees retirement plan	assumption D
State Patrol retirement plan	assumption C
local government correctional service retirement plan	assumption C
Duluth teachers retirement plan	assumption A
St. Paul teachers retirement plan	assumption B

The select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is five years and the designated integer is five for the general state employees retirement plan. The designated select period is ten years and the designated integer is ten for all other retirement plans covered by this clause. The designated percentage rate is: (1) 0.2 percent for the correctional state employees retirement plan, the State Patrol retirement plan, and the local

government correctional service retirement plan; (2) 0.6 percent for the general state employees retirement plan; and (3) 0.3 percent for the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	A	B	C	D
16	8.00%	6.90%	7.7500%	7.2500%
17	8.00	6.90	7.7500	7.2500
18	8.00	6.90	7.7500	7.2500
19	8.00	6.90	7.7500	7.2500
20	6.90	6.90	7.7500	7.2500
21	6.90	6.90	7.1454	6.6454
22	6.90	6.90	7.0725	6.5725
23	6.85	6.85	7.0544	6.5544
24	6.80	6.80	7.0363	6.5363
25	6.75	6.75	7.0000	6.5000
26	6.70	6.70	7.0000	6.5000
27	6.65	6.65	7.0000	6.5000
28	6.60	6.60	7.0000	6.5000
29	6.55	6.55	7.0000	6.5000
30	6.50	6.50	7.0000	6.5000
31	6.45	6.45	7.0000	6.5000
32	6.40	6.40	7.0000	6.5000
33	6.35	6.35	7.0000	6.5000
34	6.30	6.30	7.0000	6.5000
35	6.25	6.25	7.0000	6.5000
36	6.20	6.20	6.9019	6.4019
37	6.15	6.15	6.8074	6.3074
38	6.10	6.10	6.7125	6.2125
39	6.05	6.05	6.6054	6.1054
40	6.00	6.00	6.5000	6.0000
41	5.90	5.95	6.3540	5.8540
42	5.80	5.90	6.2087	5.7087

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43	5.70	5.85	6.0622	5.5622
44	5.60	5.80	5.9048	5.4078
45	5.50	5.75	5.7500	5.2500
46	5.40	5.70	5.6940	5.1940
47	5.30	5.65	5.6375	5.1375
48	5.20	5.60	5.5822	5.0822
49	5.10	5.55	5.5404	5.0404
50	5.00	5.50	5.5000	5.0000
51	4.90	5.45	5.4384	4.9384
52	4.80	5.40	5.3776	4.8776
53	4.70	5.35	5.3167	4.8167
54	4.60	5.30	5.2826	4.7826
55	4.50	5.25	5.2500	4.7500
56	4.40	5.20	5.2500	4.7500
57	4.30	5.15	5.2500	4.7500
58	4.20	5.10	5.2500	4.7500
59	4.10	5.05	5.2500	4.7500
60	4.00	5.00	5.2500	4.7500
61	3.90	5.00	5.2500	4.7500
62	3.80	5.00	5.2500	4.7500
63	3.70	5.00	5.2500	4.7500
64	3.60	5.00	5.2500	4.7500
65	3.50	5.00	5.2500	4.7500
66	3.50	5.00	5.2500	4.7500
67	3.50	5.00	5.2500	4.7500
68	3.50	5.00	5.2500	4.7500
69	3.50	5.00	5.2500	4.7500
70	3.50	5.00	5.2500	4.7500

(3) service-related ultimate future salary increase assumption

general state employees retirement plan of the Minnesota State Retirement System	assumption A
general employees retirement plan of the Public Employees Retirement Association	assumption B
Teachers Retirement Association	assumption C

public employees police and fire retirement plan

assumption D

service length	A	B	C	D
1	10.75%	12.25%	12.00%	13.00%
2	8.35	9.15	9.00	11.00
3	7.15	7.75	8.00	9.00
4	6.45	6.85	7.50	8.00
5	5.95	6.25	7.25	6.50
6	5.55	5.75	7.00	6.10
7	5.25	5.45	6.85	5.80
8	4.95	5.15	6.70	5.60
9	4.75	4.85	6.55	5.40
10	4.65	4.65	6.40	5.30
11	4.45	4.45	6.25	5.20
12	4.35	4.35	6.00	5.10
13	4.25	4.15	5.75	5.00
14	4.05	4.05	5.50	4.90
15	3.95	3.95	5.25	4.80
16	3.85	3.85	5.00	4.80
17	3.75	3.75	4.75	4.80
18	3.75	3.75	4.50	4.80
19	3.75	3.75	4.25	4.80
20	3.75	3.75	4.00	4.80
21	3.75	3.75	3.90	4.70
22	3.75	3.75	3.80	4.60
23	3.75	3.75	3.70	4.50
24	3.75	3.75	3.60	4.50
25	3.75	3.75	3.50	4.50
26	3.75	3.75	3.50	4.50
27	3.75	3.75	3.50	4.50
28	3.75	3.75	3.50	4.50
29	3.75	3.75	3.50	4.50
30 or more	3.75	3.75	3.50	4.50

(c) Before July 2, 2010, the actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	3.75%
correctional state employees retirement plan	4.50
State Patrol retirement plan	4.50
legislators retirement plan	4.50
judges retirement plan	4.00
general employees retirement plan of the Public Employees Retirement Association	3.75
public employees police and fire retirement plan	3.75
local government correctional service retirement plan	4.50
teachers retirement plan	3.75
Duluth teachers retirement plan	4.50
St. Paul teachers retirement plan	5.00

(d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

EFFECTIVE DATE. (a) For the Fairmont Police Relief Association, this section is effective as of the date for consolidation set by the board of the Public Employees Retirement Association in consultation with the State Board of Investment, but not later than June 29, 2012.

(b) For the Virginia fire consolidation account, this section is effective on June 29, 2012, which is the effective date of merger.

Sec. 7. Laws 2002, chapter 392, article 1, section 8, is amended to read:

Sec. 8. **REVISOR INSTRUCTIONS.**

~~(a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall not print Minnesota Statutes, sections 423.41 to 423.62, but shall denote those sections as "[LOCAL, CITY OF FAIRMONT, POLICE PENSIONS.]."~~

~~(b) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall, in~~

each section indicated in column A, replace the cross-reference specified in column B with the cross-reference set forth in column C:

Column A	Column B	Column C
69.021, subd. 10	69.77, subd. 2a	69.77, subd. 3
69.021, subd. 10	69.77, subd. 2b	69.77, subd. 4
69.021, subd. 10	69.77, subd. 2c	69.77, subd. 5
299A.465, subd. 5	424.03	Minnesota Statutes, 2000, 424.03
353A.07, subd. 6	69.77, subd. 2a	69.77, subd. 3
353A.09, subd. 4	69.77, subd. 2a	69.77, subd. 3
356.216	69.77, subd. 2b	69.77, subd. 4
356.219, subd. 2	69.77, subd. 2g	69.77, subd. 9
423.01, subd. 2	69.77, subd. 2b	69.77, subd. 4
423A.18	69.77, subd. 2i	69.77, subd. 11
423A.19, subd. 4	69.77, subd. 2i	69.77, subd. 11
423B.06, subd. 1	69.77, subd. 2a	69.77, subd. 3
423B.06, subd. 1	69.77, subd. 2b	69.77, subd. 4
423B.06, subd. 1	69.77, subd. 2c	69.77, subd. 5
423B.06, subd. 1	69.77, subd. 2d	69.77, subd. 6
423B.06, subd. 1	69.77, subd. 2e	69.77, subd. 7
423B.06, subd. 1	69.77, subd. 2f	69.77, subd. 8
423B.21, subd. 1	69.77, subd. 2b	69.77, subd. 4

EFFECTIVE DATE. This section is effective as of the date for consolidation set by the board of the Public Employees Retirement Association in consultation with the State Board of Investment, but not later than June 29, 2012.

Sec. 8. **TERMINATION OF THE FAIRMONT POLICE RELIEF ASSOCIATION.**

On the effective date of consolidation, the Fairmont Police Relief Association ceases to exist.

EFFECTIVE DATE. This section is effective as of the date for consolidation set by the board of the Public Employees Retirement Association in consultation with the State Board of Investment, but not later than June 29, 2012.

Sec. 9. **TERMINATION OF THE VIRGINIA FIRE DEPARTMENT RELIEF ASSOCIATION.**

On the effective date of merger, the Virginia fire department consolidation account ceases to exist.

EFFECTIVE DATE. This section is effective on June 29, 2012, which is the effective date of

merger.

Sec. 10. **REPEALER.**

Subdivision 1. **Fairmont Police Relief Association.** (a) Laws 1963, chapter 423; and Laws 1999, chapter 222, article 3, sections 3; 4; and 5, are repealed.

(b) Minnesota Statutes 2010, section 423A.06, is repealed.

(c) The revisor shall show Minnesota Statutes, sections 423.41, 423.42, 423.43, 423.44, 423.45, 423.46, 423.48, 423.49, 423.50, 423.51, 423.52, 423.53, 423.54, 423.55, 423.56, 423.57, 423.58, 423.59, 423.61, and 423.62, as repealed.

(d) Laws 1947, chapter 624, sections 1; 2; 3; 4; 5; 6; 8; 9; 10; 11; 12; 13; 14; 15; 16; 17; 18; 19; 21; and 22, are repealed.

Subd. 2. **Virginia fire department consolidation account.** Laws 1953, chapter 399, as amended by Laws 1961, chapter 420, section 1, Laws 1961, chapter 420, section 2, Laws 1961, chapter 420, section 3, Laws 1961, chapter 420, section 4, Laws 1961, chapter 420, section 5, Laws 1961, chapter 420, section 6, Laws 1963, chapter 407, section 1, Laws 1965, chapter 546, section 1, Laws 1965, chapter 546, section 2, Laws 1965, chapter 546, section 3, Laws 1969, chapter 578, section 1, Laws 1969, chapter 578, section 2, Laws 1969, chapter 578, section 3; Laws 1961, chapter 420, sections 2, as amended by Laws 1965, chapter 546, section 2, Laws 1965, chapter 546, section 3, Laws 1969, chapter 578, section 1; 3; 4; 5, as amended by Laws 1963, chapter 407, section 1, Laws 1969, chapter 578, section 2; and 6; Laws 1963, chapter 407, section 1, as amended by Laws 1969, chapter 578, section 2; Laws 1965, chapter 546, sections 1; 2, as amended by Laws 1969, chapter 578, section 1; and 3; Laws 1969, chapter 578, sections 1; 2; and 3; Laws 1974, chapter 183, as amended by Laws 1991, chapter 62, section 1; Laws 1982, chapter 574, section 1; Laws 1982, chapter 578, article 1, section 14; Laws 1983, chapter 69, section 1; Laws 1984, chapter 547, section 27; Laws 1987, chapter 372, article 2, section 14; Laws 1988, chapter 709, sections 1, as amended by Laws 1989, chapter 319, article 4, section 2, Laws 1989, chapter 319, article 18, section 11; and 2; Laws 1991, chapter 62, sections 1; and 2; and Laws 1992, chapter 465, section 1, are repealed.

EFFECTIVE DATE. Subdivision 1 is effective as of the date for consolidation of the Fairmont Police Relief Association set by the board of the Public Employees Retirement Association in consultation with the State Board of Investment, but not later than June 29, 2012.

Subdivision 2 is effective for the Virginia fire consolidation account on June 29, 2012, which is the effective date of merger.

ARTICLE 12

VOLUNTEER FIRE RETIREMENT CHANGES

Section 1. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

(a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) a park district subject to chapter 398;

(4) the University of Minnesota;

(5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;

(6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

(7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and

(8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.

(c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.

(d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.

(e) "Market value" means latest available market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.

(f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.

(g) "Peace officer" means any person:

(1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;

(2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, clause (b);

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and

(5) who is a member of the ~~Minneapolis Police Relief Association~~, the State Patrol retirement plan, or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

(1) for the police state aid program and police relief association financial reports:

(i) the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body;

(ii) in a park district, the ~~clerk is the~~ secretary of the board of park district commissioners;

(iii) in the case of the University of Minnesota, the ~~clerk is that~~ official designated by the Board of Regents;

(iv) for the Metropolitan Airports Commission, the ~~clerk is the~~ person designated by the commission;

(v) for the Department of Natural Resources or the Department of Public Safety, the ~~clerk is the~~ respective commissioner;

(vi) for a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the ~~clerk is the~~ person designated by the applicable American Indian tribal government; and

(2) for the fire state aid program and fire relief association financial reports, the person who was elected or appointed to the specified position, or, for governmental entities other than counties, if the governing body of the governmental entity designates the position to perform the function, the chief financial official of the governmental entity or the chief administrative official of the governmental entity.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 2. Minnesota Statutes 2010, section 69.051, subdivision 1, is amended to read:

Subdivision 1. **Financial report and audit.** (a) The board of each salaried firefighters relief association, police relief association, and volunteer firefighters relief association as defined in

section 424A.001, subdivision 4, with assets of at least \$200,000 or liabilities of at least \$200,000 in the prior year or in any previous year, according to the applicable actuarial valuation or financial report if no valuation is required, shall: ~~(1) prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year on a form prescribed by the state auditor, file the financial report, and submit financial statements.~~

(b) The financial report must contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters relief association which is directly associated with a municipal fire department or is a police relief association; or countersigned by the secretary of the independent nonprofit firefighting corporation and

(2) by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the volunteer firefighter relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

~~(2) file~~ (c) The financial report must be retained in its office for public inspection and ~~present it to~~ must be filed with the ~~city council~~ governing body of the government subdivision in which the associated fire department is located after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor after the close of the fiscal year; ~~and~~.

~~(3) submit to the state auditor~~ (d) Audited financial statements ~~which have been~~ must be attested to by a certified public accountant, ~~public accountant~~, or the state auditor and must be filed with the state auditor within 180 days after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in ~~elause (2) paragraph (c).~~

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 3. Minnesota Statutes 2010, section 69.051, subdivision 1a, is amended to read:

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show the sources and amounts of all money received; all disbursements, accounts payable and accounts receivable; the amount of money remaining in the treasury; total assets including a listing of all investments; the accrued liabilities; and all items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement required under paragraph (a) must be certified by an

independent public accountant or auditor or by the auditor or accountant who regularly examines or audits the financial transactions of the municipality. In addition to certifying the financial condition of the special and general funds of the relief association, the accountant or auditor conducting the examination shall give an opinion as to the condition of the special and general funds of the relief association, and shall comment upon any exceptions to the report. The independent accountant or auditor must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire or police department.

(c) The detailed statement required under paragraph (a) must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality; or,

(2) where applicable, by the secretary of the independent nonprofit firefighting corporation and by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation; and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The volunteer firefighters' relief association board must file the detailed statement required under paragraph (a) in the relief association office for public inspection and present it to the city council within 45 days after the close of the fiscal year, and must submit a copy of the detailed statement to the state auditor within 90 days of the close of the fiscal year.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 4. Minnesota Statutes 2010, section 69.051, subdivision 3, is amended to read:

Subd. 3. **Report by certain municipalities.** (a) Each municipality which has an organized fire department but which does not have a firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted under paragraph (b) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year, on a form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. ~~The state auditor shall forward one copy to the county auditor of the county wherein the municipality is located.~~ The municipality shall not qualify initially to receive, or be entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director

of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the requirements of section 353G.07.

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

Sec. 5. Minnesota Statutes 2010, section 69.772, subdivision 4, is amended to read:

Subd. 4. **Certification of financial requirements and minimum municipal obligation; levy.**

(a) The officers of the relief association shall certify the financial requirements of the special fund of the relief association and the minimum obligation of the municipality with respect to the special fund of the relief association as determined under subdivision 3 ~~to the governing body of the municipality~~ on or before August 1 of each year. The certification must be made to the entity that is responsible for satisfying the minimum obligation with respect to the special fund of the relief association. If the responsible entity is a joint powers entity, the certification must be made in the manner specified in the joint powers agreement, or if the joint powers agreement is silent on this point, the certification must be made to the chair of the joint powers board.

(b) The financial requirements of the relief association and the minimum municipal obligation must be included in the financial report or financial statement under section 69.051. The schedule forms related to the determination of the financial requirements must be filed with the state auditor by March 31, annually, if the relief association is required to file a financial statement under section 69.051, subdivision 1a, or by June 30, annually, if the relief association is required to file a financial report and audit under section 69.051, subdivision 1.

~~(b)~~ (c) The municipality shall provide for at least the minimum obligation of the municipality with respect to the special fund of the relief association by tax levy or from any other source of public revenue.

~~(e)~~ (d) The municipality may levy taxes for the payment of the minimum municipal obligation without any limitation as to rate or amount and irrespective of any limitations imposed by other provisions of law upon the rate or amount of taxation until the balance of the special fund or any fund of the relief association has attained a specified level. In addition, any taxes levied under this section must not cause the amount or rate of any other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

~~(d)~~ (e) If the municipality does not include the full amount of the minimum municipal obligations in its levy for any year, the officers of the relief association shall certify that amount to the county auditor, who shall spread a levy in the amount of the certified minimum municipal obligation on the taxable property of the municipality.

~~(e)~~ (f) If the state auditor determines that a municipal contribution actually made in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause (5), the state auditor may request a copy of the certifications under this subdivision from the relief association or from the city. The relief association or the city, whichever applies, must provide the certifications within 14 days of the date of the request from the state auditor.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 6. Minnesota Statutes 2010, section 69.773, subdivision 5, is amended to read:

Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association shall determine the minimum obligation of the municipality with respect to the special fund of the relief association for the following calendar year on or before August 1 of each year in accordance with the requirements of this subdivision.

(b) The minimum obligation of the municipality with respect to the special fund is an amount equal to the financial requirements of the special fund of the relief association determined under subdivision 4, reduced by the estimated amount of any fire state aid payable under sections 69.011 to 69.051 reasonably anticipated to be received by the municipality for transmittal to the special fund of the relief association during the following year and the amount of any anticipated contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(c) The officers of the relief association shall certify the financial requirements of the special fund of the relief association and the minimum obligation of the municipality with respect to the special fund of the relief association as determined under subdivision 4 and this subdivision ~~to the governing body of the municipality~~ by August 1 of each year. The certification must be made to the entity that is responsible for satisfying the minimum obligation with respect to the special fund of the relief association. If the responsible entity is a joint powers entity, the certification must be made in the manner specified in the joint powers agreement, or if the joint powers agreement is silent on this point, the certification must be made to the chair of the joint powers board.

(d) The financial requirements of the relief association and the minimum municipal obligation must be included in the financial report or financial statement under section 69.051.

~~(e)~~ (e) The municipality shall provide for at least the minimum obligation of the municipality with respect to the special fund of the relief association by tax levy or from any other source of public revenue. The municipality may levy taxes for the payment of the minimum municipal obligation without any limitation as to rate or amount and irrespective of any limitations imposed by other provisions of law or charter upon the rate or amount of taxation until the balance of the special fund or any fund of the relief association has attained a specified level. In addition, any taxes levied under this section must not cause the amount or rate of any other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

~~(e)~~ (f) If the municipality does not include the full amount of the minimum municipal obligation in its levy for any year, the officers of the relief association shall certify that amount to the county auditor, who shall spread a levy in the amount of the minimum municipal obligation on the taxable property of the municipality.

~~(f)~~ (g) If the state auditor determines that a municipal contribution actually made in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause (5), the state auditor may request from the relief association or from the city a copy of the certifications under this subdivision. The relief association or the city, whichever applies, must provide the certifications within 14 days of the date of the request from the state auditor.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 7. Minnesota Statutes 2010, section 69.80, is amended to read:

69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a police, salaried firefighters', or volunteer firefighters' relief association organized under any law of this state:

(1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(2) salaries of the ~~president, secretary, and treasurer~~ officers of the association, or their designees, and ~~any other official~~ salaries of the members of the board of trustees of the relief association ~~to whom a salary is payable under bylaws or articles of incorporation in effect on January 1, 1986 if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section 69.77, 69.772, or 69.773, and their~~ the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(4) audit, actuarial, medical, legal, and investment and performance evaluation expenses;

(5) filing and application fees payable by the relief association to federal or other governmental entities;

(6) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

~~(6)~~ (7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

EFFECTIVE DATE. This section is effective July 1, 2012, with respect to the amendment to paragraph (a), clause (2), and is effective retroactively from January 1, 2010, with respect to the amendment to paragraph (a), clauses (5), (6), and (7).

Sec. 8. Minnesota Statutes 2010, section 353G.08, is amended by adding a subdivision to read:

Subd. 2a. **Additional municipal contributions authorized.** (a) At the discretion of the municipality or the independent nonprofit firefighting corporation associated with a fire department

covered by a voluntary statewide lump-sum volunteer firefighter retirement plan account, the municipality or the corporation may make additional contributions to the applicable account.

(b) The executive director of the Public Employees Retirement Association may specify requirements as to the form, timing, and accompanying information for contributions made under this subdivision.

(c) Any contributions made under this subdivision must be included as total present assets of the account for the calculation of any subsequent annual funding requirements for the account under subdivision 1 or for the calculation of any cash flow funding requirement under subdivision 2.

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

Sec. 9. Minnesota Statutes 2010, section 424A.001, subdivision 4, is amended to read:

Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters' relief association" means (1) a volunteer firefighters' relief association or a volunteer firefighters' division or account of a partially salaried and partially volunteer firefighters' relief association that is:

(1) organized and incorporated as a nonprofit corporation to provide retirement benefits to volunteer firefighters under chapter 317A and any laws of the state;

(2) is governed by this chapter and ~~chapter 69~~, sections 69.771 to 69.775; and

(3) is directly associated with:

(i) a fire department established by municipal ordinance; ~~or~~

~~(2) any separately incorporated volunteer firefighters' relief association that is subsidiary to and that provides service pension and retirement benefit coverage for members of~~ (ii) an independent nonprofit firefighting corporation that is organized under the provisions of chapter 317A, ~~is governed by this chapter, and that operates exclusively primarily~~ for firefighting purposes; ~~or~~

(iii) a fire department operated as or by a joint powers entity that operates primarily for firefighting purposes.

(b) "Relief association" or "volunteer firefighters' relief association" does not mean:

(1) the Bloomington Fire Department Relief Association governed by section 69.77; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended; or

(2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed by Minnesota Statutes, chapter 353G.

(c) A relief association or volunteer firefighters' relief association is a governmental entity that receives and manages public money to provide retirement benefits for individuals providing the governmental services of firefighting and emergency first response.

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

Sec. 10. Minnesota Statutes 2010, section 424A.01, subdivision 6, is amended to read:

Subd. 6. **Return to active firefighting after break in service.** (a) The requirements of this section apply to all breaks in service, except breaks in service mandated by federal or state law.

(b)(1) If a firefighter who has ceased to perform or supervise fire suppression and fire prevention duties for at least 60 days resumes performing active firefighting with the fire department associated with the relief association, if the bylaws of the relief association so permit, the firefighter may again become an active member of the relief association. A firefighter who returns to active service and membership is subject to the service pension calculation requirements under this section.

(2) A firefighter who has been granted an approved leave of absence not exceeding one year by the fire department or by the relief association is exempt from the minimum period of resumption service requirement of this section.

(3) A person who has a break in service not exceeding one year but has not been granted an approved leave of absence and who has not received a service pension or disability benefit may be made exempt from the minimum period of resumption service requirement of this section by the relief association bylaws.

(4) If the bylaws so provide, a firefighter who returns to active relief association membership under this paragraph may continue to collect a monthly service pension, notwithstanding the service pension eligibility requirements under chapter 424A.

(c) If a former firefighter who has received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the resumption service period if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension more than once for the same period of service.

(d) If a former firefighter who has not received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the original and resumption service period periods if the firefighter meets the minimum period of resumption service specified in the relief association bylaws and the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption years of service credit.

(e) A firefighter who returns to active lump-sum relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, a second lump-sum service pension for the resumption service period must be calculated to apply by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service. No firefighter may be paid a service pension twice for the same period of service. If a lump-sum service pension had not been paid to the firefighter upon the firefighter's previous cessation of duties and the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, a service pension must be calculated to apply the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

(f) A firefighter who had not been paid a lump-sum service pension returns to active relief association membership under paragraph (b), who does did not qualify for a service pension under paragraph (d) meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the firefighter's previous original and resumption

years of active service, must have, upon a subsequent cessation of duties, a service pension ~~calculated for the previous years of original and resumption service based on periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties.~~ The service pension for a firefighter who returns to active lump-sum relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(g) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph (b), and if the relief association bylaws do not allow for the firefighter to continue collecting a monthly service pension, any monthly benefit service pension payable to the firefighter is suspended as of the first day of the month next following the date on which the firefighter returns to active membership. If the firefighter was receiving a monthly benefit service pension, and qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional monthly benefit service pension upon a subsequent cessation of duties calculated based on the resumption service credit and the service pension accrual amount in effect on the date of the termination of the resumption service. A suspended initial service pension resumes as of the first of the month next following the termination of the resumption service. If the firefighter was not receiving a monthly benefit service pension and meets the minimum service requirement of section 424A.02, subdivision 2, a service pension must be calculated ~~to apply~~ by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

(h) A firefighter who was not receiving a monthly benefit service pension returns to active relief association membership under paragraph (b), who ~~does did not~~ qualify for a service pension under paragraph (d) meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's previous original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension calculated for the previous years of original and resumption service based on periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(i) For defined contribution plans, a firefighter who returns to active relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, based on the resumption years of service, a second service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

(j) For defined contribution plans, if a firefighter who had not been paid a service pension returns to active relief association membership under paragraph (b), and who meets the minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's original and resumption years of service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable, less any amounts previously forfeited under section 424A.016, subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 11. Minnesota Statutes 2010, section 424A.016, subdivision 5, is amended to read:

Subd. 5. **Service pension installment payments.** (a) A defined contribution relief association, if the governing bylaws so provide, may pay, at the option of the ~~retiring member~~ intended recipient and in lieu of a single payment of a service pension or a survivor benefit, the service pension or survivor benefit in installments.

(b) The election of installment payments is irrevocable and must be made by the ~~retiring member~~ intended recipient in writing and filed with the secretary of the relief association no later than 30 days before the commencement of payment of the service pension or survivor benefit.

(c) The amount of the installment payments must be the fractional portion of the remaining account balance equal to one divided by the number of remaining annual installment payments.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 12. Minnesota Statutes 2010, section 424A.016, subdivision 6, is amended to read:

Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled to a deferred service pension if the member:

(1) has completed the lesser of the minimum period of active service with the fire department specified in the bylaws or 20 years of active service with the fire department;

(2) has completed at least five years of active membership in the relief association; and

(3) separates from active service and membership before reaching age 50 or the minimum age for retirement and commencement of a service pension specified in the bylaws governing the relief association if that age is greater than age 50. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

(b) The deferred service pension is payable when the former member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and when the former member makes a valid written application.

(c) A defined contribution relief association may, if its governing bylaws so provide, credit interest or additional investment performance on the deferred lump-sum service pension during the period of deferral. If provided for in the bylaws, the interest must be paid:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred

benefit amount is invested by the relief association in a separate account established and maintained by the relief association ~~or~~;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

~~(2)~~ (3) at the investment return on the assets of the special fund of the defined contribution volunteer firefighter relief association in proportion to the share of the assets of the special fund to the credit of each individual deferred member account through the accounting date on which the investment return is recognized by and credited to the special fund.

(d) Unless the bylaws of a relief association that has elected to pay interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the date that the member separates from active service and membership and ending on the accounting date immediately before the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

(e) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, and relief association bylaw provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.

EFFECTIVE DATE. (a) This section is effective January 1, 2013.

(b) This section applies only to persons becoming deferred service pensioners after January 1, 2013.

Sec. 13. Minnesota Statutes 2010, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined benefit service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the municipal fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month

of active service measured from the member's date of entry to the same date in the subsequent month. The service pension earned by a volunteer firefighter under this chapter and the articles of incorporation and bylaws of the volunteer firefighters' relief association may be paid whether or not the municipality or nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 69.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit towards computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality or nonprofit firefighting corporation may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

~~(d) No relief association as defined in section 424A.001, subdivision 4, may pay a defined benefit service pension or disability benefit to a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated, unless:~~

~~(1) the person is employed subsequent to retirement by the municipality or the independent nonprofit firefighting corporation, whichever applies, to perform duties within the municipal fire department or corporation on a full-time basis;~~

~~(2) the governing body of the municipality or of the corporation has filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's full-time capacity would be difficult to replace; and~~

~~(3) the bylaws of the relief association were amended to provide for the payment of a service pension or disability benefit for such full-time employees.~~

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

Sec. 14. Minnesota Statutes 2010, section 424A.02, subdivision 7, is amended to read:

Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief association is entitled to a deferred service pension if the member:

(1) has completed the lesser of either the minimum period of active service with the fire department specified in the bylaws or 20 years of active service with the fire department;

(2) has completed at least five years of active membership in the relief association; and

(3) separates from active service and membership ~~before reaching age 50 or the minimum age for retirement and commencement of a service pension specified in the bylaws governing the relief association if that age is greater than age 50.~~ The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

(b) The deferred service pension is payable when the former member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and when the former member makes a valid written application.

(c) A defined benefit relief association that provides a lump-sum service pension governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the deferred lump-sum service pension during the period of deferral. If provided for in the bylaws, interest must be paid in one of the following manners:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association ~~or~~;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

~~(2)~~ (3) at an interest rate of up to five percent, compounded annually, as set by the board of directors and approved as provided in subdivision 10.

(d) Interest under paragraph (c), clause ~~(2)~~ (3), is payable following the date on which the municipality has approved the deferred service pension interest rate established by the board of trustees.

(e) Unless the bylaws of a relief association that has elected to pay interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the date that the member separates from active service and membership and ending on the accounting date immediately before the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

(f) For a deferred service pension that is transferred to a separate account established and maintained by the relief association or separate investment vehicle held by the relief association, the deferred member bears the full investment risk subsequent to transfer and in calculating the accrued liability of the volunteer firefighters relief association that pays a lump-sum service pension, the accrued liability for deferred service pensions is equal to the separate relief association account balance or the fair market value of the separate investment vehicle held by the relief association.

~~(f)~~ (g) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, and relief association bylaw provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.

EFFECTIVE DATE. (a) This section is effective January 1, 2013.

(b) This section applies only to persons becoming deferred service pensioners after January 1, 2013.

Sec. 15. Minnesota Statutes 2010, section 424A.02, subdivision 9, is amended to read:

Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association, including any volunteer firefighters relief association governed by section 69.77 or any volunteer firefighters division of a relief association governed by chapter 424, may only pay ancillary benefits which would constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

(1) with respect to a defined benefit relief association in which governing bylaws provide solely for a lump-sum service pension to a retiring member, or provide a retiring member the choice of either a lump-sum service pension or a monthly service pension and the lump-sum service pension was chosen, no ancillary benefit may be paid to any former member or paid to any person on behalf of any former member after the former member (i) terminates active service with the fire department and active membership in the relief association; and (ii) commences receipt of a service pension as authorized under this section; and

(2) with respect to any defined benefit relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension must be calculated by multiplying the service pension amount specified in the bylaws of the relief association at the time of death or disability, whichever applies, by the years of service credited to the member or former member. The years of service must be determined as of (i) the date the member or former member became entitled to the ancillary benefit; or (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit must be calculated without regard to whether the member had attained the minimum amount of service and membership credit specified in the governing bylaws. For active members, the amount of a permanent disability benefit or a survivor benefit must be equal to the member's total earned service pension except that the bylaws of a defined benefit relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated.

(3)(i) If a lump sum survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(A) as a survivor benefit to the surviving spouse of the deceased firefighter;

(B) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving children and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(4)(i) If a monthly benefit survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(A) as a survivor benefit to the surviving spouse of the deceased firefighter;

(B) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving spouse, no surviving children, and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(iii) For purposes of this clause, if the relief association bylaws authorize a monthly survivor benefit payable to a designated beneficiary, the relief association bylaws may limit the total survivor benefit amount payable.

(5) For purposes of this section, for a monthly benefit volunteer fire relief association or for a combination lump-sum and monthly benefit volunteer fire relief association where a monthly benefit service pension has been elected by or a monthly benefit is payable with respect to a firefighter, a designated beneficiary must be a natural person. For purposes of this section, for a lump-sum volunteer fire relief association or for a combination lump-sum and monthly benefit volunteer fire relief association where a lump-sum service pension has been elected by or a lump-sum benefit is payable with respect to a firefighter, a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to the surviving children organized under chapter 501B as authorized by this section and there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding a requirement of this section to the contrary.

EFFECTIVE DATE. This section is effective January 1, 2013.

Sec. 16. Minnesota Statutes 2010, section 424A.04, subdivision 3, is amended to read:

Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter relief association employs or contracts with a consultant to provide legal or financial advice, the secretary of the relief association shall obtain and the consultant shall provide to the secretary of the relief association a copy of the consultant's certificate of insurance.

(b) A consultant is any person who is employed under contract to provide legal or financial advice and who is or who represents to the volunteer firefighter relief association that the person is:

- (1) an actuary;
- (2) a ~~licensed public accountant~~ or a certified public accountant;
- (3) an attorney;
- (4) an investment advisor or manager, or an investment counselor;
- (5) an investment advisor or manager selection consultant;
- (6) a pension benefit design advisor or consultant; or
- (7) any other financial consultant.

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

Sec. 17. Minnesota Statutes 2010, section 424A.06, subdivision 2, is amended to read:

Subd. 2. **General fund assets and revenues.** ~~To~~ (a) The general fund, if established, must be credited with the following:

- (1) all ~~moneys~~ money received from dues, other than dues payable as contributions under the bylaws of the relief association to the special fund;
- (2) all money received from fines;
- (3) all money received from initiation fees;
- (4) all money received as entertainment revenues; and
- (5) any ~~moneys~~ money or property donated, given, granted or devised by any person, either for the support of the general fund of the relief association or for unspecified ~~uses~~ purposes.

(b) The treasurer of the relief association is the custodian of the assets of the general fund and must be the recipient on behalf of the general fund of all revenues payable to the general fund. The treasurer shall maintain adequate records documenting any transaction involving the assets or the revenues of the general fund. These records must be open for inspection by any member of the relief association at reasonable times and places.

EFFECTIVE DATE. This section is effective July 1, 2012.

ARTICLE 13

SMALL GROUP OR ONE PERSON RETIREMENT PROVISIONS

Section 1. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees whose salary exceeds \$425 in any month and who are not specifically excluded under subdivision 2b or who have not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate as members of the association with retirement coverage by the general employees retirement plan under this chapter, the public employees police and fire retirement plan under this chapter, or the local government correctional

employees retirement plan under chapter 353E, whichever applies. Membership commences as a condition of their employment on the first day of their employment or on the first day that the eligibility criteria are met, whichever is later. Public employees include but are not limited to:

(1) persons whose salary meets the threshold in this paragraph from employment in one or more positions within one governmental subdivision;

(2) elected county sheriffs;

(3) persons who are appointed, employed, or contracted to perform governmental functions that by law or local ordinance are required of a public officer, including, but not limited to:

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society;

(6) employees of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association who are not excluded employees under subdivision 2b due to coverage by the relief association pension plan and who elected general employee retirement plan coverage before August 20, 2009; ~~and~~

(7) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b; and

(8) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b.

(b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

(c) If the salary of an included public employee is less than \$425 in any subsequent month, the member retains membership eligibility.

(d) For the purpose of participation in the MERF division of the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as members of the MERF

division of the association.

EFFECTIVE DATE. (a) This section is effective the day after the board of commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Authority of the Seaway Port Authority of Duluth to approve this section expires on June 30, 2012.

Sec. 2. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 6, is amended to read:

Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department, unit or instrumentality of state or local government, or any public body established under state or local authority that has a governmental purpose, is under public control, is responsible for the employment and payment of the salaries of employees of the entity, and receives a major portion of its revenues from taxation, fees, assessments or from other public sources.

(b) Governmental subdivision also means the Public Employees Retirement Association, the League of Minnesota Cities, the Association of Metropolitan Municipalities, charter schools formed under section 124D.10, service cooperatives exercising retirement plan participation under section 123A.21, subdivision 5, joint powers boards organized under section 471.59, subdivision 11, paragraph (a), family service collaboratives and children's mental health collaboratives organized under section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives are governmental units that otherwise qualify for retirement plan membership, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the Association of Minnesota Counties, the Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan Airports Commission, the University of Minnesota with respect to police officers covered by the public employees police and fire retirement plan, the Minneapolis Employees Retirement Fund for employment initially commenced after June 30, 1979, the Range Association of Municipalities and Schools, soil and water conservation districts, economic development authorities created or operating under sections 469.090 to 469.108, the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center, the Dakota County Agricultural Society, Hennepin Healthcare System, Inc., and the Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association with respect to staff covered by the Public Employees Retirement Association general plan.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.089 other than the Port Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than the Red Wing Port Authority; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board of a family service collaborative or children's mental health collaborative organized under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled by representatives of governmental units.

(d) A nonprofit corporation governed by chapter 317A or organized under Internal Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a governmental

subdivision unless the entity has obtained a written advisory opinion from the United States Department of Labor or a ruling from the Internal Revenue Service declaring the entity to be an instrumentality of the state so as to provide that any future contributions by the entity on behalf of its employees are contributions to a governmental plan within the meaning of Internal Revenue Code, section 414(d).

(e) A public body created by state or local authority may request membership on behalf of its employees by providing sufficient evidence that it meets the requirements in paragraph (a).

(f) An entity determined to be a governmental subdivision is subject to the reporting requirements of this chapter upon receipt of a written notice of eligibility from the association.

EFFECTIVE DATE. (a) This section is effective the day after the board of commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Authority of the Seaway Port Authority of Duluth to approve this section expires on June 30, 2012.

Sec. 3. PERA-GENERAL; PRIOR SEAWAY PORT AUTHORITY OF DULUTH SERVICE CREDIT TRANSFER.

Subdivision 1. PERA-general coverage. Employees of the Seaway Port Authority of Duluth on July 1, 2012, are public employees within the meaning of Minnesota Statutes, section 353.01, subdivisions 2 and 2a, and are members of the general employees retirement plan of the Public Employees Retirement Association as of that date.

Subd. 2. Service and salary credit for prior Seaway Port Authority of Duluth employment.
(a) Any employee of the Seaway Port Authority of Duluth on the effective date of this section is eligible, on or after July 1, 2012, to transfer to the general employees retirement plan of the Public Employees Retirement Association prior service credit rendered in the employ of the Seaway Port Authority of Duluth as allowable service credit, but not to exceed the maximum set forth in paragraph (c), and prior salary received from employment by the Seaway Port Authority of Duluth as salary credit as provided in paragraph (b).

(b) The amount of allowable service and salary credit to be transferred to the general employees retirement plan for prior Seaway Port Authority of Duluth employment is that portion of the total prior Seaway Port Authority of Duluth employment that bears the same relationship that the assets transferred to the general employees retirement fund with respect to each applicable person bear to the full actuarial value of the benefit attributable to the prior service and salary under Minnesota Statutes, chapters 353 and 356. The full actuarial value of the benefit attributable to the prior service under Minnesota Statutes, chapters 353 and 356, is as provided in Minnesota Statutes, section 356.551. The assets transferred with respect to each applicable person is the person's account balance in the Seaway Port Authority of Duluth section 401(a) federal Internal Revenue Code retirement plan, the person's account balance in a section 457 federal Internal Revenue Code deferred compensation plan, the person's share of any purchase payment amounts that the Seaway Port Authority of Duluth irrevocably commits to contribute to the general employees retirement fund, and any purchase payment amount contributed by the applicable person to the general employees retirement fund. Any amounts from the section 401(a) federal Internal Revenue Code retirement plan, the section 457 federal Internal Revenue Code deferred compensation plan, or

from a purchase payment amount provided by the Seaway Port Authority of Duluth must be made on an institution-to-institution basis.

(c) If the assets transferred with respect to an applicable person under paragraph (b) are less than the full actuarial value of the benefit attributable to the prior service under Minnesota Statutes, section 356.551, as of the date of the asset transfer, the untransferred balance of the prior service and salary may be purchased on June 30, 2014, by the applicable person or a combination of the applicable person and the Seaway Port Authority of Duluth by the payment of the balance of the full actuarial value payment amount under Minnesota Statutes, section 356.551, plus compound interest at the rate of 0.71 percent per month between the transfer date under paragraph (b) until June 30, 2014. No applicable person may purchase more allowable service and salary credit from the general employees retirement plan of the Public Employees Retirement Association than the person's period of employment by the Seaway Port Authority of Duluth rendered before the effective date of this section if the employment would have been eligible service and salary for general employees retirement plan coverage if the service had been rendered or salary received after the effective date of this section.

(d) An applicable person must provide any documentation related to eligibility under the general employees retirement plan that is required by the executive director. Allowable service and salary credit for any period must be transferred and recognized by the general employees retirement plan for an applicable person upon receipt of the associated transferred assets.

(e) Transferred service and salary credit related to the Seaway Port Authority of Duluth before July 1, 1989, does not make a person eligible for a retirement annuity under Minnesota Statutes, section 353.30, subdivision 1a.

(f) Authority to have service and salary credit transferred under this section expires on July 1, 2013, or on the date that the applicable person terminates employment by the Seaway Port Authority of Duluth, whichever is earlier.

Subd. 3. **Status of service transfer amounts.** Notwithstanding any provision of Minnesota Statutes, section 353.32, 353.34, or 353.35, to the contrary, amounts transferred to the general employees retirement fund of the Public Employees Retirement Association under subdivision 2 must be considered to be an accumulated member contribution deduction.

EFFECTIVE DATE. (a) This section is effective the day after the board of commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Authority of the Seaway Port Authority of Duluth to approve this section expires on June 30, 2012.

Sec. 4. **TEACHERS RETIREMENT ASSOCIATION; COVERAGE ELECTION FOR CERTAIN MNSCU FACULTY MEMBER.**

(a) Notwithstanding any provision to the contrary in Minnesota Statutes, chapter 354B, an eligible person described in paragraph (b) may elect prospective and retroactive retirement coverage under paragraph (c).

(b) An eligible person is a person who:

(1) was born on February 2, 1978;

(2) was initially employed by the Minnesota State Colleges and Universities system on a part-time basis at Metropolitan State University on August 27, 2005;

(3) was also additionally employed within the Minnesota State Colleges and Universities system at Inver Hills Community College and St. Paul College; and

(4) was covered by the higher education individual retirement account plan because of a failure of Metropolitan State University to advise the eligible person about the optional election and default retirement coverage provisions of Minnesota Statutes, section 354B.21, subdivisions 2 and 3.

(c) An eligible person may elect retirement coverage by the Teachers Retirement Association rather than the higher education individual retirement account plan for faculty employment rendered after the date of the retirement coverage election under this section and for past Minnesota State Colleges and Universities system faculty employment from August 27, 2005, until the date of the retirement coverage election. The election must be made in writing, must be filed with the executive director of the Teachers Retirement Association, and must be accompanied with any relevant documentation required by the executive director of the Teachers Retirement Association.

(d) If an eligible person makes the retirement coverage election under paragraph (c), the eligible person's member contributions to the higher education individual retirement account plan must be transferred to the Teachers Retirement Association, with any earned investment returns on those contributions. If the transferred member contributions and investment earnings are less than the calculated amount of the member contribution that the eligible person would have made to the Teachers Retirement Association on the eligible person's compensation from the Minnesota State Colleges and Universities system for the period from August 27, 2005, to the date of the retirement coverage election, if the person had been covered by the Teachers Retirement Association during the period, plus annual compound interest at the rate of 8.5 percent, the eligible person shall pay the balance of that calculated member contribution obligation within 30 days of the retirement coverage election. Any payment may be made through an institution-to-institution transfer from the eligible person's account in the Minnesota state deferred compensation program or the eligible person's tax-sheltered savings account under section 403(b) of the federal Internal Revenue Code.

(e) Upon the transfer of the equivalent member contribution amount and any additional payments under paragraph (d), the balance of the eligible person's higher education individual retirement account plan account must be transferred to the Teachers Retirement Association. If the amounts under paragraph (d) and the higher education individual retirement account plan account balance under this paragraph are less than the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.551, the Minnesota State Colleges and Universities system shall pay that difference within 60 days of the retirement coverage election date.

(f) Upon the transfers and payments under paragraphs (d) and (e), the eligible person must be credited by the Teachers Retirement Association with allowable and formula service for Minnesota State Colleges and Universities system employment since August 27, 2005.

(g) The authority to make a retirement coverage election under this section expires on January 1, 2013.

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

Sec. 5. SERVICE CREDIT PURCHASE AUTHORIZATION FOR UNCREDITED PRIOR PUBLIC EMPLOYMENT.

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service in the general employees retirement plan of the Public Employees Retirement Association under Minnesota Statutes, section 353.01, subdivision 16, for the period described in paragraph (c) upon the payment of the purchase requirement specified in paragraph (e).

(b) An eligible person is a person who:

(1) was born on September 10, 1949;

(2) was first employed by Crookston Township on July 1, 1990;

(3) was enrolled in the general employees retirement plan of the Public Employees Retirement Association on September 15, 2010; and

(4) had omitted deductions paid for allowable service for Crookston Township back to January 1, 2007.

(c) The period of prior service credit available for purchase is the period of Crookston Township employment from July 1, 1990, to December 31, 2006, if the service was not that of an independent contractor and the compensation for the service met or exceeded the applicable minimum monthly salary threshold amount for plan coverage.

(d) The eligible person must apply with the executive director of the Public Employees Retirement Association to make the service credit purchase under this section. The application must be in writing and must include all necessary relevant documentation that the executive director may require.

(e) Allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, must be granted by the general employees retirement plan of the Public Employees Retirement Association to the eligible person in proportion to the portion of the prior service credit purchase payment amount bears to the total prior service credit purchase payment amount required under Minnesota Statutes, section 356.551. Of the total prior service credit purchase payment amount under Minnesota Statutes, section 356.551, the eligible person must pay a total amount equal to the employee contribution rates in effect during the uncredited employment period applied to the actual salary rates of the eligible person during the period. If the eligible person begins to make the payment, Crookston Township shall pay the remainder of the total prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.551. The executive director of the Public Employees Retirement Association shall notify the treasurer of Crookston Township that the member has begun paying the member contribution amount within 60 days of the receipt of that payment. If Crookston Township fails to pay its portion of the prior service credit purchase payment amount under this section, the executive director of the Public Employees Retirement Association shall collect the unpaid amount under Minnesota Statutes, section 353.28, subdivision 6, paragraph (a). The eligible person and Crookston Township may make monthly or quarterly installment payments of their purchase payment portions, with interest on the remaining balance of the portion at an 8.5 percent annual compounded rate.

(f) Authority for an eligible person and Crookston Township to make prior service credit purchase installment payments under this section expires on June 30, 2017, or upon the eligible

person's termination of employment by Crookston Township, whereupon any unpaid installments are due in a lump sum.

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

Sec. 6. PERA-P&F; LATE RETROACTIVE DUTY DISABILITY BENEFIT APPLICATION AUTHORIZED.

(a) Notwithstanding any provision of Minnesota Statutes, section 353.031 or 353.656 to the contrary, an eligible person described in paragraph (b) is authorized to file, on behalf of the deceased eligible person's spouse, an application for a disability benefit from the public employees police and fire retirement plan retroactive to the date of the duty disability injury.

(b) An eligible person is the surviving spouse of a person who:

(1) was born on February 9, 1983;

(2) was initially employed as a deputy sheriff by Mahnomen County on May 9, 2005;

(3) suffered two gunshot wounds while investigating a report of gunfire in Mahnomen on February 18, 2009, including one gunshot wound to the head; and

(4) after periods at a rehabilitation hospital and at a hospice facility, died as a result of the wounds and accompanying complications on August 9, 2010.

(c) If the eligible person files the disability benefit application under paragraph (a) and if the late Mahnomen County deputy sheriff described in paragraph (b) is determined by the Public Employees Retirement Association as being disabled while in the line of duty, the eligible person is entitled to receive payment of the duty disability benefits that would have been paid before August 10, 2010, to the late Mahnomen County deputy described in paragraph (b) under Minnesota Statutes, section 353.656, subdivision 1a, if a disability benefit application had been filed in a timely manner on or after February 18, 2009.

(d) The authority to file a disability benefit application under paragraph (a) expires on July 1, 2013.

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

Delete the title and insert:

"A bill for an act relating to retirement; statewide and local retirement plans; revising certain statutory actuarial assumptions; requiring comprehensive annual retirement plan fund reporting by Minnesota Management and Budget, modifying various Department of Human Services employment classifications eligible for correctional retirement coverage; modifying certain health care savings plan provisions; clarifying transfer eligibility for the unclassified state employees retirement program; making various modifications in retirement plans administered by the Public Employees Retirement Association, making various revisions in the public employees privatization law; making various administrative changes in the Teachers Retirement Association law, including revising state and local aid programs inherited from the former Minneapolis Teachers Retirement Fund Association; making various modifications to conform with the federal Internal Revenue Code retirement plan requirements; updating the public pension fund investment laws, merging the Fairmont Police Relief Association and the Virginia fire consolidation account with the public

employees police and fire retirement plan; making various volunteer fire retirement law changes; and making various small group or single person retirement authorizations; amending Minnesota Statutes 2010, sections 11A.07, subdivision 4; 11A.14, subdivision 14; 11A.24; 16A.06, subdivision 9; 69.011, subdivision 1; 69.051, subdivisions 1, 1a, 3; 69.77, subdivision 9; 69.772, subdivision 4; 69.773, subdivision 5; 69.775; 69.80; 126C.41, subdivision 3; 352.90; 352.91, subdivisions 3c, 3d, 3e, 3f; 352.98, subdivisions 3, 4, 5, 8; 352D.02, subdivision 3; 353.01, subdivision 47; 353.50, subdivision 7; 353.656, subdivision 2; 353F.02, subdivision 4; 353F.04, subdivision 1; 353F.07; 353G.08, by adding a subdivision; 354.51, subdivision 5; 354A.08; 354A.12, subdivision 3c; 356.215, subdivisions 1, 11; 356.219, subdivisions 1, 8; 356.415, subdivision 1d; 356.611, subdivisions 2, 3, 3a, 4, by adding a subdivision; 356.635, subdivisions 6, 9; 356A.01, subdivision 19; 356A.06, subdivisions 6, 7; 423A.02, subdivision 3; 424A.001, subdivision 4; 424A.01, subdivision 6; 424A.016, subdivisions 5, 6; 424A.02, subdivisions 1, 7, 9; 424A.04, subdivision 3; 424A.06, subdivision 2; Minnesota Statutes 2011 Supplement, sections 69.77, subdivisions 1a, 4; 353.01, subdivisions 2a, 6, 16; 353.668, subdivision 4; 356.215, subdivision 8; Laws 2002, chapter 392, article 1, section 8; proposing coding for new law in Minnesota Statutes, chapters 16A; 353; 354; repealing Minnesota Statutes 2010, sections 128D.18; 354A.12, subdivision 3b; 356.219, subdivision 4; 423A.06; Laws 1947, chapter 624, sections 1; 2; 3; 4; 5; 6; 8; 9; 10; 11; 12; 13; 14; 15; 16; 17; 18; 19; 21; 22; Laws 1953, chapter 399, as amended; Laws 1961, chapter 420, sections 2, as amended; 3; 4; 5, as amended; 6; Laws 1963, chapter 407, section 1, as amended; Laws 1963, chapter 423; Laws 1965, chapter 546, sections 1; 2, as amended; 3; Laws 1969, chapter 578, sections 1; 2; 3; Laws 1974, chapter 183, as amended; Laws 1982, chapter 574, section 1; Laws 1982, chapter 578, article 1, section 14; Laws 1983, chapter 69, section 1; Laws 1984, chapter 547, section 27; Laws 1987, chapter 372, article 2, section 14; Laws 1988, chapter 709, sections 1, as amended; 2; Laws 1991, chapter 62, sections 1; 2; Laws 1992, chapter 465, section 1; Laws 1999, chapter 222, article 3, sections 3; 4; 5."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Hann from the Committee on Health and Human Services, to which was referred

S.F. No. 2262: A bill for an act relating to health; modifying requirements for provider peer grouping; amending Minnesota Statutes 2010, sections 62U.04, subdivisions 1, 2, 4, 5; 256B.0754, subdivision 2; Minnesota Statutes 2011 Supplement, section 62U.04, subdivisions 3, 9.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 62U.04, subdivision 1, is amended to read:

Subdivision 1. **Development of tools to improve costs and quality outcomes.** The commissioner of health shall develop a plan to create transparent prices, encourage greater provider innovation and collaboration across points on the health continuum in cost-effective, high-quality care delivery, reduce the administrative burden on providers and health plans associated with submitting and processing claims, and provide comparative information to consumers on variation in health care cost and quality across providers. ~~The development must be complete by January 1, 2010.~~

Sec. 2. Minnesota Statutes 2010, section 62U.04, subdivision 2, is amended to read:

Subd. 2. **Calculation of health care costs and quality.** The commissioner of health shall develop a uniform method of calculating providers' relative cost of care, defined as a measure of health care spending including resource use and unit prices, and relative quality of care. In developing this method, the commissioner must address the following issues:

- (1) provider attribution of costs and quality;
- (2) appropriate adjustment for outlier or catastrophic cases;
- (3) appropriate risk adjustment to reflect differences in the demographics and health status across provider patient populations, using generally accepted and transparent risk adjustment methodologies and case mix adjustment;
- (4) specific types of providers that should be included in the calculation;
- (5) specific types of services that should be included in the calculation;
- (6) appropriate adjustment for variation in payment rates;
- (7) the appropriate provider level for analysis;
- (8) payer mix adjustments, including variation across providers in the percentage of revenue received from government programs; and
- (9) other factors that the commissioner ~~determines~~ and the advisory committee, established under subdivision 3, determine are needed to ensure validity and comparability of the analysis.

Sec. 3. Minnesota Statutes 2011 Supplement, section 62U.04, subdivision 3, is amended to read:

Subd. 3. **Provider peer grouping; system development; advisory committee.** (a) The commissioner shall develop a peer grouping system for providers ~~based on a combined measure~~ that incorporates both provider risk-adjusted cost of care and quality of care, and for specific conditions as determined by the commissioner. ~~In developing this system, the commissioner shall consult and coordinate with health care providers, health plan companies, state agencies, and organizations that work to improve health care quality in Minnesota.~~ For purposes of the final establishment of the peer grouping system, the commissioner shall not contract with any private entity, organization, or consortium of entities that has or will have a direct financial interest in the outcome of the system.

(b) The commissioner shall establish an advisory committee comprised of representatives of health care providers, health plan companies, consumers, state agencies, employers, academic researchers, and organizations that work to improve health care quality in Minnesota. The advisory committee shall meet no fewer than three times per year. The commissioner shall consult with the advisory committee in developing and administering the peer grouping system, including but not limited to the following activities:

- (1) establishing peer groups;
- (2) selecting quality measures;
- (3) recommending thresholds for completeness of data and statistical significance for the purposes of public release of provider peer grouping results;

(4) considering whether adjustments are necessary for facilities that provide medical education, level 1 trauma services, neonatal intensive care, or inpatient psychiatric care;

(5) recommending inclusion or exclusion of other costs; and

(6) adopting patient attribution and quality and cost-scoring methodologies.

Subd. 3a. Provider peer grouping; dissemination of data to providers. ~~(b) By no later than October 15, 2010,~~ (a) The commissioner shall disseminate information to providers on their total cost of care, total resource use, total quality of care, and the total care results of the grouping developed under this subdivision 3 in comparison to an appropriate peer group. Data used for this analysis must be the most recent data available. Any analyses or reports that identify providers may only be published after the provider has been provided the opportunity by the commissioner to review the underlying data in order to verify, consistent with the recommendations developed pursuant to subdivision 3c, paragraph (d), and adopted by the commissioner the accuracy and representativeness of any analyses or reports and submit comments to the commissioner or initiate an appeal under subdivision 3b. Providers may Upon request, providers shall be given any data for which they are the subject of the data. The provider shall have ~~30~~ 60 days to review the data for accuracy and initiate an appeal as specified in ~~paragraph (d)~~ subdivision 3b.

~~(e) By no later than January 1, 2011,~~ (b) The commissioner shall disseminate information to providers on their condition-specific cost of care, condition-specific resource use, condition-specific quality of care, and the condition-specific results of the grouping developed under this subdivision 3 in comparison to an appropriate peer group. Data used for this analysis must be the most recent data available. Any analyses or reports that identify providers may only be published after the provider has been provided the opportunity by the commissioner to review the underlying data in order to verify, consistent with the recommendations developed pursuant to subdivision 3c, paragraph (d), and adopted by the commissioner the accuracy and representativeness of any analyses or reports and submit comments to the commissioner or initiate an appeal under subdivision 3b. Providers may Upon request, providers shall be given any data for which they are the subject of the data. The provider shall have ~~30~~ 60 days to review the data for accuracy and initiate an appeal as specified in ~~paragraph (d)~~ subdivision 3b.

Subd. 3b. Provider peer grouping; appeals process. ~~(d)~~ The commissioner shall establish an appeals a process to resolve disputes from providers regarding the accuracy of the data used to develop analyses or reports or errors in the application of standards or methodology established by the commissioner in consultation with the advisory committee. When a provider appeals the accuracy of the data used to calculate the peer grouping system results submits an appeal, the provider shall:

(1) clearly indicate the reason they believe the data used to calculate the peer group system results are not accurate or reasons for the appeal;

(2) provide any evidence and, calculations, or documentation to support the reason that data was not accurate for the appeal; and

(3) cooperate with the commissioner, including allowing the commissioner access to data necessary and relevant to resolving the dispute.

The commissioner shall cooperate with the provider during the data review period specified in

subdivisions 3a and 3c by giving the provider information necessary for the preparation of an appeal.

If a provider does not meet the requirements of this ~~paragraph subdivision~~, a provider's appeal shall be considered withdrawn. The commissioner shall not publish peer grouping results for a specific provider under paragraph (e) or (f) while that provider has an unresolved appeal until the appeal has been resolved.

Subd. 3c. Provider peer grouping; publication of information for the public. ~~(e) Beginning January 1, 2011, the commissioner shall, no less than annually, publish information on providers' total cost, total resource use, total quality, and the results of the total care portion of the peer grouping process. The results that are published must be on a risk-adjusted basis. (a) The commissioner may publicly release summary data related to the peer grouping system as long as the data do not contain information or descriptions from which the identity of individual hospitals, clinics, or other providers may be discerned.~~

~~(f) Beginning March 30, 2011, the commissioner shall no less than annually publish information on providers' condition-specific cost, condition-specific resource use, and condition-specific quality, and the results of the condition-specific portion of the peer grouping process. The results that are published must be on a risk-adjusted basis. (b) The commissioner may publicly release analyses or results related to the peer grouping system that identify hospitals, clinics, or other providers only if the following criteria are met:~~

~~(1) the results, data, and summaries, including any graphical depictions of provider performance, have been distributed to providers at least 120 days prior to publication;~~

~~(2) the commissioner has provided an opportunity for providers to verify and review data for which the provider is the subject consistent with the recommendations developed pursuant to paragraph (d) and adopted by the commissioner;~~

~~(3) the results meet thresholds of validity, reliability, statistical significance, representativeness, and other standards that reflect the recommendations of the advisory committee, established under subdivision 3; and~~

~~(4) any public report or other usage of the analyses, report, or data used by the state clearly notifies consumers about how to use and interpret the results, including any limitations of the data and analysis.~~

~~(g) (c) After publishing the first public report, the commissioner shall, no less frequently than annually, publish information on providers' total cost, total resource use, total quality, and the results of the total care portion of the peer grouping process, as well as information on providers' condition-specific cost, condition-specific resource use, and condition-specific quality, and the results of the condition-specific portion of the peer grouping process. The results that are published must be on a risk-adjusted basis, including case mix adjustments.~~

~~(d) The commissioner shall convene a work group comprised of representatives of physician clinics, hospitals, their respective statewide associations, and other relevant stakeholder organizations to make recommendations on data to be made available to hospitals and physician clinics to allow for verification of the accuracy and representativeness of the provider peer grouping results.~~

Subd. 3d. Provider peer grouping; standards for dissemination and publication. ~~(a) Prior to~~

disseminating data to providers under ~~paragraph (b) or (c)~~ subdivision 3a or publishing information under ~~paragraph (e) or (f)~~ subdivision 3c, the commissioner, in consultation with the advisory committee, shall ensure the scientific and statistical validity and reliability of the results according to the standards described in ~~paragraph (h)~~ (b). If additional time is needed to establish the scientific validity, statistical significance, and reliability of the results, the commissioner may delay the dissemination of data to providers under ~~paragraph (b) or (c)~~ subdivision 3a, or the publication of information under ~~paragraph (e) or (f)~~ subdivision 3c. ~~If the delay is more than 60 days, the commissioner shall report in writing to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance the following information:~~

~~(1) the reason for the delay;~~

~~(2) the actions being taken to resolve the delay and establish the scientific validity and reliability of the results; and~~

~~(3) the new dates by which the results shall be disseminated.~~

~~If there is a delay under this paragraph,~~ The commissioner must disseminate the information to providers under ~~paragraph (b) or (c)~~ subdivision 3a at least ~~90~~ 120 days before publishing results under ~~paragraph (e) or (f)~~ subdivision 3c.

~~(h)~~ (b) The commissioner's assurance of valid, timely, and reliable clinic and hospital peer grouping performance results shall include, at a minimum, the following:

(1) use of the best available evidence, research, and methodologies; and

(2) establishment of ~~an~~ explicit minimum reliability ~~threshold~~ thresholds for both quality and costs developed in collaboration with the subjects of the data and the users of the data, at a level not below nationally accepted standards where such standards exist.

In achieving these thresholds, the commissioner shall not aggregate clinics that are not part of the same system or practice group. The commissioner shall consult with and solicit feedback from the advisory committee and representatives of physician clinics and hospitals during the peer grouping data analysis process to obtain input on the methodological options prior to final analysis and on the design, development, and testing of provider reports.

Sec. 4. Minnesota Statutes 2010, section 62U.04, subdivision 4, is amended to read:

Subd. 4. **Encounter data.** (a) Beginning July 1, 2009, and every six months thereafter, all health plan companies and third-party administrators shall submit encounter data to a private entity designated by the commissioner of health. The data shall be submitted in a form and manner specified by the commissioner subject to the following requirements:

(1) the data must be de-identified data as described under the Code of Federal Regulations, title 45, section 164.514;

(2) the data for each encounter must include an identifier for the patient's health care home if the patient has selected a health care home; and

(3) except for the identifier described in clause (2), the data must not include information that is not included in a health care claim or equivalent encounter information transaction that is required under section 62J.536.

(b) The commissioner or the commissioner's designee shall only use the data submitted under paragraph (a) ~~for the purpose of carrying out its responsibilities in this section, and must maintain the data that it receives according to the provisions of this section.~~ to carry out its responsibilities in this section, including supplying the data to providers so they can verify their results of the peer grouping process consistent with the recommendations developed pursuant to subdivision 3c, paragraph (d), and adopted by the commissioner and, if necessary, submit comments to the commissioner or initiate an appeal.

(c) Data on providers collected under this subdivision are private data on individuals or nonpublic data, as defined in section 13.02. Notwithstanding the definition of summary data in section 13.02, subdivision 19, summary data prepared under this subdivision may be derived from nonpublic data. The commissioner or the commissioner's designee shall establish procedures and safeguards to protect the integrity and confidentiality of any data that it maintains.

(d) The commissioner or the commissioner's designee shall not publish analyses or reports that identify, or could potentially identify, individual patients.

Sec. 5. Minnesota Statutes 2010, section 62U.04, subdivision 5, is amended to read:

Subd. 5. **Pricing data.** (a) Beginning July 1, 2009, and annually on January 1 thereafter, all health plan companies and third-party administrators shall submit data on their contracted prices with health care providers to a private entity designated by the commissioner of health for the purposes of performing the analyses required under this subdivision. The data shall be submitted in the form and manner specified by the commissioner of health.

(b) The commissioner or the commissioner's designee shall only use the data submitted under this subdivision ~~for the purpose of carrying out its responsibilities under this section to carry out its responsibilities under this section, including supplying the data to providers so they can verify their results of the peer grouping process consistent with the recommendations developed pursuant to subdivision 3c, paragraph (d), and adopted by the commissioner and, if necessary, submit comments to the commissioner or initiate an appeal.~~

(c) Data collected under this subdivision are nonpublic data as defined in section 13.02. Notwithstanding the definition of summary data in section 13.02, subdivision 19, summary data prepared under this section may be derived from nonpublic data. The commissioner shall establish procedures and safeguards to protect the integrity and confidentiality of any data that it maintains.

Sec. 6. Minnesota Statutes 2011 Supplement, section 62U.04, subdivision 9, is amended to read:

Subd. 9. **Uses of information.** ~~(a) For product renewals or for new products that are offered, after 12 months have elapsed from publication by the commissioner of the information in subdivision 3, paragraph (e):~~

(1) the commissioner of management and budget ~~shall~~ may use the information and methods developed under ~~subdivision 3~~ subdivisions 3 to 3d to strengthen incentives for members of the state employee group insurance program to use high-quality, low-cost providers;

(2) ~~all~~ political subdivisions, as defined in section 13.02, subdivision 11, that offer health benefits to their employees ~~must~~ may offer plans that differentiate providers on their cost and quality performance and create incentives for members to use better-performing providers;

(3) ~~all~~ health plan companies ~~shall~~ may use the information and methods developed under ~~subdivision 3~~ subdivisions 3 to 3d to develop products that encourage consumers to use high-quality, low-cost providers; and

(4) health plan companies that issue health plans in the individual market or the small employer market ~~must~~ may offer at least one health plan that uses the information developed under ~~subdivision 3~~ subdivisions 3 to 3d to establish financial incentives for consumers to choose higher-quality, lower-cost providers through enrollee cost-sharing or selective provider networks.

~~(b) By January 1, 2011, the commissioner of health shall report to the governor and the legislature on recommendations to encourage health plan companies to promote widespread adoption of products that encourage the use of high-quality, low-cost providers. The commissioner's recommendations may include tax incentives, public reporting of health plan performance, regulatory incentives or changes, and other strategies.~~

Sec. 7. Minnesota Statutes 2010, section 256B.0754, subdivision 2, is amended to read:

Subd. 2. **Payment reform.** By no later than 12 months after the commissioner of health publishes the information in section ~~62U.04, subdivision 3, paragraph (e)~~ 62U.04, subdivision 3c, paragraph (b), the commissioner of human services ~~shall~~ may use the information and methods developed under section 62U.04 to establish a payment system that:

- (1) rewards high-quality, low-cost providers;
- (2) creates enrollee incentives to receive care from high-quality, low-cost providers; and
- (3) fosters collaboration among providers to reduce cost shifting from one part of the health continuum to another.

Sec. 8. **EFFECTIVE DATE.**

Sections 1 to 7 are effective July 1, 2012, and apply to all information provided or released to the public or to health care providers, pursuant to Minnesota Statutes, section 62U.04, on or after that date. Section 3 shall be implemented by the commissioner of health within available resources."

Amend the title numbers accordingly

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 1874: A bill for an act relating to public safety; extending the felony of fraudulent or other improper finance statements to include retaliation against a sheriff or county recorder for performance of official duties regarding real property; amending Minnesota Statutes 2010, section 609.7475, subdivision 3.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was

referred

S.F. No. 1466: A resolution urging the President and Congress of the United States to pardon We-Chank-Wash-ta-don-pee, also known as Chaska.

Reports the same back with the recommendation that the resolution do pass. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 2108: A bill for an act relating to public safety; permitting law enforcement to take fingerprints of an offender interacting with the criminal justice system for any offense to eliminate a suspense record; amending Minnesota Statutes 2011 Supplement, section 299C.10, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 6, strike "in order to maintain and"

Page 2, line 7, strike "ensure the accuracy of the bureau's criminal history files,"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was re-referred

S.F. No. 1687: A bill for an act relating to transportation; motor carriers; prohibiting indemnity provisions in motor carrier contracts; proposing coding for new law in Minnesota Statutes, chapter 221.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was re-referred

S.F. No. 1416: A bill for an act relating to real estate; providing process for unaffixing manufactured home from real property; amending Minnesota Statutes 2010, sections 168A.01, by adding a subdivision; 168A.02, subdivision 3; 168A.04, subdivision 1; 168A.05, subdivisions 1, 1a, 1b; 168A.141, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 168A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, line 12, delete "through"

Page 4, line 27, after the second semicolon, insert "and "

Page 4, delete lines 28 and 29

Page 4, line 30, delete "(iv)" and insert "(iii)"

Page 4, line 35, delete everything after the comma

Page 4, line 36, delete everything before "stating"

Page 5, line 26, delete the second "(c)" and insert "(b)"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

H.F. No. 738: A bill for an act relating to public safety; modifying certain harassment restraining order provisions; amending Minnesota Statutes 2010, section 609.748, subdivisions 4, 5, 6.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 1806: A bill for an act relating to debt management and debt settlement; clarifying exemption for attorneys at law; amending Minnesota Statutes 2010, sections 332A.02, subdivision 8, by adding a subdivision; 332B.02, subdivision 13, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 2297: A bill for an act relating to crime victims; establishing Jacob's law; requiring initial notice of crime victim rights to be distributed to each parent, guardian, or custodian of a child victim; requiring notification by law enforcement to social services if a child is neglected or abused outside the home; amending parental rights under custody orders to include police reports on minor children; amending Minnesota Statutes 2010, sections 518.17, subdivision 3; 611A.01; 626.556, subdivision 10a.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 518.17, subdivision 3, is amended to read:

Subd. 3. **Custody order.** (a) Upon adjudging the nullity of a marriage, or in a dissolution or separation proceeding, or in a child custody proceeding, the court shall make such further order as it deems just and proper concerning:

(1) the legal custody of the minor children of the parties which shall be sole or joint;

(2) their physical custody and residence; and

(3) their support. In determining custody, the court shall consider the best interests of each child and shall not prefer one parent over the other solely on the basis of the sex of the parent.

(b) The court shall grant the following rights to each of the parties, unless specific findings are made under section 518.68, subdivision 1. Each party has the following rights:

(1) right of access to, and to receive copies of, school, medical, dental, religious training, police

reports, and other important records and information about the minor children. Each party has the;

(2) right of access to information regarding health or dental insurance available to the minor children. Each party shall keep the other party;

(3) right to be informed by the other party as to the name and address of the school of attendance of the minor children. Each party has the;

(4) right to be informed by school officials about the children's welfare, educational progress and status, and to attend school and parent-teacher conferences. The school is not required to hold a separate conference for each party. In case of an accident or serious illness of a minor child, each party shall notify;

(5) right to be notified by the other party of the an accident or serious illness of a minor child, and including the name of the health care provider and the place of treatment. Each party has the;

(6) right to be notified by the other party if the minor child is the victim of an alleged crime, including the name of the investigating law enforcement officer or agency. There is no duty to notify if the party to be notified is the alleged perpetrator; and

(7) right to reasonable access and telephone contact with the minor children.

(c) The court may waive any of the rights under this section if it finds it is necessary to protect the welfare of a party or child.

(d) If a court order or law prohibits contact by a party, notification required under paragraph (b), clauses (1), (2), (3), (5), and (6), shall not be by direct communication of the parties. Third-party communication shall be limited to the specific purposes delineated in this subdivision. Nothing in this subdivision shall modify, suspend, revoke, or terminate a court order or law that prohibits contact by a party.

(e) If one of the parties is a program participant under chapter 5B, the other party shall send all information and notifications required under paragraph (b), clauses (1), (2), (3), (5), and (6), to the participant's designated address. The program participant is exempted from the requirements of paragraph (b).

(f) Failure to notify or inform a party of rights under paragraph (b) does not form a basis for modification under section 518.18, paragraph (d), clause (iv), unless other grounds are alleged which would support a modification.

Sec. 2. Minnesota Statutes 2010, section 626.556, subdivision 10a, is amended to read:

Subd. 10a. **Law enforcement agency responsibility for investigation; welfare agency reliance on law enforcement fact-finding; welfare agency offer of services.** (a) If the report alleges neglect, physical abuse, or sexual abuse by a person who is not a parent, guardian, sibling, person responsible for the child's care functioning within the family unit, or a person who lives in the child's household and who has a significant relationship to the child, in a setting other than a facility as defined in subdivision 2, the local welfare agency shall immediately notify the appropriate law enforcement agency, which shall conduct an investigation of the alleged abuse or neglect if a violation of a criminal statute is alleged.

(b) The local agency may rely on the fact-finding efforts of the law enforcement investigation

conducted under this subdivision to make a determination whether or not threatened injury or other maltreatment has occurred under subdivision 2 if an alleged offender has minor children or lives with minors.

(c) If a child is the victim of an alleged crime under paragraph (a), the law enforcement agency shall immediately notify the local welfare agency, which shall offer appropriate social services for the purpose of safeguarding and enhancing the welfare of the abused or neglected minor.

EFFECTIVE DATE. This section is effective July 1, 2012."

Delete the title and insert:

"A bill for an act relating to crime victims; establishing Jacob's law; requiring notification by law enforcement to social services if a child is neglected or abused outside the home; amending parental rights under custody orders to include police reports on minor children; amending Minnesota Statutes 2010, sections 518.17, subdivision 3; 626.556, subdivision 10a."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 201: A bill for an act relating to crimes; providing that careless driving resulting in death is a gross misdemeanor; amending Minnesota Statutes 2010, section 169.13, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 609.21, subdivision 5, is amended to read:

Subd. 5. **Definitions.** For purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Motor vehicle" has the meaning given in section 609.52, subdivision 1, and includes attached trailers.

(b) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

(c) "Hazardous substance" means any chemical or chemical compound that is listed as a hazardous substance in rules adopted under chapter 182.

(d) "In a grossly negligent manner" means with very great negligence or without even slight care.

EFFECTIVE DATE. This section is effective August 1, 2012, and applies to crimes committed on or after that date.

Sec. 2. Minnesota Statutes 2010, section 609.21, is amended by adding a subdivision to read:

Subd. 6. **Gross negligence determination.** In determining whether a person has operated a motor vehicle in a grossly negligent manner under this section, the fact finder may take into

consideration factors, including, but not limited to:

- (1) lack of sleep;
- (2) length of time operating the vehicle;
- (3) presence of sure warning signs;
- (4) influence of drugs or alcohol; and
- (5) strenuous activities before operation.

EFFECTIVE DATE. This section is effective August 1, 2012, and applies to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crimes; defining gross negligence in the criminal vehicular operation law; amending Minnesota Statutes 2010, section 609.21, subdivision 5, by adding a subdivision."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was re-referred

S.F. No. 1888: A bill for an act relating to debt collectors; amending procedures for licensure of debt collection agencies and registration of individual debt collectors; amending Minnesota Statutes 2010, sections 332.33, subdivisions 7, 8; 332.35; 332.40, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 10, delete "or name at annual"

Page 1, line 11, delete "registration renewal" and insert ", name, or assumed name no later than 30 days after the change occurs"

Page 1, delete section 2 and insert:

"Sec. 2. Minnesota Statutes 2010, section 332.33, subdivision 8, is amended to read:

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

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

(c) Screening for renewal of individual collector registration must include a national criminal

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

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

Page 2, line 15, after "involving" insert "identity theft or"

Page 2, line 22, delete "suspended for cause" and insert "involuntarily suspended"

Page 2, delete section 4

Renumber the sections in sequence

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 1694: A bill for an act relating to public safety; regulating the manufacture, sale, and use of fireworks; amending Minnesota Statutes 2010, sections 624.21; 624.221.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 624.20, subdivision 1, is amended to read:

Subdivision 1. **Regulation.** (a) As used in sections 624.20 to 624.25, ~~the term "fireworks" means any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration, or detonation, and includes blank cartridges, toy cannons, and toy canes in which explosives are used, the type of balloons which require fire underneath to propel them, firecrackers, torpedoes, skyrockets, Roman candles, daygo bombs, sparklers other than those specified in paragraph (c), or other fireworks of like construction, and any fireworks containing any explosive or inflammable compound, or any tablets or other device containing any explosive substance and commonly used as fireworks.;~~

(1) "aerial and audible devices" means fireworks in a finished state, suitable for use by the public listed in APA 87-1, Sections 3.1.2, 3.1.3, and 3.5, and containing 75 grams or less of chemical mixture per tube for a total of 500 grams or less for multiple tubes in a device. The term does not include:

(i) firecrackers, cannon crackers, ground salutes, M-80's, cherry bombs, or other similar items;

(ii) (A) skyrockets;

(B) missile type rockets;

(C) single shot or reloadable aerial shells; or

(D) rockets similar to those described in subitem (A), (B), or (C), including aerial salutes, flash shells, comets, mines, or cakes, containing more than 500 grams of pyrotechnic composition;

(iii) bottle rockets; or

(iv) roman candles;

(2) "APA 87-1" means the American Pyrotechnic Association Standard 87-1 from the Standard for Construction and Approval for Transportation of Fireworks, Novelties, and Theatrical Pyrotechnics, 2001 Edition;

(3) "display fireworks" means firework devices in a finished state, exclusive of mere ornamentation, primarily intended for commercial displays that are designed to produce visible effects, audible effects, or both, by combustion, deflagration, or detonation. The term includes, but is not limited to, salutes containing more than 130 milligrams of explosive composition, aerial shells containing more than 40 grams of chemical composition exclusive of light charge, and other exhibition display items that exceed the limits contained in APA 87-1 for aerial and audible devices. The term does not include any toy pistols, toy guns, paper caps, sparkling devices, or novelties;

(4) "fireworks" means any device, other than sparkling devices, novelties, aerial and audible devices, or theatrical pyrotechnic articles that are intended to produce visible effects, audible effects, or both, by combustion, deflagration, or detonation. The term includes "display fireworks";

(5) "novelties" means a device containing small amounts of pyrotechnic composition that is listed in APA 87-1, Sections 3.2, 3.3, and 3.4. The term includes deregulated sparklers, snakes and glow worms, smoke devices, and trick noisemakers, including paper streamers, party poppers, string poppers, snappers, drop pops, each consisting of not more than 25/100 grains of explosive mixture, toy pistols, toy guns, in which paper caps containing 25/100 grains or less of explosive compound are used, and toy pistol caps that contain less than 20/100 grains of explosive mixture; and

(6) "sparkling devices" means ground-based or handheld devices that produce a shower of sparks that are listed in APA 87-1, Sections 3.1.1 and 3.5. The term includes fountains, torches, wheels, ground spinners, flitter sparklers, toy smoke devices, and sparklers.

~~(b) The term "fireworks" shall not include toy pistols, toy guns, in which paper caps containing 25/100 grains or less of explosive compound are used and toy pistol caps which contain less than 20/100 grains of explosive mixture.~~

(b) Nothing in sections 624.20 to 624.25 authorizes the possession or use of novelties, sparkling devices, or aerial and audible devices on public property or the purchase of these items by persons younger than 18 years of age. A person selling novelties, sparkling devices, or aerial and audible devices shall verify the age of a purchaser by photographic identification.

~~(c) The term also does not include wire or wood sparklers of not more than 100 grams of mixture per item, other sparkling items which are nonexplosive and nonaerial and contain 75 grams or less of chemical mixture per tube or a total of 500 grams or less for multiple tubes, snakes and glow worms, smoke devices, or trick noisemakers which include paper streamers, party poppers, string~~

~~poppers, snappers, and drop pops, each consisting of not more than twenty-five hundredths grains of explosive mixture. The use of items listed in this paragraph is not permitted on public property. This paragraph does not authorize the purchase of items listed in it by persons younger than 18 years of age. The age of a purchaser of items listed in this paragraph must be verified by photographic identification.~~

~~(d)(c)~~ A local unit of government may impose an annual license fee for the retail sale of ~~items authorized under paragraph (e)~~ aerial and audible devices. The fee must be set at a reasonable amount based on the public safety issues and inspections associated with these devices. ~~The annual license fee of each retail seller that is in the business of selling only the items authorized under paragraph (e) may not exceed \$350, and the annual license of each other retail seller may not exceed \$100.~~ A local unit of government may not:

(1) impose any fee or charge, other than the fee authorized by this paragraph, on the retail or wholesale sale of ~~items authorized under paragraph (e)~~ aerial and audible devices;

(2) impose any permit, license, fee, or charge on the retail or wholesale sale of sparkling devices or novelties;

~~(2)~~ (3) prohibit or restrict the sale or display of ~~items novelties, sparkling devices, or aerial and audible devices~~ for from any permanent or temporary ~~retail sale authorized under paragraph (e)~~ structure that ~~comply~~ complies with National Fire Protection Association Standard 1124 (~~2003~~ 2006 edition); ~~or~~

~~(3)~~ (4) impose on a retail seller any financial guarantee requirements, including bonding or insurance provisions, containing restrictions or conditions not imposed on the same basis on all other business licensees; or

(5) enact any ordinance, rule, or regulation that prohibits, limits, or restricts the wholesale or retail sale of sparkling devices or novelties.

EFFECTIVE DATE. This section is effective June 1, 2012."

Amend the title numbers accordingly

And when so amended the bill do pass. Senator Marty questioned the reference thereon and, under Rule 21, the bill was referred to the Committee on Rules and Administration.

Senator Hann from the Committee on Health and Human Services, to which was referred

S.F. No. 2188: A bill for an act relating to human services; creating a chemical health navigation program; limiting residential chemical dependency treatment; requiring a report; amending Minnesota Statutes 2010, sections 254B.03, subdivision 1; 254B.04, subdivision 1; 256B.69, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 254B.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. **CHEMICAL HEALTH INTEGRATED MODEL OF CARE DEVELOPMENT.**

(a) The commissioner of human services, in partnership with the counties, tribes, and

stakeholders, shall develop a community-based integrated model of care to improve the effectiveness and efficiency of the service continuum for chemically dependent individuals. The plan shall identify methods to reduce duplication of efforts, promote scientifically supported practices, and improve efficiency. This plan shall consider the potential for geographically or demographically disparate impact on individuals who need chemical dependency services.

(b) The commissioner shall provide the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services a report detailing necessary statutory and rule changes and a proposed pilot project to implement the plan no later than March 15, 2013."

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert "creating a plan to develop a chemical health community based integrated model of care;"

Page 1, line 3, delete everything before "amending"

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Hann from the Committee on Health and Human Services, to which was re-referred

S.F. No. 2304: A bill for an act relating to state government; implementing changes to the sunset review; changing certain agency requirements; requiring posting of convictions of felonies or gross misdemeanors and malpractice settlements or judgments for a regulated practitioner; requiring certain information on regulated practitioners; requiring a study; prohibiting transfer of certain funds; requiring reports; appropriating money; abolishing the Combative Sports Commission and transferring duties to the commissioner of public safety; requiring a review of the Board of Medical Practice; amending Minnesota Statutes 2010, sections 3.922, by adding a subdivision; 3.9223, subdivision 7; 3.9225, subdivision 7; 3.9226, subdivision 7; 147.01, subdivision 4; 147.111, by adding a subdivision; 341.21, by adding a subdivision; 341.28, subdivision 1; 341.37; Minnesota Statutes 2011 Supplement, sections 3D.06; 3D.21, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapters 3D; 16B; 214; 341; repealing Minnesota Statutes 2010, sections 138A.01; 138A.02; 138A.03; 138A.04; 138A.05; 138A.06; 341.21, subdivisions 3, 4a; 341.22; 341.23; 341.24; 341.26.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, line 3, after "budgeting" insert "and must "

Page 5, line 3, delete everything after the first "agency" and insert "shall be deposited in the general fund and appropriated to the agency providing the services."

Page 6, line 11, delete "be used only" and insert "only be used"

Page 6, line 15, delete "a" and insert "the state government"

Page 6, line 28, delete "settlement or"

Page 6, line 29, delete "settlements"

Page 6, line 30, delete the first "and"

Page 7, line 1, delete "or restriction of privileges"

Page 7, delete lines 25 to 32

Page 7, after line 33, insert:

"Sec. 14. **HEALTH-RELATED LICENSING BOARDS; REPORTING.**

(a) By January 15, 2013, each health-related licensing board, as defined in Minnesota Statutes, section 214.01, subdivision 2, and the commissioner of health, as the regulator for occupational therapy practitioners, speech-language pathologists, audiologists, and hearing instrument dispensers, shall submit to the Sunset Commission and the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services draft legislation requiring institutions, professional societies, other licensed professionals, insurers and other entities, and the courts to report conduct constituting grounds for disciplinary action to the respective regulatory entity. Each board and the commissioner must include in the draft legislation penalties that may be imposed for failure to report.

(b) Health-related occupations with existing statutory reporting obligations are exempt from this section."

Page 8, line 5, delete "the extent to"

Page 9, line 6, delete ", experts, and others" and insert "and experts"

Page 9, line 7, after "submit" insert "draft"

Page 9, line 16, delete "study" and insert "evaluation"

Page 9, line 17, delete "must contract for" and insert "shall contract with the Federation of State Medical Boards to conduct"

Page 9, line 18, delete "The"

Page 9, delete line 19

Page 9, line 20, delete "study."

Page 9, delete lines 24 to 26 and insert:

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

Page 10, after line 3, insert:

"(d) \$45,000 is appropriated in fiscal year 2013 from the state government special revenue fund to the commissioner of administration if the Office of the Legislative Auditor is not authorized to conduct a review of the Board of Medical Practice and the commissioner contracts with the Federation of State Medical Boards to conduct the programmatic and structural review of the board. Up to five percent of this appropriation is available to the commissioner of administration for administrative costs related to the review."

Renumber the sections in sequence

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on Judiciary and Public Safety. Amendments adopted. Report adopted.

Senator Hann from the Committee on Health and Human Services, to which was re-referred

S.F. No. 1402: A bill for an act relating to family law; increasing the parenting time presumption; modifying the parenting expense adjustment for purposes of calculating child support; amending Minnesota Statutes 2010, sections 518.175, subdivision 1; 518A.36, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 10, delete "35" and insert "40"

Page 2, delete section 2

Page 2, line 33, delete "Sections 1 and 2 are" and insert "Section 1 is" and delete "apply" and insert "applies"

Page 3, delete lines 5 to 8

Amend the title as follows:

Page 1, line 2, delete "modifying"

Page 1, delete line 3

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Hann from the Committee on Health and Human Services, to which was referred

S.F. No. 1811: A bill for an act relating to health; requiring accreditation of advanced diagnostic imaging services operating in the state; proposing coding for new law in Minnesota Statutes, chapter 144.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 9, delete "computed tomography,"

Page 1, delete line 20 and insert "(iii) the Joint Commission; or"

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Senator Robling from the Committee on Finance, to which was re-referred

H.F. No. 2083: A bill for an act relating to education finance; modifying school district aid payment shift; modifying contract terms after expiration of a collective bargaining agreement;

amending Minnesota Statutes 2010, section 179A.20, subdivision 6, by adding a subdivision; Minnesota Statutes 2011 Supplement, section 127A.45, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 7, insert:

"ARTICLE 1

EDUCATION PROVISIONS

Section 1. [16A.1524] APPROPRIATION REDUCTION AND SCHOOL AID PAYMENT PERCENTAGE INCREASE.

Subdivision 1. **General fund appropriation reduction.** By July 15 of each fiscal year, the commissioner of management and budget shall reduce all general fund appropriations by one percent and cancel that amount to the general fund.

Subd. 2. **Exemptions.** Appropriations made to the commissioner of education and the appropriation under section 16A.641 are exempt from subdivision 1.

Subd. 3. **Increase in school aid payment percentage.** If the current year aid payment percentage under section 127A.45 is less than 90 percent, by July 31 of each fiscal year the commissioner of management and budget shall certify to the commissioner of education the total amount of the general fund appropriation reductions under subdivision 1. The commissioner of education shall increase the aid payment percentage to not more than 90 percent rounded to the nearest tenth of a percent by the certified amount for that fiscal year and thereafter. The amounts necessary to meet this requirement are appropriated from the general fund to the commissioner of education.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 2. Minnesota Statutes 2011 Supplement, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~\$11,022,000 in fiscal year 2012, \$19,484,000 in fiscal year 2013, \$23,588,000~~ \$22,090,000 in fiscal year 2014, and ~~\$23,967,000~~ \$24,218,000 in fiscal year 2015 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund."

Page 2, after line 6, insert:

"(e) Notwithstanding paragraph (d), the current year aid payment percentage equals the amount in paragraph (d), as adjusted by section 16A.152, subdivision 2, or section 16A.1524."

Page 2, after line 24, insert:

"Sec. 6. **BALANCE CANCELED TO GENERAL FUND.**

\$415,505,000 of the balance in the budget reserve account created in Minnesota Statutes, section 16A.152, subdivision 1a, is canceled to the general fund in fiscal year 2013.

ARTICLE 2

FORECAST AND AID PAYMENT SHIFT ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 2, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

	5,112,037,000		
\$	<u>5,379,068,000</u>	.....	2012
	5,850,065,000		
\$	<u>6,184,296,000</u>	.....	2013

The 2012 appropriation includes ~~\$1,678,539,000~~ \$1,660,922,000 for 2011 and ~~\$3,433,498,000~~ \$3,718,146,000 for 2012.

The 2013 appropriation includes ~~\$2,297,765,000~~ \$2,038,568,000 for 2012 and ~~\$3,552,300,000~~ \$4,145,728,000 for 2013.

Sec. 2. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 3, is amended to read:

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	31,000 <u>42,000</u>	.....	2012
\$	32,000 <u>46,000</u>	.....	2013

Sec. 3. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 4, is amended to read:

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

	1,294,000		
\$	<u>1,406,000</u>	.....	2012
	1,627,000		
\$	<u>2,203,000</u>	.....	2013

The 2012 appropriation includes \$346,000 for 2011 and ~~\$948,000~~ \$1,060,000 for 2012.

The 2013 appropriation includes ~~\$631,000~~ \$588,000 for 2012 and ~~\$996,000~~ \$1,615,000 for 2013.

Sec. 4. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 5, is amended to read:

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	145,000	.....	2012
\$	180,000 <u>210,000</u>	.....	2013

The 2012 appropriation includes \$145,000 for 2011 and \$0 for 2012.

The 2013 appropriation includes \$0 for 2012 and ~~\$180,000~~ \$210,000 for 2013.

Sec. 5. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 6, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	14,598,000 <u>14,302,000</u>	.....	2012
\$	16,198,000 <u>16,477,000</u>	.....	2013

The 2012 appropriation includes ~~\$5,078,000~~ \$4,161,000 for 2011 and ~~\$9,520,000~~ \$10,141,000 for 2012.

The 2013 appropriation includes ~~\$6,346,000~~ \$5,629,000 for 2012 and ~~\$9,852,000~~ \$10,848,000 for 2013.

Sec. 6. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 7, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	17,178,000 <u>17,757,000</u>	.....	2012
\$	19,056,000 <u>20,130,000</u>	.....	2013

The 2012 appropriation includes ~~\$5,895,000~~ \$5,700,000 for 2011 and ~~\$11,283,000~~ \$12,057,000 for 2012.

The 2013 appropriation includes ~~\$7,521,000~~ \$6,694,000 for 2012 and ~~\$11,535,000~~ \$13,436,000 for 2013.

Sec. 7. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 10, is amended to read:

Subd. 10. **Compensatory pilot project formula aid.** For grants for compensatory pilot project formula aid as calculated under this subdivision:

~~9,776,000~~
 \$ 10,199,000 2013

For fiscal year 2013 only, a district which has a pupil unit count that is in the top 20 largest pupil unit counts is eligible for the greater of zero or \$1,400 times the number of compensatory pupil units, minus the amount of compensatory education revenue received by the district under Minnesota Statutes, section 126C.10, subdivision 3.

The 2013 appropriation includes \$0 for 2012 and ~~\$9,776,000~~ \$10,199,000 for 2013.

This is a onetime appropriation.

B. EDUCATION EXCELLENCE

Sec. 8. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 2, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

~~43,203,000~~
 \$ 42,806,000 2012

~~52,359,000~~
 \$ 51,835,000 2013

The 2012 appropriation includes ~~\$13,336,000~~ \$12,642,000 for 2011 and ~~\$29,867,000~~ \$30,164,000 for 2012.

The 2013 appropriation includes ~~\$19,910,000~~ \$16,746,000 for 2012 and ~~\$32,449,000~~ \$35,089,000 for 2013.

Sec. 9. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 3, is amended to read:

Subd. 3. **Charter school start-up aid.** For charter school start-up cost aid under Minnesota Statutes, section 124D.11, subdivision 8:

~~471,000~~ 161,000 2012
 \$ ~~34,000~~ 22,000 2013

The 2012 appropriation includes \$119,000 for 2011 and ~~\$52,000~~ \$42,000 for 2012.

The 2013 appropriation includes ~~\$34,000~~ \$22,000 for 2012 and \$0 for 2013.

Sec. 10. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 4, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86:

~~59,599,000~~
 \$ 61,181,000 2012

	<u>67,432,000</u>		
\$	<u>69,241,000</u>	.....	2013

The 2012 appropriation includes \$19,272,000 for 2011 and ~~\$40,327,000~~ \$41,909,000 for 2012.

The 2013 appropriation includes ~~\$26,884,000~~ \$23,268,000 for 2012 and ~~\$40,548,000~~ \$45,973,000 for 2013.

The base for the final payment in fiscal year 2014 for fiscal year 2013 is ~~\$34,828,000~~ \$27,925,000.

Sec. 11. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 5, is amended to read:

Subd. 5. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

	<u>29,151,000</u>		
\$	<u>34,010,000</u>	.....	2013

The 2013 appropriation includes \$0 for 2012 and ~~\$29,151,000~~ \$34,010,000 for 2013.

Sec. 12. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 6, is amended to read:

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

	<u>14,917,000</u>		
\$	<u>13,262,000</u>	.....	2012
	<u>16,612,000</u>		
\$	<u>13,966,000</u>	.....	2013

Sec. 13. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 7, is amended to read:

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

	<u>1,924,000</u>		
\$	<u>2,013,000</u>	.....	2012
	<u>2,137,000</u>		
\$	<u>2,258,000</u>	.....	2013

The 2012 appropriation includes ~~\$641,000~~ \$638,000 for 2011 and ~~\$1,283,000~~ \$1,375,000 for 2012.

The 2013 appropriation includes ~~\$854,000~~ \$762,000 for 2012 and ~~\$1,283,000~~ \$1,496,000 for 2013.

Sec. 14. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 9, is amended to read:

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

	1,883,000		
\$	<u>1,791,000</u>	.....	2012
	2,206,000		
\$	<u>2,085,000</u>	.....	2013

The 2012 appropriation includes \$600,000 for 2011 and ~~\$1,283,000~~ \$1,191,000 for 2012.

The 2013 appropriation includes ~~\$855,000~~ \$660,000 for 2012 and ~~\$1,351,000~~ \$1,425,000 for 2013.

C. SPECIAL EDUCATION

Sec. 15. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 2, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

	732,658,000		
\$	<u>767,845,000</u>	.....	2012
	855,605,000		
\$	<u>906,125,000</u>	.....	2013

The 2012 appropriation includes \$235,975,000 for 2011 and ~~\$496,683,000~~ \$531,870,000 for 2012.

The 2013 appropriation includes ~~\$331,121,000~~ \$295,299,000 for 2012 and ~~\$524,484,000~~ \$610,826,000 for 2013.

Sec. 16. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 3, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

	1,648,000		
\$	<u>1,508,000</u>	.....	2012
	1,745,000		
\$	<u>1,593,000</u>	.....	2013

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 17. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 4, is

amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	322,000	<u>314,000</u>	.....	2012
\$	358,000	<u>339,000</u>	.....	2013

The 2012 appropriation includes \$107,000 for 2011 and ~~\$215,000~~ \$207,000 for 2012.

The 2013 appropriation includes ~~\$142,000~~ \$114,000 for 2012 and ~~\$216,000~~ \$225,000 for 2013.

Sec. 18. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 5, is amended to read:

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$	103,978,000	<u>107,557,000</u>	.....	2012
\$	115,304,000	<u>120,203,000</u>	.....	2013

The 2012 appropriation includes \$53,449,000 for 2011 and ~~\$50,529,000~~ \$54,108,000 for 2012.

The 2013 appropriation includes ~~\$63,273,000~~ \$59,607,000 for 2012 and ~~\$52,031,000~~ \$60,596,000 for 2013.

D. FACILITIES AND TECHNOLOGY

Sec. 19. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 2, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$	111,000	<u>98,000</u>	.....	2012
\$	114,000	<u>168,000</u>	.....	2013

The 2012 appropriation includes \$39,000 for 2011 and ~~\$72,000~~ \$59,000 for 2012.

The 2013 appropriation includes ~~\$48,000~~ \$32,000 for 2012 and ~~\$66,000~~ \$136,000 for 2013.

Sec. 20. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 3, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$	11,022,000	<u>11,625,000</u>	2012
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\$ 19,484,000
17,347,000 2013

The 2012 appropriation includes \$2,604,000 for 2011 and ~~\$8,418,000~~ \$9,021,000 for 2012.

The 2013 appropriation includes ~~\$5,611,000~~ \$5,008,000 for 2012 and ~~\$13,873,000~~ \$12,339,000 for 2013.

Sec. 21. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 4, is amended to read:

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$ 17,359,000
18,187,000 2012

\$ 19,287,000
20,386,000 2013

The 2012 appropriation includes ~~\$5,786,000~~ \$5,785,000 for 2011 and ~~\$11,573,000~~ \$12,402,000 for 2012.

The 2013 appropriation includes ~~\$7,714,000~~ \$6,885,000 for 2012 and ~~\$11,573,000~~ \$13,501,000 for 2013.

Sec. 22. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 6, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$ 2,234,000
2,331,000 2012

\$ 2,972,000
3,338,000 2013

The 2012 appropriation includes \$676,000 for 2011 and ~~\$1,558,000~~ \$1,655,000 for 2012.

The 2013 appropriation includes ~~\$1,038,000~~ \$918,000 for 2012 and ~~\$1,934,000~~ \$2,420,000 for 2013.

E. NUTRITION AND LIBRARIES

Sec. 23. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 2, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

	12,626,000		
\$	<u>12,285,000</u>	.....	2012
	12,878,000		
\$	<u>12,524,000</u>	.....	2013

Sec. 24. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 3, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

	4,759,000		
\$	<u>5,247,000</u>	.....	2012
	4,875,000		
\$	<u>5,560,000</u>	.....	2013

Sec. 25. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 4, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

	1,084,000		
\$	<u>1,025,000</u>	.....	2012
	1,105,000		
\$	<u>1,035,000</u>	.....	2013

Sec. 26. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 2, is amended to read:

Subd. 2. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

	12,213,000		
\$	<u>12,797,000</u>	.....	2012
	13,570,000		
\$	<u>14,343,000</u>	.....	2013

The 2012 appropriation includes \$4,071,000 for 2011 and ~~\$8,142,000~~ \$8,726,000 for 2012.

The 2013 appropriation includes ~~\$5,428,000~~ \$4,844,000 for 2012 and ~~\$8,142,000~~ \$9,499,000 for 2013.

Sec. 27. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 3, is amended to read:

Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

	1,170,000		
\$	<u>1,226,000</u>	.....	2012
	1,300,000		
\$	<u>1,374,000</u>	.....	2013

The 2012 appropriation includes \$390,000 for 2011 and ~~\$780,000~~ \$836,000 for 2012.

The 2013 appropriation includes ~~\$520,000~~ \$464,000 for 2012 and ~~\$780,000~~ \$910,000 for 2013.

Sec. 28. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 5, is amended to read:

Subd. 5. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

	2,070,000		
\$	<u>2,169,000</u>	.....	2012
	2,300,000		
\$	<u>2,431,000</u>	.....	2013

The 2012 appropriation includes \$690,000 for 2011 and ~~\$1,380,000~~ \$1,479,000 for 2012.

The 2013 appropriation includes ~~\$920,000~~ \$821,000 for 2012 and ~~\$1,380,000~~ \$1,610,000 for 2013.

F. EARLY CHILDHOOD EDUCATION, PREVENTION, AND LIFELONG LEARNING

Sec. 29. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 2, is amended to read:

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

	9,085,000		
\$	<u>9,444,000</u>	.....	2012
	10,095,000		
\$	<u>10,670,000</u>	.....	2013

The 2012 appropriation includes ~~\$3,028,000~~ \$2,952,000 for 2011 and ~~\$6,057,000~~ \$6,492,000 for 2012.

The 2013 appropriation includes ~~\$4,038,000~~ \$3,603,000 for 2012 and ~~\$6,057,000~~ \$7,067,000 for 2013.

Sec. 30. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

	20,191,000		
\$	<u>21,099,000</u>	.....	2012
	22,977,000		
\$	<u>23,623,000</u>	.....	2013

The 2012 appropriation includes \$6,542,000 for 2011 and ~~\$13,649,000~~ \$14,557,000 for 2012.

The 2013 appropriation includes ~~\$9,099,000~~ \$8,082,000 for 2012 and ~~\$13,878,000~~ \$15,541,000 for 2013.

Sec. 31. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 4, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

	3,211,000		
\$	<u>3,359,000</u>	.....	2012
	3,550,000		
\$	<u>3,744,000</u>	.....	2013

The 2012 appropriation includes \$1,066,000 for 2011 and ~~\$2,145,000~~ \$2,293,000 for 2012.

The 2013 appropriation includes ~~\$1,429,000~~ \$1,273,000 for 2012 and ~~\$2,121,000~~ \$2,471,000 for 2013.

Sec. 32. Laws 2011, First Special Session chapter 11, article 8, section 2, subdivision 2, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$	429,000 <u>442,000</u>	.....	2012
\$	665,000 <u>797,000</u>	.....	2013

The 2012 appropriation includes \$134,000 for 2011 and ~~\$295,000~~ \$308,000 for 2012.

The 2013 appropriation includes ~~\$196,000~~ \$170,000 for 2012 and ~~\$469,000~~ \$627,000 for 2013.

Sec. 33. Laws 2011, First Special Session chapter 11, article 8, section 2, subdivision 3, is amended to read:

Subd. 3. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	639,000 <u>654,000</u>	.....	2012
\$	710,000 <u>750,000</u>	.....	2013

The 2012 appropriation includes ~~\$213,000~~ \$197,000 for 2011 and ~~\$426,000~~ \$457,000 for 2012.

The 2013 appropriation includes ~~\$284,000~~ \$253,000 for 2012 and ~~\$426,000~~ \$497,000 for 2013.

Sec. 34. Laws 2011, First Special Session chapter 11, article 9, section 3, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

	40,545,000		
\$	<u>42,526,000</u>	.....	2012
	45,842,000		
\$	<u>48,535,000</u>	.....	2013

The 2012 appropriation includes ~~\$13,365,000~~ \$13,364,000 for 2011 and ~~\$27,180,000~~ \$29,162,000 for 2012.

The 2013 appropriation includes ~~\$18,119,000~~ \$16,190,000 for 2012 and ~~\$27,723,000~~ \$32,345,000 for 2013."

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 2, after the first semicolon, insert "requiring a reduction in general fund appropriations to provide an annual increase in the aid payment percentage for school districts;"

Page 1, line 3, after the semicolon, insert "canceling funds from the budget reserve to the general fund; updating education appropriations for the February forecast and the aid payment shift;"

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Robling from the Committee on Finance, to which was referred

S.F. No. 2490: A bill for an act relating to game and fish; modifying license requirements and fees to take wild animals; creating walk-in access program; providing for disposition of certain receipts; appropriating money; amending Minnesota Statutes 2010, sections 97A.411, subdivision 1, by adding a subdivision; 97A.435, subdivision 2; 97A.451, subdivisions 3, 4, 5, by adding a subdivision; 97A.473, subdivisions 2, 2b, 3, 4, 5, 5a; 97A.474, subdivision 2; 97A.475, subdivisions 2, 3, 4, 6, 8, 11, 12, 20, 43, 44, 45; 97A.485, subdivision 7; 97B.020; 97B.715, subdivision 1; 97B.801; 97C.305, subdivisions 1, 2; Minnesota Statutes 2011 Supplement, sections 97A.075, subdivision 1; 97A.475, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 97A; repealing Minnesota Statutes 2010, sections 97A.451, subdivisions 3a, 7; 97C.303.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 5, after the first "fee" insert "; appropriation"

Page 3, line 9, after the period, insert "Revenue collected under this section is appropriated to

the commissioner for the walk-in access program."

Page 6, line 18, delete "\$562" and insert "\$380"

Page 6, line 19, delete "\$735" and insert "\$509"

Page 6, line 20, delete "\$880" and insert "\$617"

Page 6, line 21, delete "\$508" and insert "\$386"

Page 7, delete section 15

Page 15, line 26, delete "34 and 37" and insert "33 and 36"

Renumber the sections in sequence

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Robling from the Committee on Finance, to which was re-referred

S.F. No. 1830: A bill for an act relating to natural resources; authorizing certain agency prepayments; requiring certain continued operation in absence of biennial appropriations; providing for apprentice riders; modifying aquatic invasive species provisions; modifying local government trail authority; modifying enforcement provisions; modifying certain bait provisions; modifying prior appropriations; eliminating certain reporting, plan, and meeting requirements; eliminating loan program; modifying certain reporting and assessment requirements; modifying Board of Water and Soil Resources provisions; modifying water appropriation monitoring requirements; modifying subsurface sewage treatment systems ordinance delay; modifying local water management; modifying Wetland Conservation Act; modifying waste management provisions; clarifying certain environmental review; eliminating certain fees; modifying toxic pollution prevention requirements; modifying certain standards for stationary sources; extending prohibition on new open air swine basins; modifying acid deposition control requirements; modifying sewage sludge management; requiring reports; providing civil penalties; appropriating money; amending Minnesota Statutes 2010, sections 16A.065; 84.027, subdivision 15; 84.67; 84.91, subdivision 1; 84D.05, subdivision 1; 85.018, subdivision 2; 85.055, subdivision 2; 85.20, subdivision 1; 85.46, subdivision 1; 85A.04, subdivision 1; 86B.331, subdivision 1; 97A.421, subdivision 4a; 103A.43; 103B.101, subdivisions 2, 7, 10, by adding subdivisions; 103B.311, subdivision 4; 103B.3363, by adding a subdivision; 103B.3369; 103B.355; 103G.2241, subdivisions 1, 9, 11; 103G.2242, subdivision 3; 103G.282, subdivisions 1, 3; 103H.175, subdivision 3; 115.01, by adding a subdivision; 115.06, subdivision 4; 115.42; 115A.15, subdivision 5; 115A.411; 115A.551, subdivisions 2a, 4; 115A.557, subdivision 4; 115D.08; 116.011; 116.06, subdivision 22; 116.0714; 116.10; 116C.833, subdivision 2; 216C.055; 216H.07, subdivision 3; 473.149, subdivision 6; 473.846; Minnesota Statutes 2011 Supplement, sections 84D.01, subdivision 15a; 84D.09, subdivision 2; 84D.10, subdivisions 1, 4; 84D.105, subdivision 2; 84D.13, subdivision 5; 97C.341; 103G.222, subdivision 1; 115A.1320, subdivision 1; 116D.04, subdivision 2a; Laws 2007, chapter 57, article 1, section 4, subdivision 2, as amended; Laws 2010, chapter 361, article 4, section 73, as amended; Laws 2010, chapter 362, section 2, subdivision 7; Laws 2011, First Special Session chapter 6, article 3, section 8, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 84; 86B; 103B; 103G;

repealing Minnesota Statutes 2010, sections 84.946, subdivision 3; 86A.12, subdivision 5; 89.06; 90.042; 97A.4742, subdivision 4; 103G.705, subdivision 1; 115.447; 115A.07, subdivision 2; 115A.15, subdivision 5; 115A.965, subdivision 7; 216H.07, subdivision 4; Minnesota Rules, parts 7002.0025, subpart 2a; 7011.7030; 7021.0010, subpart 3; 7021.0050, subparts 1, 2, 3; 7041.0500, subparts 5, 6, 7.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

ENVIRONMENTAL POLICY

Section 1. Minnesota Statutes 2010, section 84.027, subdivision 15, is amended to read:

Subd. 15. **Electronic transactions.** (a) The commissioner may receive an application for, sell, and issue any license, stamp, permit, pass, sticker, gift card, safety training certification, registration, or transfer under the jurisdiction of the commissioner by electronic means, including by telephone. Notwithstanding section 97A.472, electronic and telephone transactions may be made outside of the state. The commissioner may:

(1) provide for the electronic transfer of funds generated by electronic transactions, including by telephone;

(2) assign an identification number to an applicant who purchases a hunting or fishing license or recreational vehicle registration by electronic means, to serve as temporary authorization to engage in the activity requiring a license or registration until the license or registration is received or expires;

(3) charge and permit agents to charge a fee of individuals who make electronic transactions and transactions by telephone or Internet, including issuing fees and an additional transaction fee not to exceed \$3.50;

(4) charge and permit agents to charge a convenience fee not to exceed three percent of the cost of the license to individuals who use electronic bank cards for payment. An electronic licensing system agent charging a fee of individuals making an electronic bank card transaction in person must post a sign informing individuals of the fee. The sign must be near the point of payment, clearly visible, include the amount of the fee, and state: "License agents are allowed by state law to charge a fee not to exceed three percent of the cost of state licenses to persons who use electronic bank cards for payment. The fee is not required by state law.";

(5) establish, by written order, an electronic licensing system commission to be paid by revenues generated from all sales made through the electronic licensing system. The commissioner shall establish the commission in a manner that neither significantly overrecovers nor underrecovers costs involved in providing the electronic licensing system; and

(6) adopt rules to administer the provisions of this subdivision.

(b) The fees established under paragraph (a), clauses (3) and (4), and the commission established under paragraph (a), clause (5), are not subject to the rulemaking procedures of chapter 14 and section 14.386 does not apply.

(c) Money received from fees and commissions collected under this subdivision, including interest earned, is annually appropriated from the game and fish fund and the natural resources fund to the commissioner for the cost of electronic licensing.

(d) Game and fish licenses under chapters 97A, 97B, and 97C shall be available by electronic transaction, regardless of whether all or any part of the biennial appropriation law for the department has been enacted. If, by July 1 of an odd-numbered year, legislation has not been enacted to appropriate money to the commissioner of management and budget for central accounting, procurement, payroll, and human resources functions, amounts necessary to operate those functions for the purpose of this paragraph are appropriated from the general fund to the commissioner of management and budget. As necessary, the commissioner may transfer a portion of this appropriation to other state agencies to support carrying out these functions. Any subsequent appropriation to the commissioner of management and budget for a biennium in which this section is applicable supersedes and replaces the funding authorized in this paragraph. This paragraph may be cited as the "Freedom to Hunt and Fish Act of 2012."

Sec. 2. Minnesota Statutes 2010, section 84.67, is amended to read:

84.67 FORESTS FOR THE FUTURE REVOLVING ACCOUNT.

A forests for the future revolving account is created in the natural resources fund. Money in the account is appropriated to the commissioner of natural resources for the acquisition of forest lands that meet the eligibility criteria in section 84.66, subdivision 4. The commissioner shall sell the lands acquired under this section, subject to an easement as provided in section 84.66. Money received from the sale of forest lands acquired under this section and interest earned on the account shall be deposited into the account. ~~The commissioner must file a report to the house of representatives Ways and Means and the senate Finance Committees and the environment and natural resources finance committees or divisions of the senate and house of representatives by October 1 of each year indicating all purchases of forest land using money from this account and sales of forest land for which revenue is deposited into this account.~~

Sec. 3. **[84.76] APPRENTICE RIDER VALIDATION.**

Subdivision 1. **Definition.** For the purpose of this section, "accompanied by" means within a distance of another person that permits uninterrupted visual contact and verbal communication.

Subd. 2. **Apprentice rider requirements.** Notwithstanding sections 84.793, 84.862, 84.925, and 84.9256, a person who is age 12 or over and who does not possess a required safety certificate may participate in up to two trail-riding events sponsored by the commissioner in state parks, state trails, state recreation areas, and state forests that are designed to involve apprentice riders. The person must be accompanied by an adult with a valid safety certificate. All vehicles must be properly registered for use in Minnesota.

Sec. 4. Minnesota Statutes 2010, section 84.91, subdivision 1, is amended to read:

Subdivision 1. **Acts prohibited.** (a) No owner or other person having charge or control of any snowmobile or all-terrain vehicle shall authorize or permit any individual the person knows or has reason to believe is under the influence of alcohol or a controlled substance or other substance to operate the snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state.

(b) No owner or other person having charge or control of any snowmobile or all-terrain vehicle shall knowingly authorize or permit any person, who by reason of any physical or mental disability is incapable of operating the vehicle, to operate the snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state.

(c) A person who operates or is in physical control of a snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state is subject to chapter 169A. In addition to the applicable sanctions under chapter 169A, a person who is convicted of violating section 169A.20 or an ordinance in conformity with it while operating a snowmobile or all-terrain vehicle, or who refuses to comply with a lawful request to submit to testing under sections 169A.50 to 169A.53 or an ordinance in conformity with it, shall be prohibited from operating ~~the~~ a snowmobile or all-terrain vehicle for a period of one year. The commissioner shall notify the person of the time period during which the person is prohibited from operating a snowmobile or all-terrain vehicle.

(d) Administrative and judicial review of the operating privileges prohibition is governed by section 97B.066, subdivisions 7 to 9, if the person does not have a prior impaired driving conviction or prior license revocation, as defined in section 169A.03. Otherwise, administrative and judicial review of the prohibition is governed by section 169A.53.

(e) The court shall promptly forward to the commissioner and the Department of Public Safety copies of all convictions and criminal and civil sanctions imposed under this section and chapters 169 and 169A relating to snowmobiles and all-terrain vehicles.

(f) A person who violates paragraph (a) or (b), or an ordinance in conformity with either of them, is guilty of a misdemeanor. A person who operates a snowmobile or all-terrain vehicle during the time period the person is prohibited from operating a vehicle under paragraph (c) is guilty of a misdemeanor.

Sec. 5. Minnesota Statutes 2011 Supplement, section 84D.01, subdivision 15a, is amended to read:

Subd. 15a. **Service provider.** "Service provider" means an individual who or entity that installs or removes water-related equipment or structures from waters of the state for hire or as a service provided as a benefit of membership in a yacht club, boat club, marina, or similar organization. Service provider does not include a person working under the supervision of an individual with a valid service provider permit issued under section 84D.108.

Sec. 6. Minnesota Statutes 2010, section 84D.05, subdivision 1, is amended to read:

Subdivision 1. **Prohibited activities.** A person may not possess, import, purchase, sell, propagate, transport, or introduce a prohibited invasive species, except:

- (1) under a permit issued by the commissioner under section 84D.11;
- (2) in the case of purple loosestrife, as provided by sections 18.75 to 18.88;
- (3) under a restricted species permit issued under section 17.457;
- (4) when being transported to the department, or another destination as the commissioner may direct, in a sealed container for purposes of identifying the species or reporting the presence of the

species;

(5) when being transported for disposal as part of a harvest or control activity when specifically authorized under a permit issued by the commissioner according to section 103G.615, when being transported for disposal as specified under a commercial fishing license issued by the commissioner according to section 97A.418, 97C.801, 97C.811, 97C.825, 97C.831, or 97C.835, or when being transported as specified by the commissioner;

(6) when the specimen has been lawfully acquired dead and, in the case of plant species, all seeds are removed or are otherwise secured in a sealed container;

(7) in the form of herbaria or other preserved specimens;

(8) when being removed from watercraft and equipment, or caught while angling, and immediately returned to the water from which they came; or

(9) as the commissioner may otherwise prescribe by rule.

Sec. 7. Minnesota Statutes 2011 Supplement, section 84D.09, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** Unless otherwise prohibited by law, a person may transport aquatic macrophytes:

(1) that are duckweeds in the family Lemnaceae;

(2) for disposal as part of a harvest or control activity ~~conducted~~ when specifically authorized under an aquatic plant management permit pursuant to section 103G.615, under permit pursuant to section 84D.11, or as specified by the commissioner;

(3) for purposes of constructing shooting or observation blinds in amounts sufficient for that purpose, provided that the aquatic macrophytes are emergent and cut above the waterline;

(4) when legally purchased or traded by or from commercial or hobbyist sources for aquarium, wetland or lakeshore restoration, or ornamental purposes;

(5) when harvested for personal or commercial use if in a motor vehicle;

(6) to the department, or another destination as the commissioner may direct, in a sealed container for purposes of identifying a species or reporting the presence of a species;

(7) when transporting commercial aquatic plant harvesting or control equipment to a suitable location for purposes of cleaning any remaining aquatic macrophytes;

(8) that are wild rice harvested under section 84.091;

(9) in the form of fragments of emergent aquatic macrophytes incidentally transported in or on watercraft or decoys used for waterfowl hunting during the waterfowl season; or

(10) when removing water-related equipment from waters of the state for purposes of cleaning off aquatic macrophytes before leaving a water access site.

Sec. 8. Minnesota Statutes 2011 Supplement, section 84D.10, subdivision 1, is amended to read:

Subdivision 1. **Launching prohibited.** A person may not place or attempt to place into waters

of the state a ~~watercraft, a trailer, or~~ water-related equipment, including aquatic plant harvesting or control equipment that has aquatic macrophytes, zebra mussels, or prohibited invasive species attached except as provided in this section.

Sec. 9. Minnesota Statutes 2011 Supplement, section 84D.10, subdivision 4, is amended to read:

Subd. 4. **Persons transporting water-related equipment.** (a) When leaving waters of the state a person must drain water-related equipment holding water and live wells and bilges by removing the drain plug before transporting the water-related equipment off the water access site or riparian property.

(b) Drain plugs, bailers, valves, or other devices used to control the draining of water from ballast tanks, bilges, and live wells must be removed or opened while transporting water-related equipment.

(c) Emergency response vehicles and equipment may be transported on a public road with the drain plug or other similar device replaced only after all water has been drained from the equipment upon leaving the water body.

(d) Portable bait containers used by licensed aquatic farms, portable bait containers when fishing through the ice except on waters designated infested for viral hemorrhagic septicemia, and marine sanitary systems are exempt from this subdivision.

(e) A person must not dispose of bait in waters of the state.

(f) A boat lift, dock, swim raft, or associated equipment that has been removed from waters of the state infested with zebra mussels may not be placed in another water body until a minimum of 21 days have passed.

Sec. 10. Minnesota Statutes 2011 Supplement, section 84D.105, subdivision 2, is amended to read:

Subd. 2. **Inspector authority.** (a) The commissioner shall train and authorize individuals to inspect water-related equipment for aquatic macrophytes, aquatic invasive species, and water. The commissioner may enter into a delegation agreement with a tribal or local government where inspection authority as provided under paragraphs (b), (g), and (h) is delegated to tribal and local governments that assume all legal, financial, and administrative responsibilities for inspection programs on some or all public waters within their jurisdiction.

(b) Inspectors may visually and tactilely inspect watercraft and water-related equipment to determine whether aquatic invasive species, aquatic macrophytes, or water is present. If a person transporting watercraft or water-related equipment refuses to take required corrective actions or fails to comply with an order under section 84D.10, subdivision 3, an inspector who is not a licensed peace officer shall refer the violation to a conservation officer or other licensed peace officer.

(c) In addition to paragraph (b), a conservation officer or other licensed peace officer may inspect any watercraft or water-related equipment that is stopped at a water access site, any other public location in the state, or a private location where the watercraft or water-related equipment is in plain view, if the officer determines there is reason to believe that aquatic invasive species, aquatic macrophytes, or water is present on the watercraft or water-related equipment.

(d) Conservation officers or other licensed peace officers may utilize check stations in locations,

or in proximity to locations, where watercraft or other water-related equipment is placed into or removed from waters of the state. Any check stations shall be operated in a manner that minimizes delays to vehicles, equipment, and their occupants.

(e) Conservation officers or other licensed peace officers may order water-related equipment to be removed from a water body if the commissioner determines such action is needed to implement aquatic invasive species control measures.

(f) The commissioner may require mandatory inspections of water-related equipment before a person places or removes water-related equipment into or out of a water body. Inspection stations may be located at or near public water accesses or in locations that allow for servicing multiple water bodies. The commissioner shall ensure that inspection stations:

- (1) have adequate staffing to minimize delays to vehicles and their occupants;
- (2) allow for reasonable travel times between public accesses and inspection stations if inspection is required before placing water-related equipment into a water body;
- (3) are located so as not to create traffic delays or public safety issues;
- (4) have decontamination equipment available to bring water-related equipment into compliance; and
- (5) do not reduce the capacity or hours of operation of public water accesses.

(g) The commissioner may authorize tribal and local governments that enter into a delegation agreement with the commissioner to conduct mandatory inspections of water-related equipment at specified locations within a defined area before a person places or removes water-related equipment into or out of a water body. Tribal and local governments that are authorized to conduct inspections under this paragraph must:

- (1) assume all legal, financial, and administrative responsibilities for implementing the mandatory inspections, alone or in agreement with other tribal or local governments;
 - (2) employ inspectors that have been trained and authorized by the commissioner;
 - (3) conduct inspections and decontamination measures in accordance with guidelines approved by the commissioner;
 - (4) have decontamination equipment available at inspection stations or identify alternative decontamination equipment locations within a reasonable distance of the inspection station that can bring water-related equipment into compliance;
 - (5) provide for inspection station locations that do not create traffic delays or public safety issues; and
 - (6) submit a plan approved by the commissioner according to paragraph (h).
- (h) Plans required under paragraph (g) must address:

(1) no reduction in capacity or hours of operation of public accesses and fees that do not discourage or limit use;

- (2) reasonable travel times between public accesses and inspection stations;
 - (3) adequate staffing to minimize wait times and provide adequate hours of operation at inspection stations and public accesses;
 - (4) adequate enforcement capacity;
 - (5) measures to address inspections of water-related equipment at public water accesses for commercial entities and private riparian land owners; and
 - (6) other elements as required by the commissioner to ensure statewide consistency, appropriate inspection and decontamination protocols, and protection of the state's resources, public safety, and access to public waters.
- (i) A government unit authorized to conduct inspections under this subdivision must submit an annual report to the commissioner summarizing the results and issues related to implementing the inspection program.
- (j) The commissioner may waive the plan requirement in paragraph (g) for inspection programs where authorized inspectors are placed directly at one or more water access sites, with no requirement for a person to travel from the water access for inspection or decontamination, and no local ordinance or other regulation requiring a mandatory inspection before placing watercraft or water-related equipment into a water body or after watercraft or water-related equipment are removed from a water body.

Sec. 11. Minnesota Statutes 2011 Supplement, section 84D.13, subdivision 5, is amended to read:

Subd. 5. **Civil penalties.** (a) A civil citation issued under this section must impose the following penalty amounts:

- (1) for transporting aquatic macrophytes in violation of section 84D.09, ~~\$50~~ \$100;
- (2) for placing or attempting to place into waters of the state water-related equipment that has aquatic macrophytes attached, ~~\$100~~ \$200;
- (3) for unlawfully possessing or transporting a prohibited invasive species other than an aquatic macrophyte, ~~\$250~~ \$500;
- (4) for placing or attempting to place into waters of the state water-related equipment that has prohibited invasive species attached when the waters are not designated by the commissioner as being infested with that invasive species, ~~\$500 for the first offense and \$1,000 for each subsequent offense~~;
- (5) for intentionally damaging, moving, removing, or sinking a buoy marking, as prescribed by rule, Eurasian water milfoil, \$100;
- (6) for failing to have drain plugs or similar devices removed or opened while transporting water-related equipment or for failing to remove plugs, open valves, and drain water from water-related equipment, other than marine sanitary systems, before leaving waters of the state, ~~\$50~~ \$100; and

(7) for transporting infested water off riparian property without a permit as required by rule, \$200.

(b) A civil citation that is issued to a person who has one or more prior convictions or final orders for violations of this chapter is subject to twice the penalty amounts listed in paragraph (a).

Sec. 12. Minnesota Statutes 2010, section 85.018, subdivision 2, is amended to read:

Subd. 2. **Authority of local government.** (a) A local government unit that receives state grants-in-aid for any trail, with the concurrence of the commissioner, and the landowner or land lessee, may:

(1) designate the trail for use by snowmobiles or for nonmotorized use from December 1 to April 1 of any year; and

(2) issue any permit required under subdivisions 3 to 5.

(b) A local government unit that receives state grants-in-aid under section 84.794, subdivision 2, 84.803, subdivision 2, or 84.927, subdivision 2, for any trail, with the concurrence of the commissioner, and landowner or land lessee, may:

(1) designate the trail specifically for use at various times of the year by all-terrain or off-road vehicles or off-highway motorcycles, for nonmotorized use such as ski touring, snowshoeing, and hiking, and for multiple use, ~~but not for motorized and nonmotorized use at the same time~~; and

(2) issue any permit required under subdivisions 3 to 5.

(c) A local unit of government that receives state grants-in-aid for any trail, with the concurrence of the commissioner and landowner or land lessee, may designate certain trails for joint use by snowmobiles, off-highway motorcycles, all-terrain and off-road vehicles.

Sec. 13. Minnesota Statutes 2010, section 85.055, subdivision 2, is amended to read:

Subd. 2. **Fee deposit and appropriation; continued operation.** (a) The fees collected under this section shall be deposited in the natural resources fund and credited to the state parks account. Money in the account, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, is available for appropriation to the commissioner to operate and maintain the state park system.

(b) State parks and recreation areas shall remain open for camping and other recreational activities, regardless of whether all or any part of the biennial appropriation law for the state parks and recreation areas has been enacted. The amount necessary for operations of state parks and recreation areas when the biennial appropriation law has not been enacted is appropriated from the state parks account in the natural resources fund. If, by July 1 of an odd-numbered year, legislation has not been enacted to appropriate money to the commissioner of management and budget for central accounting, procurement, payroll, and human resources functions, amounts necessary to operate those functions for the purpose of this paragraph are appropriated from the general fund to the commissioner of management and budget. As necessary, the commissioner may transfer a portion of this appropriation to other state agencies to support carrying out these functions. Any subsequent appropriation to the commissioner of management and budget for a biennium in which this paragraph has been applied supersedes and replaces the funding authorized in this paragraph.

Sec. 14. Minnesota Statutes 2010, section 85.20, subdivision 1, is amended to read:

Subdivision 1. **Violation of rules.** (a) Any person who, within the limits of any state park, state monument, state recreation area, state wayside, or area of state land reserved from sale, as provided by Laws 1923, chapter 430 outdoor recreation unit established in chapter 86A, shall willfully cut, injure, or destroy any live tree, shrub, timber, evergreen, or ornamental plant of any kind, or who shall willfully injure, remove, destroy, deface, or mutilate any guideboard, guidepost, furniture, fixture, improvement, monument, tablet, or other property of the state of any kind, or who shall willfully violate, or fail to comply with, any rule of the commissioner adopted and promulgated in accordance with the provisions of Laws 1923, chapter 430, shall be according to section 86A.06, is guilty of a petty misdemeanor.

(b) Violations under paragraph (a) adopted for wildlife management areas described in section 86A.05, subdivision 8, are misdemeanors, consistent with game and fish law penalties defined in section 97A.301, subdivision 1, clause (6).

(c) If a different penalty is provided in another section of law for the violation and the person is charged under that section of law, the penalty specified for the violation will control over the penalty specified in paragraphs (a) and (b). Violations relating to the taking of wild animals are subject to the penalties as specified in the game and fish laws described in section 97A.011.

Sec. 15. Minnesota Statutes 2010, section 85.46, subdivision 1, is amended to read:

Subdivision 1. **Pass in possession.** (a) Except as provided in paragraph (b), while riding, leading, or driving a horse on lands administered by the commissioner, except forest roads and forest roads rights-of-way, a person 16 years of age or over shall carry in immediate possession a valid horse pass. The pass must be available for inspection by a peace officer, a conservation officer, or an employee designated under section 84.0835. A person who violates any provision of this subdivision is guilty of a petty misdemeanor.

(b) A valid horse pass is not required under this section for a person riding, leading, or driving a horse on property that is owned by the person or the person's spouse, child, parent, or guardian.

Sec. 16. Minnesota Statutes 2010, section 85A.04, subdivision 1, is amended to read:

Subdivision 1. **Deposit; continued operation.** (a) All receipts from parking and admission to the Minnesota Zoological Garden shall be deposited in the state treasury and credited to an account in the special revenue fund, and are annually appropriated to the board for operations and maintenance.

(b) The Minnesota Zoological Garden shall remain open, regardless of whether all or any part of the biennial appropriation law for the zoo has been enacted. Appropriations under this section shall be used for operations of the zoo when the biennial appropriation law has not been enacted. If, by July 1 of an odd-numbered year, legislation has not been enacted to appropriate money to the commissioner of management and budget for central accounting, procurement, payroll, and human resources functions, amounts necessary to operate those functions for the purpose of this paragraph are appropriated from the general fund to the commissioner of management and budget. As necessary, the commissioner may transfer a portion of this appropriation to other state agencies to support carrying out these functions. Any subsequent appropriation to the commissioner of management and budget for a biennium in which this paragraph has been applied supersedes and replaces the funding authorized in this paragraph.

Sec. 17. **[86B.13] AQUATIC INVASIVE SPECIES PREVENTION PROGRAM.**

Subdivision 1. **Establishment.** The commissioner shall establish a statewide course in preventing the spread of aquatic invasive species. The commissioner must develop an educational course and testing program that address identification of aquatic invasive species and best practices to prevent the spread of aquatic invasive species when moving water-related equipment, as defined under section 84D.01, subdivision 18a.

Subd. 2. **Aquatic invasive species trailer decal.** The commissioner shall issue an aquatic invasive species trailer decal for each trailer owned by a person that satisfactorily completes the required course of instruction.

Subd. 3. **Contracting for services.** The commissioner may contract for services to provide training and testing services under this section.

Subd. 4. **Aquatic invasive species trailer decal display required.** (a) A person may not transport watercraft or water-related equipment, as defined under section 84D.01, subdivision 18a, with a trailer unless the person has an aquatic invasive species trailer decal issued under this section. Temporary authorizations valid for seven days can be requested by persons that have not completed the required course of instruction.

(b) Aquatic invasive species trailer decals are valid for three years.

(c) The aquatic invasive species trailer decal must be adhered to the side of the trailer frame tongue near the hitch in a manner that it is readily visible and does not interfere with the display of any registration requirements under section 169.79.

(d) Aquatic invasive species trailer decals are not transferable.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 18. Minnesota Statutes 2010, section 86B.331, subdivision 1, is amended to read:

Subdivision 1. **Acts prohibited.** (a) An owner or other person having charge or control of a motorboat may not authorize or allow an individual the person knows or has reason to believe is under the influence of alcohol or a controlled or other substance to operate the motorboat in operation on the waters of this state.

(b) An owner or other person having charge or control of a motorboat may not knowingly authorize or allow a person, who by reason of a physical or mental disability is incapable of operating the motorboat, to operate the motorboat in operation on the waters of this state.

(c) A person who operates or is in physical control of a motorboat on the waters of this state is subject to chapter 169A. In addition to the applicable sanctions under chapter 169A, a person who is convicted of violating section 169A.20 or an ordinance in conformity with it while operating a motorboat, shall be prohibited from operating ~~the~~ a motorboat on the waters of this state for a period of 90 days between May 1 and October 31, extending over two consecutive years if necessary. If the person operating the motorboat refuses to comply with a lawful demand to submit to testing under sections 169A.50 to 169A.53 or an ordinance in conformity with it, the person shall be prohibited from operating ~~the~~ a motorboat for a period of one year. The commissioner shall notify the person of the period during which the person is prohibited from operating a motorboat.

(d) Administrative and judicial review of the operating privileges prohibition is governed by section 97B.066, subdivisions 7 to 9, if the person does not have a prior impaired driving conviction or prior license revocation, as defined in section 169A.03. Otherwise, administrative and judicial review of the prohibition is governed by section 169A.53.

(e) The court shall promptly forward to the commissioner and the Department of Public Safety copies of all convictions and criminal and civil sanctions imposed under this section and chapters 169 and 169A relating to motorboats.

(f) A person who violates paragraph (a) or (b), or an ordinance in conformity with either of them, is guilty of a misdemeanor.

(g) For purposes of this subdivision, a motorboat "in operation" does not include a motorboat that is anchored, beached, or securely fastened to a dock or other permanent mooring, or a motorboat that is being rowed or propelled by other than mechanical means.

Sec. 19. Minnesota Statutes 2010, section 97A.421, subdivision 4a, is amended to read:

Subd. 4a. **Suspension for failure to appear in court or pay a fine or surcharge.** When a court reports to the commissioner that a person: (1) has failed to appear in court ~~under the summons issued~~ in response to a notice to appear or fails to comply with other orders of the court regarding the appearance or proceedings for a violation of the game and fish laws; or (2) has been convicted of violating a provision of the game and fish laws, has been sentenced to the payment of a fine or had a surcharge levied against them, and refused or failed to comply with that sentence or to pay the fine or surcharge, the commissioner shall suspend the game and fish license and permit privileges of the person until notified by the court that the person has appeared in court under clause (1) or that any fine or surcharge due the court has been paid under clause (2).

Sec. 20. Minnesota Statutes 2011 Supplement, section 97C.341, is amended to read:

97C.341 CERTAIN AQUATIC LIFE PROHIBITED FOR BAIT.

(a) A person may not use live minnows imported from outside of the state, game fish, goldfish, or carp for bait. The commissioner may, by written order published in the State Register, authorize use of game fish eggs as bait and prescribe restrictions on their use. The order is exempt from the rulemaking provisions of chapter 14 and section 14.386 does not apply.

(b) A person may not import or possess live, frozen, or processed bait from known waters where viral hemorrhagic septicemia has been identified as being present; (1) unless the bait has been processed to inactivate viral hemorrhagic septicemia in a manner prescribed by rules adopted by the commissioner; or (2) except as provided in paragraph (c). For purposes of this paragraph, "bait" includes fish, aquatic worms, amphibians, invertebrates, and insects used for taking wild animals in waters of the state.

(c) Cisco and rainbow smelt taken under rules adopted by the commissioner may be used as:

(1) fresh or frozen bait only on Lake Superior; or

(2) bait that has been processed to inactivate viral hemorrhagic septicemia in a manner prescribed by rules adopted by the commissioner.

(d) To ensure that frozen or dead fish being brought into the state are not in violation of paragraph

(b), the following paperwork must accompany the shipment. Documents must be open for inspection by the commissioner at any reasonable time. All documents must be available to purchasers of these bait items. Each container or package of frozen or dead fish must have the following information:

- (1) water body source;
- (2) lot number;
- (3) company contact including name, phone, and address;
- (4) date of packaging and labeling; and
- (5) valid negative fish health certification from the source water body.

Sec. 21. Minnesota Statutes 2010, section 103A.43, is amended to read:

103A.43 WATER ASSESSMENTS AND REPORTS.

(a) The Environmental Quality Board shall consolidate the assessments required in paragraphs (b) and (c) with the policy report in section 103A.204 and submit a single report to the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture and the Legislative-Citizen Commission on Minnesota Resources by September 15, 2010, and every five years thereafter.

(b) The Pollution Control Agency and the Department of Agriculture shall provide a ~~biennial~~ an assessment and analysis of water quality, groundwater degradation trends, and efforts to reduce, prevent, minimize, and eliminate degradation of water. The assessment and analysis must include an analysis of relevant monitoring data.

(c) The Department of Natural Resources shall provide an assessment and analysis of the quantity of surface and ground water in the state and the availability of water to meet the state's needs.

Sec. 22. Minnesota Statutes 2010, section 103B.101, subdivision 2, is amended to read:

Subd. 2. **Voting members.** (a) The members are:

- (1) three county commissioners;
- (2) three soil and water conservation district supervisors;
- (3) three watershed district or watershed management organization representatives;
- (4) three citizens who are not employed by, or the appointed or elected officials of, a state governmental office, board, or agency;
- (5) one township officer;
- (6) two elected city officials, one of whom must be from a city located in the metropolitan area, as defined under section 473.121, subdivision 2;
- (7) the commissioner of agriculture;
- (8) the commissioner of health;

- (9) the commissioner of natural resources;
- (10) the commissioner of the Pollution Control Agency; and
- (11) the director of the University of Minnesota Extension Service.

(b) Members in paragraph (a), clauses (1) to (6), must be distributed across the state with at least four members but not more than six members from the metropolitan area, as defined by section 473.121, subdivision 2; ~~and one from each of the current soil and water conservation administrative regions.~~

(c) Members in paragraph (a), clauses (1) to (6), are appointed by the governor. In making the appointments, the governor may consider persons recommended by the Association of Minnesota Counties, the Minnesota Association of Townships, the League of Minnesota Cities, the Minnesota Association of Soil and Water Conservation Districts, and the Minnesota Association of Watershed Districts. The list submitted by an association must contain at least three nominees for each position to be filled.

(d) The membership terms, compensation, removal of members and filling of vacancies on the board for members in paragraph (a), clauses (1) to (6), are as provided in section 15.0575.

Sec. 23. Minnesota Statutes 2010, section 103B.101, subdivision 7, is amended to read:

Subd. 7. **Hearings, orders, and rulemaking.** The board may hold public hearings and adopt rules and orders necessary to execute its duties.

Sec. 24. Minnesota Statutes 2010, section 103B.101, is amended by adding a subdivision to read:

Subd. 8a. **Bylaws and conflict of interest.** The board shall adopt bylaws that include provisions to prevent or address conflict of interest.

Sec. 25. Minnesota Statutes 2010, section 103B.101, subdivision 10, is amended to read:

Subd. 10. **Committee for dispute resolution.** A committee of the board is established to hear and resolve disputes, appeals, and interventions under sections 103A.301 to 103A.341; 103B.101; 103B.231; 103B.345; 103D.535; 103D.537; and 103G.2242, subdivision 9. ~~The committee consists of two of the three citizen members; one county commissioner member; one soil and water conservation district supervisor member; and one watershed district or watershed management organization representative member.~~ The committee is appointed by the board chair. The board shall adopt bylaws governing committee membership and duties.

Sec. 26. Minnesota Statutes 2010, section 103B.101, is amended by adding a subdivision to read:

Subd. 14. **Local water management coordination.** (a) The board may adopt resolutions, policies, or orders that allow a comprehensive plan, local water management plan, or watershed management plan, developed or amended, approved and adopted, according to chapter 103B, 103C, or 103D to serve as substitutes for one another or be replaced with a comprehensive watershed management plan. The board may also develop criteria for incorporating or coordinating the elements of metropolitan county groundwater plans in accordance with section 103B.255. The board shall, to the extent practicable, incorporate a watershed approach when adopting the resolutions, policies, or orders, and shall establish a suggested watershed boundary framework for development, approval, adoption, and coordination of plans.

(b) The board shall work with local government stakeholders and others to foster mutual understanding and develop recommendations for local water management and related state water management policy and programs. The board may convene informal working groups or work teams to develop information, education, and recommendations. Local government units may develop and carry out TMDL implementation plans, or their equivalent, as provided in chapter 114D, as part of the local water management plans and responsibilities under chapters 103B, 103C, and 103D.

Sec. 27. Minnesota Statutes 2010, section 103B.101, is amended by adding a subdivision to read:

Subd. 15. **Local water management boundary and plan determinations and appeals.** (a) Local government units may either submit a request for a plan boundary determination as part of a plan approval request or apply separately for a plan boundary determination from the board before requesting plan approval. Local government units must provide written documentation of the rationale and justification for the proposed boundary. The board may request additional information needed to make a plan boundary determination.

(b) Local government units may appeal a board decision to deny approval of a plan or the establishment of a plan boundary. An appeal of a board decision may be taken to the state Court of Appeals and must be considered an appeal from a contested case decision for purposes of judicial review under sections 14.63 to 14.69. Local government units may request the board's dispute resolution committee or executive director to hear and make recommendations to resolve boundary and plan implementation disputes.

Sec. 28. Minnesota Statutes 2010, section 103B.311, subdivision 4, is amended to read:

Subd. 4. **Water plan requirements.** (a) A local water management plan must:

- (1) cover the entire area within a county;
- (2) address water problems in the context of watershed units and groundwater systems;
- (3) be based upon principles of sound hydrologic management of water, effective environmental protection, and efficient management;
- (4) be consistent with local water management plans prepared by counties and watershed management organizations wholly or partially within a single watershed unit or groundwater system; and

(5) the local water management plan must specify the period covered by the local water management plan and must extend at least five years but no more than ten years from the date the board approves the local water management plan. Local water management plans that contain revision dates inconsistent with this section must comply with that date, provided it is not more than ten years beyond the date of board approval. ~~A two-year extension of the revision date of a local water management plan may be granted by the board, provided no projects are ordered or commenced during the period of the extension.~~

(b) Existing water and related land resources plans, including plans related to agricultural land preservation programs developed pursuant to chapter 40A, must be fully utilized in preparing the local water management plan. Duplication of the existing plans is not required.

Sec. 29. Minnesota Statutes 2010, section 103B.3363, is amended by adding a subdivision to

read:

Subd. 6. **Comprehensive watershed management plan.** "Comprehensive watershed management plan" means a plan to manage the water and related natural resources of a watershed that consists of the plans listed in subdivision 3 or a separate plan that has been approved as a substitute by the board and adopted by local units of government for the same or additional purposes. The comprehensive watershed management plan shall be consistent with the goals of section 103A.212 and may address the goals in sections 103A.201 to 103A.211, and chapter 114D.

Sec. 30. **[103B.3367] WATER PLAN EXTENSIONS.**

The board may grant extensions with or without conditions of the revision date of a comprehensive local water management plan or a comprehensive watershed management plan.

Sec. 31. Minnesota Statutes 2010, section 103B.3369, is amended to read:

103B.3369 LOCAL WATER RESOURCES RESTORATION, PROTECTION, AND MANAGEMENT PROGRAM.

Subdivision 1. **Assistance priorities.** State agencies may give priority to local government unit requests that are part of or responsive to a comprehensive plan, local water management plan, watershed management plan, or comprehensive watershed management plan, developed or amended, approved and adopted, according to chapter 103B, 103C, 103D, or 114D, when administering programs for water-related financial and technical assistance.

Subd. 2. **Establishment.** A local water resources restoration, protection, and management program is established. The board may provide financial assistance to local units of government for activities that restore, protect, or manage water and related land quality. The activities include planning, zoning, official controls, best management practices, capital projects, and other activities to implement a comprehensive plan, local water management plans plan, or watershed management plan, developed or amended, adopted and approved, according to chapter 103B, 103C, or 103D.

Subd. 4. **Contracts.** A local unit of government may contract to implement programs. An explanation of the program responsibilities proposed to be contracted must accompany grant requests. A local unit of government that contracts is responsible for ensuring that state funds are properly expended and for providing an annual report to the board describing expenditures of funds and program accomplishments.

Subd. 5. **Financial assistance.** A base grant may be awarded to a county that provides a match utilizing a water implementation tax or other local source. A water implementation tax that a county intends to use as a match to the base grant must be levied at a rate determined by the board. ~~The minimum amount of the water implementation tax shall be a tax rate times the adjusted net tax capacity of the county for the preceding year. The rate shall be the rate, rounded to the nearest .001 of a percent, that, when applied to the adjusted net tax capacity for all counties, raises the amount of \$1,500,000. The base grant will be in an amount equal to \$37,500 less the amount raised by the local match. If the amount necessary to implement the local water plan for the county is less than \$37,500, the amount of the base grant shall be the amount that, when added to the match amount, equals the amount required to implement the plan. For counties where the tax rate generates an amount equal to or greater than \$18,750, the base grant shall be in an amount equal to \$18,750.~~ The board may award performance-based grants to local units of government that are responsible

for implementing elements of applicable portions of watershed management plans, comprehensive plans, local water management plans, or comprehensive watershed management plans, developed or amended, adopted and approved, according to chapter 103B, 103C, or 103D. Upon request by a local government unit, the board may also award performance-based grants to local units of government to carry out TMDL implementation plans as provided in chapter 114D, if the TMDL implementation plan has been incorporated into the local water management plan according to the procedures for approving comprehensive plans, watershed management plans, local water management plans, or comprehensive watershed management plans under chapter 103B, 103C, or 103D, or if the TMDL implementation plan has undergone a public review process. Notwithstanding section 16A.41, the board may award performance-based grants on an advanced basis.

Subd. 6. **Limitations Conditions.** (a) Grants provided to implement programs under this section must be reviewed by the state agency having statutory program authority to assure compliance with minimum state standards. At the request of the state agency commissioner, the board shall revoke the portion of a grant used to support a program not in compliance.

(b) Grants may be provided to develop or revise, amend, or implement, local water management plans may not be awarded for a time longer than two years, comprehensive plans, watershed management plans, or comprehensive watershed management plans, approved and adopted, according to chapter 103B, 103C, 103D, or 114D.

(c) A local unit of government may not request or be awarded grants for project implementation unless a comprehensive plan, local water management water plan has been adopted, watershed management plan, or comprehensive watershed management plan has been developed or amended, adopted and approved, according to chapter 103B, 103C, or 103D.

Subd. 7. **Performance criteria.** The board shall develop and utilize performance-based criteria for local water resources restoration, protection, and management programs and projects. The criteria may include, but are not limited to, science-based assessments, organizational capacity, priority resource issues, community outreach and support, partnership potential, potential for multiple benefits, and program and project delivery efficiency and effectiveness.

Sec. 32. Minnesota Statutes 2010, section 103B.355, is amended to read:

103B.355 APPLICATION.

Sections 103B.301 to 103B.335 and 103B.341 to 103B.355 do not apply in areas subject to the requirements of sections 103B.201 to 103B.255 under section 103B.231, subdivision 1, and in areas covered by an agreement under section 103B.231, subdivision 2, except as otherwise provided in section 103B.311, subdivision 4, clause (4).

Sec. 33. Minnesota Statutes 2011 Supplement, section 103G.222, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) Wetlands must not be drained or filled, wholly or partially, unless replaced by restoring or creating wetland areas of at least equal public value under a replacement plan approved as provided in section 103G.2242, a replacement plan under a local governmental unit's comprehensive wetland protection and management plan approved by the board under section 103G.2243, or, if a permit to mine is required under section 93.481, under a mining reclamation plan approved by the commissioner under the permit to mine. For

project-specific wetland replacement completed prior to wetland impacts authorized or conducted under a permit to mine within the Great Lakes and Rainy River watershed basins, those basins shall be considered a single watershed for purposes of determining wetland replacement ratios. Mining reclamation plans shall apply the same principles and standards for replacing wetlands by restoration or creation of wetland areas that are applicable to mitigation plans approved as provided in section 103G.2242. Public value must be determined in accordance with section 103B.3355 or a comprehensive wetland protection and management plan established under section 103G.2243. Sections 103G.221 to 103G.2372 also apply to excavation in permanently and semipermanently flooded areas of types 3, 4, and 5 wetlands.

(b) Replacement must be guided by the following principles in descending order of priority:

- (1) avoiding the direct or indirect impact of the activity that may destroy or diminish the wetland;
- (2) minimizing the impact by limiting the degree or magnitude of the wetland activity and its implementation;
- (3) rectifying the impact by repairing, rehabilitating, or restoring the affected wetland environment;
- (4) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the activity;
- (5) compensating for the impact by restoring a wetland; and
- (6) compensating for the impact by replacing or providing substitute wetland resources or environments.

For a project involving the draining or filling of wetlands in an amount not exceeding 10,000 square feet more than the applicable amount in section 103G.2241, subdivision 9, paragraph (a), the local government unit may make an on-site sequencing determination without a written alternatives analysis from the applicant.

(c) If a wetland is located in a cultivated field, then replacement must be accomplished through restoration only without regard to the priority order in paragraph (b), provided that ~~a deed restriction is placed on the altered wetland prohibiting~~ is not converted to a nonagricultural use for at least ten years.

(d) If a wetland is replaced under paragraph (c), or drained under section 103G.2241, subdivision 2, paragraphs ~~paragraph (b) and or (e),~~ the local government unit may require a deed restriction that prohibits nonagricultural use for at least ten years ~~unless the drained wetland is replaced as provided under this section.~~ The local government unit may require the deed restriction if it determines the wetland area drained is at risk of conversion to a nonagricultural use within ten years based on the zoning classification, proximity to a municipality or full service road, or other criteria as determined by the local government unit.

(e) Restoration and replacement of wetlands must be accomplished in accordance with the ecology of the landscape area affected and ponds that are created primarily to fulfill storm water management, and water quality treatment requirements may not be used to satisfy replacement requirements under this chapter unless the design includes pretreatment of runoff and the pond is functioning as a wetland.

(f) Except as provided in paragraph (g), for a wetland or public waters wetland located on nonagricultural land, replacement must be in the ratio of two acres of replaced wetland for each acre of drained or filled wetland.

(g) For a wetland or public waters wetland located on agricultural land or in a greater than 80 percent area, replacement must be in the ratio of one acre of replaced wetland for each acre of drained or filled wetland.

(h) Wetlands that are restored or created as a result of an approved replacement plan are subject to the provisions of this section for any subsequent drainage or filling.

(i) Except in a greater than 80 percent area, only wetlands that have been restored from previously drained or filled wetlands, wetlands created by excavation in nonwetlands, wetlands created by dikes or dams along public or private drainage ditches, or wetlands created by dikes or dams associated with the restoration of previously drained or filled wetlands may be used in a statewide banking program established in rules adopted under section 103G.2242, subdivision 1. Modification or conversion of nondegraded naturally occurring wetlands from one type to another are not eligible for enrollment in a statewide wetlands bank.

(j) The Technical Evaluation Panel established under section 103G.2242, subdivision 2, shall ensure that sufficient time has occurred for the wetland to develop wetland characteristics of soils, vegetation, and hydrology before recommending that the wetland be deposited in the statewide wetland bank. If the Technical Evaluation Panel has reason to believe that the wetland characteristics may change substantially, the panel shall postpone its recommendation until the wetland has stabilized.

(k) This section and sections 103G.223 to 103G.2242, 103G.2364, and 103G.2365 apply to the state and its departments and agencies.

(l) For projects involving draining or filling of wetlands associated with a new public transportation project, and for projects expanded solely for additional traffic capacity, public transportation authorities may purchase credits from the board at the cost to the board to establish credits. Proceeds from the sale of credits provided under this paragraph are appropriated to the board for the purposes of this paragraph. For the purposes of this paragraph, "transportation project" does not include an airport project.

(m) A replacement plan for wetlands is not required for individual projects that result in the filling or draining of wetlands for the repair, rehabilitation, reconstruction, or replacement of a currently serviceable existing state, city, county, or town public road necessary, as determined by the public transportation authority, to meet state or federal design or safety standards or requirements, excluding new roads or roads expanded solely for additional traffic capacity lanes. This paragraph only applies to authorities for public transportation projects that:

(1) minimize the amount of wetland filling or draining associated with the project and consider mitigating important site-specific wetland functions on site;

(2) except as provided in clause (3), submit project-specific reports to the board, the Technical Evaluation Panel, the commissioner of natural resources, and members of the public requesting a copy at least 30 days prior to construction that indicate the location, amount, and type of wetlands to be filled or drained by the project or, alternatively, convene an annual meeting of the parties required

to receive notice to review projects to be commenced during the upcoming year; and

(3) for minor and emergency maintenance work impacting less than 10,000 square feet, submit project-specific reports, within 30 days of commencing the activity, to the board that indicate the location, amount, and type of wetlands that have been filled or drained.

Those required to receive notice of public transportation projects may appeal minimization, delineation, and on-site mitigation decisions made by the public transportation authority to the board according to the provisions of section 103G.2242, subdivision 9. The Technical Evaluation Panel shall review minimization and delineation decisions made by the public transportation authority and provide recommendations regarding on-site mitigation if requested to do so by the local government unit, a contiguous landowner, or a member of the Technical Evaluation Panel.

Except for state public transportation projects, for which the state Department of Transportation is responsible, the board must replace the wetlands, and wetland areas of public waters if authorized by the commissioner or a delegated authority, drained or filled by public transportation projects on existing roads.

Public transportation authorities at their discretion may deviate from federal and state design standards on existing road projects when practical and reasonable to avoid wetland filling or draining, provided that public safety is not unreasonably compromised. The local road authority and its officers and employees are exempt from liability for any tort claim for injury to persons or property arising from travel on the highway and related to the deviation from the design standards for construction or reconstruction under this paragraph. This paragraph does not preclude an action for damages arising from negligence in construction or maintenance on a highway.

(n) If a landowner seeks approval of a replacement plan after the proposed project has already affected the wetland, the local government unit may require the landowner to replace the affected wetland at a ratio not to exceed twice the replacement ratio otherwise required.

(o) A local government unit may request the board to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. After receipt of satisfactory documentation from the local government, the board shall change the classification of a county or watershed. If requested by the local government unit, the board must assist in developing the documentation. Within 30 days of its action to approve a change of wetland classifications, the board shall publish a notice of the change in the Environmental Quality Board Monitor.

(p) One hundred citizens who reside within the jurisdiction of the local government unit may request the local government unit to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. In support of their petition, the citizens shall provide satisfactory documentation to the local government unit. The local government unit shall consider the petition and forward the request to the board under paragraph (o) or provide a reason why the petition is denied.

Sec. 34. Minnesota Statutes 2010, section 103G.2241, subdivision 1, is amended to read:

Subdivision 1. **Agricultural activities.** A replacement plan for wetlands is not required for:

(1) activities in a wetland that was planted with annually seeded crops, was in a crop rotation seeding of pasture grass or legumes, or was required to be set aside to receive price support or other payments under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior

to January 1, 1991;

(2) activities in a type 1 wetland on agricultural pasture land that remains in the same use, except for bottomland hardwood type 1 wetlands, and activities in a type 2 or type 6 wetland that is less than two acres in size and located on agricultural pasture land that remains in the same use;

(3) activities in a wetland conducted as part of normal farming practices. For purposes of this clause, "normal farming practices" means farming, silvicultural, grazing, and ranching activities such as plowing, seeding, cultivating, and harvesting for the production of feed, food, and fiber products, but does not include activities that result in the draining of wetlands;

(4) soil and water conservation practices approved by the soil and water conservation district, after review by the Technical Evaluation Panel;

(5) aquaculture activities including pond excavation and construction and maintenance of associated access roads and dikes authorized under, and conducted in accordance with, a permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344, but not including construction or expansion of buildings;

(6) wild rice production activities, including necessary diking and other activities authorized under a permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344; or

(7) agricultural activities on agricultural land that is subject to federal farm program restrictions ~~that meet minimum state standards under this chapter and sections 103A.202 and 103B.3355 and that have been approved by the Board of Water and Soil Resources, the commissioners of natural resources and agriculture, and the Pollution Control Agency under United States Code, title 16, section 3821.~~

Sec. 35. Minnesota Statutes 2010, section 103G.2241, subdivision 9, is amended to read:

Subd. 9. **De minimis.** (a) Except as provided in paragraphs ~~(b)~~ (d), (e), (f), (g), and ~~(e)~~ (h), a replacement plan for wetlands is not required for draining or filling the following amounts of wetlands as part of a project outside of the shoreland wetland protection zone:

(1) 10,000 square feet of type 1, 2, 6, or 7 wetland, excluding white cedar and tamarack wetlands, ~~outside of the shoreland wetland protection zone~~ in a greater than 80 percent area;

(2) 5,000 square feet of type 1, 2, 6, or 7 wetland, excluding white cedar and tamarack wetlands, ~~outside of the shoreland wetland protection zone~~ in a 50 to 80 percent area, ~~except within the 11-county metropolitan area~~;

(3) 2,000 square feet of type 1, 2, ~~or~~ 6, or 7 wetland, ~~outside of the shoreland wetland protection zone~~ excluding white cedar and tamarack wetlands, in a less than 50 percent area, ~~except within the 11-county metropolitan area~~; or

(4) ~~100~~ 200 square feet of type 3, 4, 5, or 8 wetland or white cedar and tamarack wetland types ~~not listed in clauses (1) to (3) outside of the building setback zone of the shoreland wetland protection zones in all counties~~;

(b) Except as provided in paragraphs (d), (e), (f), (g), and (h), a replacement plan for wetlands

is not required for draining or filling the following amounts of wetlands as part of a project within the shoreland wetland protection zone beyond the shoreland building setback zone:

~~(5) (1) 400 square feet of type 1, 2, 6, or 7 wetland types listed in clauses (1) to (3), beyond the building setback zone, as defined in the local shoreland management ordinance, but within the shoreland wetland protection zone; or~~

(2) 100 square feet of type 3, 4, 5, or 8 wetland or white cedar and tamarack wetland.

In a greater than 80 percent area, the local government unit may increase the de minimis amount allowed under this paragraph up to 1,000 square feet if the wetland is isolated and is determined to have no direct surficial connection to the public water.

(c) Except as provided in paragraphs (d), (e), (f), (g), and (h), a replacement plan for wetlands is not required for draining or filling up to 100 square feet of wetland as part of a project within the shoreland building setback zone, as defined in the local shoreland management ordinance.

~~To the extent that a local shoreland management ordinance is more restrictive than this provision, the local shoreland ordinance applies;~~

~~(6) up to 20 square feet of wetland, regardless of type or location;~~

~~(7) 2,500 square feet of type 1, 2, 6, or 7 wetland, excluding white cedar and tamarack wetlands, outside of the shoreland wetland protection zone in a 50 to 80 percent area within the 11-county metropolitan area; or~~

~~(8) 1,000 square feet of type 1, 2, or 6 wetland, outside of the shoreland wetland protection zone in a less than 50 percent area within the 11-county metropolitan area.~~

~~For purposes of this paragraph, the 11-county metropolitan area consists of the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.~~

~~(b) (d) The amounts listed in paragraph paragraphs (a), clauses (1) to (8), (b), and (c) may not be combined on a project.~~

~~(e) (e) This exemption no longer applies to a landowner's portion of a wetland when the cumulative area drained or filled of the landowner's portion since January 1, 1992, is the greatest of:~~

~~(1) the applicable area listed in paragraph (a), (b), or (c), if the landowner owns the entire wetland;~~

~~(2) five percent of the landowner's portion of the wetland; or~~

~~(3) 400 square feet.~~

~~(d) (f) This exemption may not be combined with another exemption in this section on a project.~~

~~(e) (g) Property may not be divided to increase the amounts listed in paragraph (a).~~

(h) If a local ordinance or similar local control is more restrictive than this subdivision, the local standard applies.

Sec. 36. Minnesota Statutes 2010, section 103G.2241, subdivision 11, is amended to read:

Subd. 11. **Exemption conditions.** (a) A person conducting an activity in a wetland under an exemption in subdivisions 1 to 10 shall ensure that:

- (1) appropriate erosion control measures are taken to prevent sedimentation of the water;
- (2) the activity does not block fish passage in a watercourse; and

(3) the activity is conducted in compliance with all other applicable federal, state, and local requirements, including best management practices and water resource protection requirements established under chapter 103H. Evidence documenting compliance shall be provided when requested by the local government unit, technical evaluation panel, or enforcement authority.

(b) An activity is exempt if it qualifies for any one of the exemptions, even though it may be indicated as not exempt under another exemption.

(c) Persons proposing to conduct an exempt activity are encouraged to contact the local government unit or the local government unit's designee for advice on minimizing wetland impacts.

(d) The board shall develop rules that address the application and implementation of exemptions and that provide for estimates and reporting of exempt wetland impacts, including those in section 103G.2241, subdivisions 2, 6, and 9.

Sec. 37. Minnesota Statutes 2010, section 103G.2242, subdivision 3, is amended to read:

Subd. 3. **Replacement completion.** Replacement of wetland values must be completed prior to or concurrent with the actual draining or filling of a wetland, ~~or unless~~ an irrevocable bank letter of credit or other security acceptable to the local government unit must be or the board is given to the local government unit or the board to guarantee the successful completion of the replacement. The board may establish, sponsor, or administer a wetland banking program, which may include provisions allowing monetary payment to the wetland bank for impacts to wetlands on agricultural land, for impacts that occur in greater than 80 percent areas, and for public road projects. The board shall coordinate the establishment and operation of a wetland bank with the United States Army Corps of Engineers, the Natural Resources Conservation Service of the United States Department of Agriculture, and the commissioners of natural resources, agriculture, and the Pollution Control Agency.

Sec. 38. [103G.2375] ASSUMPTION OF SECTION 404 OF FEDERAL CLEAN WATER ACT.

Notwithstanding any other law to the contrary, the Board of Water and Soil Resources, in consultation with the commissioners of natural resources, agriculture, and the Pollution Control Agency, may adopt or amend rules establishing a program for regulating the discharge of dredged and fill material into the waters of the state as necessary to obtain approval from the United States Environmental Protection Agency to administer, in whole or part, the permitting and wetland banking programs under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344. The rules may not be more restrictive than the program under section 404 or state law.

Sec. 39. Minnesota Statutes 2010, section 103G.282, subdivision 1, is amended to read:

Subdivision 1. **Monitoring equipment.** The commissioner may require the installation and maintenance of monitoring equipment to evaluate water resource impacts from permitted

appropriations and proposed projects that require a permit. Monitoring for water resources that supply more than one appropriator must be designed to minimize costs to individual appropriators. The commissioner shall not require an individual appropriator to drill additional wells for the purpose of monitoring and evaluating the water resource impacts as a condition of receiving the permit.

Sec. 40. Minnesota Statutes 2010, section 103G.282, subdivision 3, is amended to read:

Subd. 3. **Reports and costs.** (a) Records of water measurements under subdivision 2 must be kept for each installation. The measurements must be reported annually to the commissioner on or before February 15 of the following year in a format or on forms prescribed by the commissioner.

(b) The owner or person in charge of an installation for appropriating or using waters of the state or a proposal that requires a permit is responsible for all costs related to establishing and maintaining monitoring equipment installations and to measuring and reporting data. Monitoring costs for water resources that supply more than one appropriator may be distributed among all users within a monitoring area determined by the commissioner and assessed based on volumes of water appropriated and proximity to resources of concern.

Sec. 41. Minnesota Statutes 2010, section 103H.175, subdivision 3, is amended to read:

Subd. 3. **Report.** ~~In each even-numbered year~~ Every five years, the Pollution Control Agency, in cooperation with other agencies participating in the monitoring of water resources, shall provide a draft report on the status of groundwater monitoring to the Environmental Quality Board for review and then to the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture as part of the report in section 103A.204.

Sec. 42. Minnesota Statutes 2010, section 115.06, subdivision 4, is amended to read:

Subd. 4. **Citizen monitoring of water quality.** (a) The agency may encourage citizen monitoring of ambient water quality for public waters by:

- (1) providing technical assistance to citizen and local group water quality monitoring efforts;
- (2) integrating citizen monitoring data into water quality assessments and agency programs, provided that the data adheres to agency quality assurance and quality control protocols; and
- (3) seeking public and private funds to:
 - (i) collaboratively develop clear guidelines for water quality monitoring procedures and data management practices for specific data and information uses;
 - (ii) distribute the guidelines to citizens, local governments, and other interested parties;
 - (iii) improve and expand water quality monitoring activities carried out by the agency; and
 - (iv) continue to improve electronic and Web access to water quality data and information about public waters that have been either fully or partially assessed.

(b) This subdivision does not authorize a citizen to enter onto private property for any purpose.

(c) ~~By January 15 of each odd-numbered year, 2017, and every fourth year thereafter,~~ the commissioner shall report to the senate and house of representatives committees with jurisdiction

over environmental policy and finance on activities under this section.

Sec. 43. Minnesota Statutes 2010, section 115.42, is amended to read:

115.42 POLICY; LONG-RANGE PLAN; PURPOSE.

It is the policy of the state to provide for the prevention, control, and abatement of pollution of all waters of the state, so far as feasible and practical, in furtherance of conservation of such waters and protection of the public health and in furtherance of the development of the economic welfare of the state. The agency shall prepare a long-range plan and program for the effectuation of said policy, ~~and shall make a report of progress thereon to the legislature by November 15 of each even-numbered year, with recommendations for action in furtherance of such program during the ensuing biennium.~~ It is the purpose of sections 115.41 to 115.53 to safeguard the waters of the state from pollution by: (a) preventing any new pollution; and (b) abating pollution existing when sections 115.41 to 115.53 become effective, under a program consistent with the declaration of policy above stated.

Sec. 44. Minnesota Statutes 2010, section 115.55, subdivision 7, is amended to read:

Subd. 7. **Local standards.** (a) **Existing systems.** Counties may adopt by ordinance local standards that are less restrictive than the agency's rules in order to define an acceptable existing system. The local standards may include soil separation, soil classification, vegetation, system use, localized well placement and construction, localized density of systems and wells, extent of area to be covered by local standards, groundwater flow patterns, and existing natural or artificial drainage systems. The local standards and criteria shall be submitted to the commissioner for comment prior to adoption to demonstrate that, based on local circumstances in that jurisdiction, they adequately protect public health and the environment.

(b) **New or replacement systems.** Counties, after providing documentation of conditions listed in this paragraph to the commissioner, may adopt by ordinance local standards that are less restrictive than the agency's rules for new system construction or replacement in areas of sustained and projected low population density where conditions render conformance to applicable requirements difficult or otherwise inappropriate. Documentation may include a map delineating the area of the county to be served by the local standards, a description of the hardship that would result from strict adherence to the agency's rules, and evidence of sustained and projected low population density. The local standards must protect human health and the environment and be based on considerations that may include, but need not be limited to, soil separation, soil classification, vegetation, system use, localized well placement and construction, localized density of systems and wells, extent of area to be covered by local standards, groundwater flow patterns, and existing natural or artificial drainage systems. The local standards must provide cost-effective and long-term treatment alternatives. The draft ordinance incorporating the local standards must be submitted with justification to the commissioner 30 days before adoption for review and comment.

(c) **New or replacement systems; local ordinances.** A local unit of government may adopt and enforce ordinances or rules affecting new or replacement subsurface sewage treatment systems that are more restrictive than the agency's rules. A local unit of government may not adopt or enforce an ordinance or rule if its effect is to prevent or delay recording with the county recorder or registrar of titles of a deed or other instrument that is otherwise entitled to be recorded.

(d) **Local standards; conflict with state law.** Local standards adopted under paragraph (a) or (b) must not conflict with any requirements under other state laws or rules or local ordinances,

including, but not limited to, requirements for:

- (1) systems in shoreland areas, regulated under sections 103F.201 to 103F.221;
- (2) well construction and location, regulated under chapter 103I; and
- (3) systems used in connection with food, beverage, and lodging establishments, regulated under chapter 157.

Alternative local standards for new or replacement residential systems with flow of 2,500 gallons per day or less may be applied to systems listed in clause (1), provided the alternative standards are no less stringent than provisions of Minnesota Rules, chapter 7080, that went into effect on April 3, 2006. In addition, alternative local standards for new or replacement systems with flow of 2,500 gallons per day or less may be applied to systems listed in clause (3), provided the alternative standards are no less stringent than provisions of Minnesota Rules, chapter 7080, that went into effect on April 3, 2006, except that the waste strength must meet the standards established in Minnesota Rules, part 7080.2150, subpart 3, item K. If additional treatment of waste is needed to meet this standard, the treatment must be in accordance with Minnesota Rules, part 7080.2150, subpart 3, item A. The local standards must include references to applicable requirements under other state laws or rules or local ordinances. Nothing in this paragraph prevents a local subsurface sewage treatment system ordinance from including provisions of the current rule as part of the alternative local standards.

Sec. 45. Minnesota Statutes 2011 Supplement, section 115A.1320, subdivision 1, is amended to read:

Subdivision 1. **Duties of the agency.** (a) The agency shall administer sections 115A.1310 to 115A.1330.

(b) The agency shall establish procedures for:

(1) receipt and maintenance of the registration statements and certifications filed with the agency under section 115A.1312; and

(2) making the statements and certifications easily available to manufacturers, retailers, and members of the public.

(c) The agency shall annually review the value of the following variables that are part of the formula used to calculate a manufacturer's annual registration fee under section 115A.1314, subdivision 1:

(1) the proportion of sales of video display devices sold to households that manufacturers are required to recycle;

(2) the estimated per-pound price of recycling covered electronic devices sold to households;

(3) the base registration fee; and

(4) the multiplier established for the weight of covered electronic devices collected in section 115A.1314, subdivision 1, paragraph (d). If the agency determines that any of these values must be changed in order to improve the efficiency or effectiveness of the activities regulated under sections 115A.1312 to 115A.1330, the agency shall submit recommended changes and the reasons for them

to the chairs of the senate and house of representatives committees with jurisdiction over solid waste policy.

(d) By January 15 each year, beginning in 2008, the agency shall calculate estimated sales of video display devices sold to households by each manufacturer during the preceding program year, based on national sales data, and forward the estimates to the department.

(e) ~~On or before December 1, 2010, and each year thereafter,~~ The agency shall provide a report to the governor and the legislature on the implementation of sections 115A.1310 to 115A.1330. For each program year, the report must discuss the total weight of covered electronic devices recycled and a summary of information in the reports submitted by manufacturers and recyclers under section 115A.1316. The report must also discuss the various collection programs used by manufacturers to collect covered electronic devices; information regarding covered electronic devices that are being collected by persons other than registered manufacturers, collectors, and recyclers; and information about covered electronic devices, if any, being disposed of in landfills in this state. The report must include a description of enforcement actions under sections 115A.1310 to 115A.1330. The agency may include in its report other information received by the agency regarding the implementation of sections 115A.1312 to 115A.1330. The report must be done in conjunction with the report required under section 115D.10.

(f) The agency shall promote public participation in the activities regulated under sections 115A.1312 to 115A.1330 through public education and outreach efforts.

(g) The agency shall enforce sections 115A.1310 to 115A.1330 in the manner provided by sections 115.071, subdivisions 1, 3, 4, 5, and 6; and 116.072, except for those provisions enforced by the department, as provided in subdivision 2. The agency may revoke a registration of a collector or recycler found to have violated sections 115A.1310 to 115A.1330.

(h) The agency shall facilitate communication between counties, collection and recycling centers, and manufacturers to ensure that manufacturers are aware of video display devices available for recycling.

(i) The agency shall develop a form retailers must use to report information to manufacturers under section 115A.1318 and post it on the agency's Web site.

(j) The agency shall post on its Web site the contact information provided by each manufacturer under section 115A.1318, paragraph (e).

Sec. 46. Minnesota Statutes 2010, section 115A.15, subdivision 5, is amended to read:

Subd. 5. **Reports.** ~~(a)~~ By January 1 of each odd-numbered year, the commissioner of administration shall submit a report to the governor and to the senate and house of representatives committees having jurisdiction over environment and natural resources and environment and natural resources finance summarizing past activities and proposed goals of the program for the following biennium. The report shall include at least:

- (1) a summary list of product and commodity purchases that contain recycled materials;
- (2) the results of any performance tests conducted on recycled products and agencies' experience with recycled products used;

- (3) a list of all organizations participating in and using the cooperative purchasing program; and
- (4) a list of products and commodities purchased for their recyclability and of recycled products reviewed for purchase.

~~(b) By July 1 of each even-numbered year, the commissioner of the Pollution Control Agency and the commissioner of commerce through the State Energy Office shall submit recommendations to the commissioner regarding the operation of the program.~~

Sec. 47. Minnesota Statutes 2010, section 115A.411, is amended to read:

115A.411 SOLID WASTE MANAGEMENT POLICY; CONSOLIDATED REPORT.

Subdivision 1. **Authority; purpose.** The commissioner shall prepare and adopt a report on solid waste management policy and activities under this chapter. The report must be submitted by the commissioner to the senate and house of representatives committees having jurisdiction over environment and natural resources and ~~environment and natural resources finance~~ by December 1 of each ~~odd-numbered year~~ 31, 2015, and every four years thereafter and shall include reports required under sections ~~115A.55, subdivision 4, paragraph (b); 115A.551, subdivision 4; 115A.557, subdivision 4; 473.149, subdivision 6; 473.846; and 473.848, subdivision 4.~~

Subd. 2. **Contents.** (a) The report ~~must~~ may also include:

- (1) a summary of the current status of solid waste management, including the amount of solid waste generated and reduced, the manner in which it is collected, processed, and disposed, the extent of separation, recycling, reuse, and recovery of solid waste, and the facilities available or under development to manage the waste;

- (2) an evaluation of the extent and effectiveness of implementation ~~and~~ of section 115A.02, including an assessment of progress in accomplishing state policies, goals, and objectives, including those listed in paragraph (b);

- (3) identification of issues requiring further research, study, and action, the appropriate scope of the research, study, or action, the state agency or political subdivision that should implement the research, study, or action, and a schedule for completion of the activity; and

- (4) recommendations for establishing or modifying state solid waste management policies, authorities, responsibilities, and programs.

(b) Beginning in 1997, and every sixth year thereafter, the report shall be expanded to include the metropolitan area solid waste policy plan required in section 473.149, subdivision 1, and strategies for the agency to advance the goals of this chapter, to manage waste as a resource, to further reduce the need for expenditures on resource recovery and disposal facilities, and to further reduce long-term environmental and financial liabilities. The expanded report must include strategies for:

- (1) achieving the maximum feasible reduction in waste generation;

- (2) encouraging manufacturers to design products that eliminate or reduce the adverse environmental impacts of resource extraction, manufacturing, use, and waste processing and disposal;

(3) educating businesses, public entities, and other consumers about the need to consider the potential environmental and financial impacts of purchasing products that may create a liability or that may be expensive to recycle or manage as waste, due to the presence of toxic or hazardous components;

(4) eliminating or reducing toxic or hazardous components in compost from municipal solid waste composting facilities, in ash from municipal solid waste incinerators, and in leachate and air emissions from municipal solid waste landfills, in order to reduce the potential liability of waste generators, facility owners and operators, and taxpayers;

(5) encouraging the source separation of materials to the extent practicable, so that the materials are most appropriately managed and to ensure that resources that can be reused or recycled are not disposed of or destroyed; and

(6) maximizing the efficiency of the waste management system by managing waste and recyclables close to the point of generation, taking into account the characteristics of the resources to be recovered from the waste and the type and capacity of local facilities.

Sec. 48. Minnesota Statutes 2010, section 115A.551, subdivision 2a, is amended to read:

Subd. 2a. **Supplementary recycling goals.** ~~(a)~~ By December 31, 1996, each county will have as a goal to recycle the following amounts:

(1) for a county outside of the metropolitan area, 35 percent by weight of total solid waste generation;

(2) for a metropolitan county, 50 percent by weight of total solid waste generation.

Each county will develop and implement or require political subdivisions within the county to develop and implement programs, practices, or methods designed to meet its recycling goal. Nothing in this section or in any other law may be construed to prohibit a county from establishing a higher recycling goal.

~~(b) For a county that, by January 1, 1995, is implementing a solid waste reduction program that is approved by the commissioner, the commissioner shall apply up to three percentage points toward achievement of the recycling goals in this subdivision. In addition, the commissioner shall apply demonstrated waste reduction that exceeds three percent reduction toward achievement of the goals in this subdivision.~~

~~(c) No more than five percentage points may be applied toward achievement of the recycling goals in this subdivision for management of yard waste. The five percentage points must be applied as provided in this paragraph. The commissioner shall apply three percentage points for a county in which residents, by January 1, 1996, are provided with:~~

~~(1) an ongoing comprehensive education program under which they are informed about how to manage yard waste and are notified of the prohibition in section 115A.931; and~~

~~(2) the opportunity to drop off yard waste at specified sites or participate in curbside yard waste collection.~~

~~The commissioner shall apply up to an additional two percentage points toward achievement of the recycling goals in this subdivision for additional activities approved by the commissioner that are~~

~~likely to reduce the amount of yard waste generated and to increase the on-site composting of yard waste.~~

Sec. 49. Minnesota Statutes 2010, section 115A.551, subdivision 4, is amended to read:

Subd. 4. **Interim monitoring.** The commissioner shall monitor the progress of each county toward meeting the recycling goals in subdivisions 2 and 2a. The commissioner shall report to the senate and house of representatives committees having jurisdiction over environment and natural resources ~~and environment and natural resources finance on the progress of the counties by July 1 of each odd-numbered year~~ as part of the report required under section 115A.411. If the commissioner finds that a county is not progressing toward the goals in subdivisions 2 and 2a, the commissioner shall negotiate with the county to develop and implement solid waste management techniques designed to assist the county in meeting the goals, such as organized collection, curbside collection of source-separated materials, and volume-based pricing.

~~The progress report shall be included in the report required under section 115A.411.~~

Sec. 50. Minnesota Statutes 2010, section 115A.557, subdivision 4, is amended to read:

Subd. 4. **Report.** ~~By July 1 of each odd-numbered year,~~ The commissioner shall report on how the money was spent and the resulting statewide improvements in solid waste management to the senate and house of representatives committees having jurisdiction over ways and means, finance, environment and natural resources, and environment and natural resources finance. The report shall be included in the report required under section 115A.411.

Sec. 51. Minnesota Statutes 2010, section 115D.08, is amended to read:

115D.08 PROGRESS REPORTS.

Subdivision 1. **Requirement to submit progress report.** (a) All persons required to prepare a toxic pollution prevention plan under section 115D.07 shall submit an annual progress report to the commissioner of public safety that may be drafted in a manner that does not disclose proprietary information. Progress reports are due on ~~October~~ July 1 of each year. The first progress reports are due in 1992.

(b) At a minimum, each progress report must include:

(1) a summary of each objective established in the plan, including the base year for any objective stated in numeric terms, and the schedule for meeting each objective;

(2) a summary of progress made during the past year, if any, toward meeting each objective established in the plan including the quantity of each toxic pollutant eliminated or reduced;

(3) a statement of the methods through which elimination or reduction has been achieved;

(4) if necessary, an explanation of the reasons objectives were not achieved during the previous year, including identification of any technological, economic, or other impediments the facility faced in its efforts to achieve its objectives; and

(5) a certification, signed and dated by the facility manager and an officer of the company under penalty of section 609.63, attesting that a plan meeting the requirements of section 115D.07 has been prepared and also attesting to the accuracy of the information in the progress report.

Subd. 2. **Review of progress reports.** (a) The commissioner of public safety shall review all progress reports to determine if they meet the requirements of subdivision 1. If the commissioner of public safety determines that a progress report does not meet the requirements, the commissioner of public safety shall notify the facility in writing and shall identify specific deficiencies and specify a reasonable time period of not less than 90 days for the facility to modify the progress report.

(b) The commissioner of public safety shall be given access to a facility plan required under section 115D.07 if the commissioner of public safety determines that the progress report for that facility does not meet the requirements of subdivision 1. Twenty-five or more persons living within ten miles of the facility may submit a petition to the commissioner of public safety that identifies specific deficiencies in the progress report and requests the commissioner of public safety to review the facility plan. Within 30 days after receipt of the petition, the commissioner of public safety shall respond in writing. If the commissioner of public safety agrees that the progress report does not meet requirements of subdivision 1, the commissioner of public safety shall be given access to the facility plan.

(c) After reviewing the plan and the progress report with any modifications submitted, the commissioner of public safety shall state in writing whether the progress report meets the requirements of subdivision 1. If the commissioner of public safety determines that a modified progress report still does not meet the requirements of subdivision 1, the commissioner of public safety shall schedule a public meeting. The meeting shall be held in the county where the facility is located. The meeting is not subject to the requirements of chapter 14.

(d) The facility shall be given the opportunity to amend the progress report within a period of not less than 30 days after the public meeting.

(e) If the commissioner of public safety determines that a modified progress report still does not meet the requirements of subdivision 1, action may be taken under section 115.071 to obtain compliance with sections 115D.01 to 115D.12.

Sec. 52. Minnesota Statutes 2010, section 116.011, is amended to read:

116.011 ~~ANNUAL~~ POLLUTION REPORT.

A goal of the Pollution Control Agency is to reduce the amount of pollution that is emitted in the state. By April 1 of each even-numbered year, the Pollution Control Agency shall report the best estimate of the agency of the total volume of water and air pollution that was emitted in the state in the previous two calendar ~~year~~ years for which data are available. The agency shall report its findings for both water and air pollution:

(1) in gross amounts, including the percentage increase or decrease over the ~~previous~~ previously reported two calendar ~~year~~ years; and

(2) in a manner which will demonstrate the magnitude of the various sources of water and air pollution.

Sec. 53. Minnesota Statutes 2010, section 116.06, subdivision 22, is amended to read:

Subd. 22. **Solid waste.** "Solid waste" means garbage, refuse, sludge from a water supply treatment plant or air contaminant treatment facility, and other discarded waste materials and sludges, in solid, semisolid, liquid, or contained gaseous form, resulting from industrial,

commercial, mining, and agricultural operations, and from community activities, but does not include hazardous waste; animal waste used as fertilizer; earthen fill, boulders, rock; concrete diamond grinding and saw slurry associated with the construction, improvement, or repair of a road when deposited on the road project site in a manner that is in compliance with best management practices and rules of the agency; sewage sludge; solid or dissolved material in domestic sewage or other common pollutants in water resources, such as silt, dissolved or suspended solids in industrial wastewater effluents or discharges which are point sources subject to permits under section 402 of the Federal Water Pollution Control Act, as amended, dissolved materials in irrigation return flows; or source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended.

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

Sec. 54. Minnesota Statutes 2010, section 116.0714, is amended to read:

116.0714 NEW OPEN AIR SWINE BASINS.

The commissioner of the Pollution Control Agency or a county board shall not approve any permits for the construction of new open air swine basins, except that existing facilities may use one basin of less than 1,000,000 gallons as part of a permitted waste treatment program for resolving pollution problems or to allow conversion of an existing basin of less than 1,000,000 gallons to a different animal type, provided all standards are met. This section expires June 30, ~~2012~~ 2017.

Sec. 55. Minnesota Statutes 2010, section 116.10, is amended to read:

116.10 POLICY; LONG-RANGE PLAN; PURPOSE.

Consistent with the policy announced herein and the purposes of Laws 1963, chapter 874, the Pollution Control Agency shall, ~~before November 15 of each even-numbered year,~~ prepare a long-range plan and program for the effectuation of said policy, ~~and shall make a report also of progress on abatement and control of air and land pollution during each biennium to the legislature with recommendations for action in furtherance of the air and land pollution and waste programs.~~

Sec. 56. Minnesota Statutes 2010, section 116C.833, subdivision 2, is amended to read:

Subd. 2. **Biennial-Quadrennial report.** In addition to other duties specified in sections 116C.833 to 116C.843, the commissioner shall report by January 31, ~~1997~~ 2013, and ~~biennially every four years~~ thereafter, to the governor and the legislature concerning the activities of the Interstate Commission. The report shall include any recommendations the commissioner deems necessary to assure the protection of the interest of the state in the proper functioning of the compact. The commissioner also shall report to the governor and the legislature any time there is a change in the status of a host state or other party states in the compact.

Sec. 57. Minnesota Statutes 2011 Supplement, section 116D.04, subdivision 2a, is amended to read:

Subd. 2a. **When prepared.** Where there is potential for significant environmental effects resulting from any major governmental action, the action shall be preceded by a detailed environmental impact statement prepared by the responsible governmental unit. The environmental impact statement shall be an analytical rather than an encyclopedic document which describes the proposed action in detail, analyzes its significant environmental impacts, discusses appropriate

alternatives to the proposed action and their impacts, and explores methods by which adverse environmental impacts of an action could be mitigated. The environmental impact statement shall also analyze those economic, employment and sociological effects that cannot be avoided should the action be implemented. To ensure its use in the decision-making process, the environmental impact statement shall be prepared as early as practical in the formulation of an action. No mandatory environmental impact statement may be required for an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b), that produces less than 125,000,000 gallons of ethanol annually and is located outside of the seven-county metropolitan area.

(a) The board shall by rule establish categories of actions for which environmental impact statements and for which environmental assessment worksheets shall be prepared as well as categories of actions for which no environmental review is required under this section. A mandatory environmental assessment worksheet shall not be required for the expansion of an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b), or the conversion of an ethanol plant to a biobutanol facility or the expansion of a biobutanol facility as defined in section 41A.105, subdivision 1a, based on the capacity of the expanded or converted facility to produce alcohol fuel, but must be required if the ethanol plant or biobutanol facility meets or exceeds thresholds of other categories of actions for which environmental assessment worksheets must be prepared. The responsible governmental unit for an ethanol plant or biobutanol facility project for which an environmental assessment worksheet is prepared shall be the state agency with the greatest responsibility for supervising or approving the project as a whole.

(b) The responsible governmental unit shall promptly publish notice of the completion of an environmental assessment worksheet in a manner to be determined by the board and shall provide copies of the environmental assessment worksheet to the board and its member agencies. Comments on the need for an environmental impact statement may be submitted to the responsible governmental unit during a 30-day period following publication of the notice that an environmental assessment worksheet has been completed. The responsible governmental unit's decision on the need for an environmental impact statement shall be based on the environmental assessment worksheet and the comments received during the comment period, and shall be made within 15 days after the close of the comment period. The board's chair may extend the 15-day period by not more than 15 additional days upon the request of the responsible governmental unit.

(c) An environmental assessment worksheet shall also be prepared for a proposed action whenever material evidence accompanying a petition by not less than 100 individuals who reside or own property in the state, submitted before the proposed project has received final approval by the appropriate governmental units, demonstrates that, because of the nature or location of a proposed action, there may be potential for significant environmental effects. Petitions requesting the preparation of an environmental assessment worksheet shall be submitted to the board. The chair of the board shall determine the appropriate responsible governmental unit and forward the petition to it. A decision on the need for an environmental assessment worksheet shall be made by the responsible governmental unit within 15 days after the petition is received by the responsible governmental unit. The board's chair may extend the 15-day period by not more than 15 additional days upon request of the responsible governmental unit.

(d) Except in an environmentally sensitive location where Minnesota Rules, part 4410.4300, subpart 29, item B, applies, the proposed action is exempt from environmental review under this chapter and rules of the board, if:

(1) the proposed action is:

(i) an animal feedlot facility with a capacity of less than 1,000 animal units; or

(ii) an expansion of an existing animal feedlot facility with a total cumulative capacity of less than 1,000 animal units;

(2) the application for the animal feedlot facility includes a written commitment by the proposer to design, construct, and operate the facility in full compliance with Pollution Control Agency feedlot rules; and

(3) the county board holds a public meeting for citizen input at least ten business days prior to the Pollution Control Agency or county issuing a feedlot permit for the animal feedlot facility unless another public meeting for citizen input has been held with regard to the feedlot facility to be permitted. The exemption in this paragraph is in addition to other exemptions provided under other law and rules of the board.

(e) The board may, prior to final approval of a proposed project, require preparation of an environmental assessment worksheet by a responsible governmental unit selected by the board for any action where environmental review under this section has not been specifically provided for by rule or otherwise initiated.

(f) An early and open process shall be utilized to limit the scope of the environmental impact statement to a discussion of those impacts, which, because of the nature or location of the project, have the potential for significant environmental effects. The same process shall be utilized to determine the form, content and level of detail of the statement as well as the alternatives which are appropriate for consideration in the statement. In addition, the permits which will be required for the proposed action shall be identified during the scoping process. Further, the process shall identify those permits for which information will be developed concurrently with the environmental impact statement. The board shall provide in its rules for the expeditious completion of the scoping process. The determinations reached in the process shall be incorporated into the order requiring the preparation of an environmental impact statement.

(g) The responsible governmental unit shall, to the extent practicable, avoid duplication and ensure coordination between state and federal environmental review and between environmental review and environmental permitting. Whenever practical, information needed by a governmental unit for making final decisions on permits or other actions required for a proposed project shall be developed in conjunction with the preparation of an environmental impact statement.

(h) An environmental impact statement shall be prepared and its adequacy determined within 280 days after notice of its preparation unless the time is extended by consent of the parties or by the governor for good cause. The responsible governmental unit shall determine the adequacy of an environmental impact statement, unless within 60 days after notice is published that an environmental impact statement will be prepared, the board chooses to determine the adequacy of an environmental impact statement. If an environmental impact statement is found to be inadequate, the responsible governmental unit shall have 60 days to prepare an adequate environmental impact statement.

(i) The proposer of a specific action may include in the information submitted to the responsible governmental unit a preliminary draft environmental impact statement under this section on

that action for review, modification, and determination of completeness and adequacy by the responsible governmental unit. A preliminary draft environmental impact statement prepared by the project proposer and submitted to the responsible governmental unit shall identify or include as an appendix all studies and other sources of information used to substantiate the analysis contained in the preliminary draft environmental impact statement. The responsible governmental unit shall require additional studies, if needed, and obtain from the project proposer all additional studies and information necessary for the responsible governmental unit to perform its responsibility to review, modify, and determine the completeness and adequacy of the environmental impact statement.

Sec. 58. Minnesota Statutes 2010, section 216C.055, is amended to read:

216C.055 KEY ROLE OF SOLAR AND BIOMASS RESOURCES IN PRODUCING THERMAL ENERGY.

The ~~annual~~ biennial legislative proposals required to be submitted by the commissioners of commerce and the Pollution Control Agency under section 216H.07, subdivision 4 3, must include proposals regarding the use of solar energy and the combustion of grasses, agricultural wastes, trees, and other vegetation to produce thermal energy for heating commercial, industrial, and residential buildings and for industrial processes if the commissioners determine that such policies are appropriate to achieve the state's greenhouse gas emissions-reduction goals. No legal claim against any person is allowed under this section. This section does not apply to the combustion of municipal solid waste or refuse-derived fuel to produce thermal energy. For purposes of this section, removal of woody biomass from publicly owned forests must be consistent with the principles of sustainable forest management.

Sec. 59. Minnesota Statutes 2010, section 216H.07, subdivision 3, is amended to read:

Subd. 3. **Biennial reduction progress report.** (a) By January 15 of each odd-numbered year, the commissioners of commerce and the Pollution Control Agency shall jointly report to the chairs and ranking minority members of the legislative committees with primary policy jurisdiction over energy and environmental issues to provide:

(1) the most recent and best available evidence identifying the level of reductions already achieved and the level necessary to achieve the reductions timetable in section 216H.02-; and

(2) proposed legislation the commissioners determine appropriate to achieve the reductions in section 216H.02. The proposed legislation must be based on the principles in subdivision 5. If the commissioners determine no legislation is appropriate, they shall report that determination to the chairs along with an explanation of the determination.

(b) The report must be in easily understood nontechnical terms.

Sec. 60. [383B.76] DISCONTINUANCE OF HENNEPIN CONSERVATION DISTRICT; TRANSFER OF DUTIES.

(a) Notwithstanding section 103C.225, the Hennepin Conservation District is discontinued and the duties and authorities of the district under chapter 103C and other statutory responsibilities are transferred to the Hennepin County Board of Commissioners operating through the Hennepin County Department of Environmental Services or other organizational unit as assigned by the county board.

(b) Upon the discontinuance of the Hennepin Conservation District, the Hennepin County Board of Commissioners operating through the Hennepin County Department of Environmental Services or other organizational unit as assigned by the county board retains the eligibility of the Hennepin Conservation District for state grant funds.

(c) Upon the effective date of the discontinuance of the Hennepin Conservation District, all contracts entered into, to which the district or district board was a party, remain in force and effect for the period provided in the contracts. The Hennepin County Board of Commissioners operating through the Hennepin County Department of Environmental Services or its successors shall be substituted for the district or district board as party to the contracts and succeed to the district's rights and duties. Any assets of the district on the date of the discontinuance of the district are transferred to the Hennepin County Board of Commissioners for the purpose of implementing the transferred duties and responsibilities.

(d) If the Board of Water and Soil Resources finds that the Hennepin County Board of Commissioners operating through the Hennepin County Department of Environmental Services or its successors is not sufficiently carrying out the duties and responsibilities of a soil and water conservation district under chapter 103C, the Board of Water and Soil Resources may, in order:

(1) reduce, withhold, or redirect grants and other funding if deficiencies have not been corrected as prescribed in a notice from the Board of Water and Soil Resources within one year from the date of the notice; and

(2) seek to reestablish the Hennepin Conservation District by legislative action.

EFFECTIVE DATE. This section is effective the day after the governing body of Hennepin County and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 61. Minnesota Statutes 2010, section 473.149, subdivision 6, is amended to read:

Subd. 6. **Report to legislature.** The commissioner shall report on abatement to the senate and house of representatives committees having jurisdiction over ways and means, finance, environment and natural resources ~~committees of the senate and house of representatives, the Finance Division of the senate Committee on Environment and Natural Resources, and the house of representatives Committee on Environment and Natural Resources Finance~~ by July 1 of each odd-numbered year policy, and environment and natural resources finance. The report must include an assessment of whether the objectives of the metropolitan abatement plan have been met and whether each county and each class of city within each county have achieved the objectives set for it in the plan. The report must recommend any legislation that may be required to implement the plan. The report shall be included in the report required by section 115A.411. If in any year the commissioner reports that the objectives of the abatement plan have not been met, the commissioner shall evaluate and report on the need to reassign governmental responsibilities among cities, counties, and metropolitan agencies to assure implementation and achievement of the metropolitan and local abatement plans and objectives.

The report must include a report on the operating, capital, and debt service costs of solid waste facilities in the metropolitan area; changes in the costs; the methods used to pay the costs; and the resultant allocation of costs among users of the facilities and the general public. The facility costs report must present the cost and financing analysis in the aggregate and broken down by county and

by major facility.

Sec. 62. Minnesota Statutes 2010, section 473.846, is amended to read:

473.846 ~~REPORT~~ REPORTS TO LEGISLATURE.

The agency shall submit to the senate ~~Finance Committee, the~~ and house of representatives ~~Ways and Means Committee, and the Environment and Natural Resources Committees of the senate and house of representatives, the Finance Division of the senate Committee on Environment and Natural Resources, and the house of representatives Committee on~~ committees having jurisdiction over environment and natural resources ~~finance~~ separate reports describing the activities for which money for landfill abatement has been spent under sections 473.844 and 473.845. ~~The agency shall report by November 1 of each year on expenditures during its previous fiscal year. The commissioner shall report on expenditures during the previous calendar year and must incorporate its report~~ The report for section 473.844 expenditures shall be included in the report required by section 115A.411, ~~due July 1 of each odd-numbered year.~~ By December 31 each year, the commissioner shall submit the report for section 473.845 on contingency action trust fund activities. In both reports, the commissioner shall make recommendations ~~to the Environment and Natural Resources Committees of the senate and house of representatives, the Finance Division of the senate Committee on Environment and Natural Resources, and the house of representatives Committee on Environment and Natural Resources~~ Finance on the future management and use of the metropolitan landfill abatement account.

Sec. 63. Laws 2007, chapter 57, article 1, section 4, subdivision 2, as amended by Laws 2009, chapter 37, article 1, section 60, is amended to read:

Subd. 2. Land and Mineral Resources Management	11,747,000	11,272,000
Appropriations by Fund		
General	6,633,000	6,230,000
Natural Resources	3,551,000	3,447,000
Game and Fish	1,363,000	1,395,000
Permanent School	200,000	200,000

\$475,000 the first year and \$475,000 the second year are for iron ore cooperative research. Of this amount, \$200,000 each year is from the minerals management account in the natural resources fund and \$275,000 each year is from the general fund. \$237,500 the first year and \$237,500 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind.

\$86,000 the first year and \$86,000 the second year are for minerals cooperative environmental research, of which \$43,000

the first year and \$43,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind.

\$2,800,000 the first year and \$2,696,000 the second year are from the minerals management account in the natural resources fund for use as provided in Minnesota Statutes, section 93.2236, paragraph (c).

\$200,000 the first year and \$200,000 the second year are from the state forest suspense account in the permanent school fund to accelerate land exchanges, land sales, and commercial leasing of school trust lands and to identify, evaluate, and lease construction aggregate located on school trust lands. This appropriation is to be used for securing maximum long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

\$15,000 the first year is for a report by February 1, 2008, to the house and senate committees with jurisdiction over environment and natural resources on proposed minimum legal and conservation standards that could be applied to conservation easements acquired with public money.

\$1,201,000 the first year and \$701,000 the second year are to support the land records management system. Of this amount, \$326,000 the first year and \$326,000 the second year are from the game and fish fund and \$375,000 the first year and \$375,000 the second year are from the natural resources fund. The unexpended balances are available until June 30, 2011. ~~The commissioner must report to the legislative chairs on environmental finance on the outcomes of the land records management support.~~

\$500,000 the first year and \$500,000 the second year are for land asset management. This is a onetime appropriation.

Sec. 64. Laws 2010, chapter 362, section 2, subdivision 7, is amended to read:

Subd. 7. **Renewable Energy** -0- 3,364,000

(a) Algae for Fuels Pilot Project

\$900,000 is from the trust fund to the Board of Regents of the University of Minnesota to demonstrate an innovative microalgae production system utilizing and treating sanitary wastewater to produce biofuels from algae. This appropriation is available until June 30, 2013, by which time the project must be completed and final products delivered.

(b) Sustainable Biofuels

\$221,000 is from the trust fund to the Board of Regents of the University of Minnesota to determine how fertilization and irrigation impact yields of grass monoculture and high diversity prairie biofuel crops, their storage of soil carbon, and susceptibility to invasion by exotic species. This appropriation is available until June 30, 2013, by which time the project must be completed and final products delivered.

(c) Linking Habitat Restoration to Bioenergy and Local Economies

\$600,000 is from the trust fund to the commissioner of natural resources to restore high quality native habitats and expand market opportunities for ~~utilizing postharvest restoration as a~~ using the woody by-product material for bioenergy source or other products. The commissioner may provide grants or otherwise transfer some or all of this money to other public or private entities to accomplish these purposes. The commissioner may sell the material from public or private property to any viable market, provided that all of the proceeds are spent to further the purposes of this appropriation. This appropriation is available until June 30, 2013, by which time the project must be completed and final products

delivered.

**(d) Demonstrating Sustainable Energy Practices
at Residential Environmental Learning Centers
(RELCs)**

\$1,500,000 is from the trust fund to the commissioner of natural resources for agreements as follows: \$206,000 with Audubon Center of the North Woods; \$212,000 with Deep Portage Learning Center; \$350,000 with Eagle Bluff Environmental Learning Center; \$258,000 with Laurentian Environmental Learning Center; \$240,000 with Long Lake Conservation Center; and \$234,000 with Wolf Ridge Environmental Learning Center to implement renewable energy, energy efficiency, and energy conservation practices at the facilities. Efforts will include dissemination of related energy education.

Sec. 65. Laws 2011, First Special Session chapter 6, article 3, section 8, subdivision 3, is amended to read:

Subd. 3. **Administration.** The commissioner of natural resources shall administer the area according to Minnesota Statutes, section 86A.05, subdivision 3, subject to existing rules and regulations for state recreation areas, except the following is permitted: hunting, fishing, and trapping of protected species during designated seasons and dogs under control for hunting purposes during regular hunting seasons. La Salle Lake State Recreation Area shall be administered as a satellite unit of Itasca State Park.

**Sec. 66. ENVIRONMENT AND NATURAL RESOURCES TRUST FUND;
APPROPRIATION EXTENSION.**

(a) The availability of the appropriation is extended to June 30, 2013, for:

(1) Laws 2009, chapter 143, section 2, subdivision 5, paragraph (c), cooperative habitat research in deep lakes; and

(2) Laws 2009, chapter 143, section 2, subdivision 6, paragraph (d), controlling the movement of invasive fish species.

(b) The availability of the appropriation is extended to June 30, 2014, for Laws 2009, chapter 143, section 2, subdivision 4, paragraph (c), metropolitan regional park system acquisition.

(c) The availability of the appropriation is extended to June 30, 2015, for Laws 2011, First Special Session chapter 2, article 3, section 2, subdivision 9, paragraph (a), Minnesota Conservation Apprenticeship Academy.

Sec. 67. FOREST RESOURCES COUNCIL STUDY.

By January 15, 2013, the Forest Resources Council shall submit a report to the environment and natural resources policy and finance committees and the tax committees of the house of representatives and senate on the status of private forest land management and the policy of the state to promote healthy and robust forests. The study shall evaluate existing and potential financial incentives for private forest land management and include recommendations for state policies that will ensure that private forest lands are sustainable and continue to contribute to Minnesota's economic vitality as well as provide access to the public to hunting and fishing resources.

Sec. 68. METROPOLITAN WASTE DISPOSAL RESTRICTIONS REPORT.

By January 15, 2013, the commissioner of the Pollution Control Agency shall report to the chairs and ranking minority members of the environmental policy and finance committees on:

- (1) an enforcement plan that describes details of how the agency will implement enforcement of Minnesota Statutes, section 473.848;
- (2) the increased Pollution Control Agency staffing and resources required to carry out an enforcement plan;
- (3) the disruption to existing county solid waste programs, including lost revenue, reduced staffing and resources available for recycling, waste reduction, and other solid waste programs;
- (4) the effect on third parties, including utilities and renewable energy generation facilities;
- (5) an estimate of the overall increase in solid waste system costs, including rate increases for waste collection services for residents and commercial-industrial businesses;
- (6) the economic impact on the waste industry, both from a hauling and disposal perspective;
- (7) an estimate of the landfill capacity preserved;
- (8) an estimate of the pollution reduction from decreased landfilling;
- (9) the effect on the solid waste management hierarchy and energy policy;
- (10) the effect on wastesheds and hauling routes; and
- (11) any comments from interested and affected parties included in the body of the report.

Sec. 69. RULEMAKING.

The commissioner of the Pollution Control Agency must amend Minnesota Rules to conform to section 1. The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), and Minnesota Statutes, section 14.386, does not apply, except as provided in Minnesota Statutes, section 14.388.

Sec. 70. REPEALER.

(a) Minnesota Statutes 2010, sections 84.946, subdivision 3; 86A.12, subdivision 5; 89.06; 90.042; 97A.4742, subdivision 4; 103G.705, subdivision 1; 115.447; 115A.07, subdivision 2; 115A.15, subdivision 5; 115A.965, subdivision 7; and 216H.07, subdivision 4, are repealed.

(b) Minnesota Rules, parts 7002.0025, subpart 2a; 7011.7030; 7021.0010, subpart 3; 7021.0050, subparts 1, 2, and 3; and 7041.0500, subparts 5, 6, and 7, are repealed.

ARTICLE 2**GAME AND FISH POLICY**

Section 1. Minnesota Statutes 2010, section 84.027, subdivision 14, is amended to read:

Subd. 14. **Mission; efficiency.** It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

- (1) prevent the waste or unnecessary spending of public money;
- (2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;
- (3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;
- (4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;
- (5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;
- (6) report to the legislature on the performance of agency operations and the accomplishment of agency goals in the agency's biennial budget according to section 16A.10, subdivision 1; ~~and~~
- (7) recommend to the legislature appropriate changes in law necessary to carry out the mission and improve the performance of the department; and
- (8) plan and implement activities designed to recruit new outdoor recreation participants and retain existing participants. This includes but is not limited to anglers, hunters, trappers, and campers.

Sec. 2. Minnesota Statutes 2011 Supplement, section 84D.03, subdivision 3, is amended to read:

Subd. 3. **Bait harvest from infested waters.** (a) Taking wild animals from infested waters for bait or aquatic farm purposes is prohibited, except as provided in paragraph (b) and section 97C.341.

(b) In waters that are designated as infested waters, except those designated because they contain prohibited invasive species of fish or certifiable diseases of fish, as defined under section 17.4982, subdivision 6, taking wild animals may be permitted for:

- (1) commercial taking of wild animals for bait and aquatic farm purposes according to a permit issued under section 84D.11, subject to rules adopted by the commissioner; ~~and~~
- (2) bait purposes for noncommercial personal use in waters that contain Eurasian water milfoil, when the infested waters are designated solely because they contain Eurasian water milfoil and if the equipment for taking is limited to cylindrical minnow traps not exceeding 16 inches in diameter and 32 inches in length; and
- (3) harvest of bullheads, goldeyes, mooneyes, sheepshead (freshwater drum), and suckers for bait from streams or rivers designated as infested waters, by hook and line for noncommercial

personal use. Other provisions that apply to this clause are:

(i) fish taken under this clause must be used on the same body of water where caught and while still on that water body;

(ii) fish taken under this clause may not be transported live from/off the water body;

(iii) fish harvested under this clause may only be used in accordance with this section;

(iv) any other use of wild animals used for bait from infested waters is prohibited;

(v) fish taken under this clause must meet all other size restrictions and requirements as established in rules; and

(vi) all species listed under this clause shall be included in the person's daily limit as established in rules, if applicable.

(c) Equipment authorized for minnow harvest in a designated infested water by permit issued under paragraph (b) may not be transported to, or used in, any waters other than waters specified in the permit.

Sec. 3. Minnesota Statutes 2010, section 97A.015, subdivision 3a, is amended to read:

Subd. 3a. **Bonus permit.** "Bonus permit" means a license to take and tag deer by archery or firearms, in addition to deer authorized to be taken under regular firearms or archery licenses, or a license issued under section 97A.441, subdivision 7.

Sec. 4. Minnesota Statutes 2010, section 97A.015, subdivision 53, is amended to read:

Subd. 53. **Unprotected wild animals.** "Unprotected wild animals" means wild animals that are not protected wild animals including weasel, coyote (~~brush wolf~~), gopher, porcupine, striped skunk, and unprotected birds.

Sec. 5. Minnesota Statutes 2010, section 97A.065, subdivision 6, is amended to read:

Subd. 6. **Deer license donations and surcharges.** ~~(a)~~ The surcharges and donations collected under section 97A.475, subdivision 3, paragraph (b), and subdivision 3a, shall be deposited in an account in the special revenue fund and are appropriated to the commissioner for deer management, including for grants or payments to agencies, organizations, or individuals for assisting with the cost of processing deer taken for population management purposes for venison donation programs. None of the additional license fees shall be transferred to any other agency for administration of programs other than venison donation. If any money transferred by the commissioner is not used for a venison donation program, it shall be returned to the commissioner.

~~(b) By February 10, 2010, the commissioner shall report to the legislature on the participation in and the effectiveness of the venison donation program.~~

Sec. 6. Minnesota Statutes 2011 Supplement, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. **Deer, bear, and lifetime licenses.** (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (5), (6), (7), (13), (14), and (15), and 3, clauses (2), (3), (4), (10), (11), and (12), and licenses issued under section

97B.301, subdivision 4.

(b) \$2 from each annual deer license and \$2 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer management account and is appropriated to the commissioner for deer habitat improvement or deer management programs.

(c) \$1 from each annual deer license and each bear license and \$1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer and bear management account and is appropriated to the commissioner for deer and bear management programs, including a computerized licensing system.

(d) Fifty cents from each deer license is credited to the emergency deer feeding and wild cervidae health management account and is appropriated for emergency deer feeding and wild cervidae health management. Money appropriated for emergency deer feeding and wild cervidae health management is available until expended. ~~The commissioner must inform the legislative chairs of the natural resources finance committees every two years on how the money for emergency deer feeding and wild cervidae health management has been spent.~~

When the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management exceeds \$2,500,000 at the end of a fiscal year, the unencumbered balance in excess of \$2,500,000 is canceled and available for deer and bear management programs and computerized licensing.

Sec. 7. Minnesota Statutes 2011 Supplement, section 97A.075, is amended by adding a subdivision to read:

Subd. 7. **Wolf licenses.** (a) For purposes of this subdivision, "wolf license" means a license or permit issued under section 97A.475, subdivision 2, clause (16); 3, paragraph (a), clause (13); or 20, paragraph (b).

(b) Revenue from wolf licenses must be credited to the wolf management and monitoring account and is appropriated to the commissioner only for wolf management, research, damage control, enforcement, and education.

Sec. 8. Minnesota Statutes 2010, section 97A.085, is amended by adding a subdivision to read:

Subd. 9. **Vacating refuges open to hunting.** Notwithstanding subdivision 8, the commissioner may vacate a state game refuge by publishing a notice in the State Register if the refuge has been open to trapping and hunting small game including waterfowl, deer or bear by archery, and deer or bear by firearms for at least five years.

Sec. 9. Minnesota Statutes 2010, section 97A.137, subdivision 5, is amended to read:

Subd. 5. **Portable stands.** Prior to the Saturday on or nearest September 16, a portable stand may be left overnight in a wildlife management area by a person with a valid bear license who is hunting within 100 yards of a bear bait site that is legally tagged and registered as prescribed under section 97B.425. Any person leaving a portable stand overnight under this subdivision must affix a tag with: (1) the person's name and address; (2) the licensee's driver's license number; or (3) the "MDNR#" license identification number issued to the licensee. The tag must be affixed to the stand

in ~~such~~ a manner that it can be read from the ground.

Sec. 10. Minnesota Statutes 2010, section 97A.421, subdivision 3, is amended to read:

Subd. 3. **Issuance of a big game license after conviction.** (a) A person may not obtain any big game license or take big game under a lifetime license, issued under section 97A.473, for three years after the person is convicted of:

- (1) a gross misdemeanor violation under the game and fish laws relating to big game;
- (2) doing an act without a required big game license; or
- (3) the second violation within three years under the game and fish laws relating to big game.

(b) A person may not obtain any deer license or take deer under a lifetime license issued under section 97A.473 for one year after the person is convicted of hunting deer with the aid or use of bait under section 97B.328.

(c) The revocation period under paragraphs (a) and (b) doubles if the conviction is for a deer that is a trophy deer scoring higher than 170 using the scoring method established for wildlife restitution values adopted under section 97A.345.

Sec. 11. Minnesota Statutes 2010, section 97A.441, subdivision 7, is amended to read:

Subd. 7. **Owners or tenants of agricultural land.** (a) The commissioner may issue, without a fee, a license to take an antlerless deer to a resident who is an owner or tenant, or a nonresident who is an owner, of at least 80 acres of agricultural land, as defined in section 97B.001, in deer permit areas that ~~have deer archery licenses to take additional deer under section 97B.301, subdivision 4~~ allow the taking of antlerless deer without making a lottery application. A person may receive only one license per year under this subdivision. For properties with co-owners or cotenants, only one co-owner or cotenant may receive a license under this subdivision per year. The license issued under this subdivision is restricted to land leased for agricultural purposes or owned by the holder of the license within the permit area where the qualifying land is located. The holder of the license may transfer the license to the holder's spouse or dependent. Deer taken under this subdivision do not count towards the total bag limit for the permit area. Notwithstanding sections 97A.415, subdivision 1, and 97B.301, subdivision 2, the holder of the license may purchase an additional license licenses or permits for taking deer and may take an additional deer under that license those licenses or permits, provided the holder adheres to the bag limits established for that permit area.

(b) A person who obtains a license under paragraph (a) must allow public deer hunting on their land during that deer hunting season, with the exception of the first Saturday and Sunday during the deer hunting season applicable to the license issued under section 97A.475, subdivision 2, clause (5).

Sec. 12. Minnesota Statutes 2010, section 97A.451, subdivision 3, is amended to read:

Subd. 3. **Residents under age 16; small game.** (a) A resident under age 16 must obtain a small game license in order to take small game by firearms or bow and arrow without paying the applicable fees under section 97A.475, subdivisions 2, 4, and 5, if the resident is:

- (1) age 14 or 15 and possesses a firearms safety certificate;

(2) age 13, possesses a firearms safety certificate, and is accompanied by a parent or guardian;

(3) age 13, 14, or 15, possesses an apprentice hunter validation, and is accompanied by a parent or guardian who possesses a small game license that was not obtained using an apprentice hunter validation; or

(4) age 12 or under and is accompanied by a parent or guardian.

(b) A resident under age 16 may take small game, other than wolves, by trapping without a small game license, but a resident 13 years of age or older must have a trapping license. A resident under age 13 may trap small game, other than wolves, without a trapping license, but may not register fisher, otter, bobcat, or pine marten unless the resident is at least age five. Any fisher, otter, bobcat, or pine marten taken by a resident under age five must be included in the limit of the accompanying parent or guardian.

(c) A resident under age 12 may apply for a turkey license and may take a turkey without a firearms safety certificate if the resident is accompanied by an adult parent or guardian who has a firearms safety certificate.

(d) A resident under age 12 may apply for a prairie chicken license and may take a prairie chicken without a firearms safety certificate if the resident is accompanied by an adult parent or guardian who has a firearms safety certificate.

Sec. 13. Minnesota Statutes 2010, section 97A.451, subdivision 4, is amended to read:

Subd. 4. **Persons Residents under age 16; big game.** (a) A person resident age 12, 13, 14, or 15 may not obtain a license to take big game unless the person possesses a firearms safety certificate. A person resident age 12 or 13 must be accompanied by a parent or guardian to hunt big game.

(b) A person resident age 10 or 11 may take big game provided the person is under the direct supervision of a parent or guardian where the parent or guardian is within immediate reach. ~~Until March 1, 2009, a person age 10 or 11 may take big game under a parent or guardian's license. Beginning March 1, 2009, A person resident age 10 or 11 must obtain a license in order to take big game and may obtain the license without paying the fee required under section 97A.475, subdivision 2.~~

Sec. 14. Minnesota Statutes 2010, section 97A.451, is amended by adding a subdivision to read:

Subd. 4a. **Nonresidents under age 16; big game.** (a) A nonresident age 12, 13, 14, or 15 may not obtain a license to take big game unless the person possesses a firearms safety certificate. A nonresident age 12 or 13 must be accompanied by a parent or guardian to hunt big game.

(b) A nonresident age 10 or 11 may take big game provided the person is under the direct supervision of a parent or guardian where the parent or guardian is within immediate reach. A nonresident age 10 or 11 must obtain a license to take big game and must pay the fee required under section 97A.475, subdivision 3.

Sec. 15. Minnesota Statutes 2010, section 97A.473, subdivision 3, is amended to read:

Subd. 3. **Lifetime small game hunting license; fee.** (a) A resident lifetime small game hunting license authorizes a person to hunt and trap small game, other than wolves, in the state. The license authorizes those hunting and trapping activities authorized by the annual resident small

game hunting ~~and trapping licenses~~ license and the trapping license for fur-bearing animals other than wolves. The license does not include a turkey stamp validation or any other hunting stamps required by law.

(b) The fees for a resident lifetime small game hunting license are:

- (1) age 3 and under, \$217;
- (2) age 4 to age 15, \$290;
- (3) age 16 to age 50, \$363; and
- (4) age 51 and over, \$213.

Sec. 16. Minnesota Statutes 2010, section 97A.473, subdivision 5, is amended to read:

Subd. 5. **Lifetime sporting license; fee.** (a) A resident lifetime sporting license authorizes a person to take fish by angling and hunt and trap small game, other than wolves, in the state. The license authorizes those activities authorized by the annual resident angling, ~~and resident small game hunting, licenses~~ and the resident trapping licenses license for fur-bearing animals other than wolves. The license does not include a trout and salmon stamp validation, a turkey stamp validation, a walleye stamp validation, or any other hunting stamps required by law.

(b) The fees for a resident lifetime sporting license are:

- (1) age 3 and under, \$357;
- (2) age 4 to age 15, \$480;
- (3) age 16 to age 50, \$613; and
- (4) age 51 and over, \$413.

Sec. 17. Minnesota Statutes 2010, section 97A.473, subdivision 5a, is amended to read:

Subd. 5a. **Lifetime sporting with spearing option license; fee.** (a) A resident lifetime sporting with spearing option license authorizes a person to take fish by angling or spearing and hunt and trap small game, other than wolves, in the state. The license authorizes those activities authorized by the annual resident angling, spearing, and resident small game hunting, ~~and resident trapping licenses~~ and the resident trapping license for fur-bearing animals other than wolves. The license does not include a trout and salmon stamp validation, a turkey stamp validation, a walleye stamp validation, or any other hunting stamps required by law.

(b) The fees for a resident lifetime sporting with spearing option license are:

- (1) age 3 and under, \$615;
- (2) age 4 to age 15, \$800;
- (3) age 16 to age 50, \$985; and
- (4) age 51 and over, \$586.

Sec. 18. Minnesota Statutes 2010, section 97A.475, subdivision 2, is amended to read:

Subd. 2. **Resident hunting.** Fees for the following licenses, to be issued to residents only, are:

- (1) for persons age 18 or over and under age 65 to take small game, \$12.50;
 - (2) for persons ages 16 and 17 and age 65 or over, \$6 to take small game;
 - (3) for persons age 18 or over to take turkey, \$23;
 - (4) for persons under age 18 to take turkey, \$12;
 - (5) for persons age 18 or over to take deer with firearms during the regular firearms season, \$26;
 - (6) for persons age 18 or over to take deer by archery, \$26;
 - (7) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, \$26;
 - (8) to take moose, for a party of not more than six persons, \$310;
 - (9) to take bear, \$38;
 - (10) to take elk, for a party of not more than two persons, \$250;
 - (11) to take Canada geese during a special season, \$4;
 - (12) to take prairie chickens, \$20;
 - (13) for persons under age 18 to take deer with firearms during the regular firearms season, \$13;
 - (14) for persons under age 18 to take deer by archery, \$13; ~~and~~
 - (15) for persons under age 18 to take deer by muzzleloader during the muzzleloader season, \$13;
- and
- (16) to take wolf, \$26.

Sec. 19. Minnesota Statutes 2010, section 97A.475, subdivision 3, is amended to read:

Subd. 3. **Nonresident hunting.** (a) Fees for the following licenses, to be issued to nonresidents, are:

- (1) for persons age 18 or over to take small game, \$73;
- (2) for persons age 18 or over to take deer with firearms during the regular firearms season, \$135;
- (3) for persons age 18 or over to take deer by archery, \$135;
- (4) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, \$135;
- (5) to take bear, \$195;
- (6) for persons age 18 and older to take turkey, \$78;
- (7) for persons under age 18 to take turkey, \$12;
- (8) to take raccoon or bobcat, \$155;

(9) to take Canada geese during a special season, \$4;

(10) for persons under age 18 to take deer with firearms during the regular firearms season in any open season option or time period, \$13;

(11) for persons under age 18 to take deer by archery, \$13; ~~and~~

(12) for persons under age 18 to take deer during the muzzleloader season, \$13; and

(13) to take wolf, \$230.

(b) A \$5 surcharge shall be added to nonresident hunting licenses issued under paragraph (a), clauses (1) to (8). An additional commission may not be assessed on this surcharge.

Sec. 20. Minnesota Statutes 2010, section 97A.475, subdivision 20, is amended to read:

Subd. 20. ~~Trapping license licenses.~~ (a) The fee for a license to trap fur-bearing animals, other than wolves, is:

(1) for residents over age 13 and under age 18, \$6;

(2) for residents age 18 or over and under age 65, \$20;

(3) for residents age 65 or over, \$10; and

(4) for nonresidents, \$73.

(b) The fee for a license to trap wolves is \$26, to be issued to residents only.

Sec. 21. Minnesota Statutes 2010, section 97A.482, is amended to read:

97A.482 LICENSE APPLICATIONS; COLLECTION OF SOCIAL SECURITY NUMBERS.

(a) All applicants for individual noncommercial game and fish licenses under this chapter and chapters 97B and 97C must include the applicant's Social Security number on the license application. If an applicant does not have a Social Security number, the applicant must certify that the applicant does not have a Social Security number.

(b) The Social Security numbers collected by the commissioner on game and fish license applications are private data under section 13.355, subdivision 1, and must be provided by the commissioner to the commissioner of human services for child support enforcement purposes. Title IV-D of the Social Security Act, United States Code, title 42, section 666(a)(13), requires the collection of Social Security numbers on game and fish license applications for child support enforcement purposes.

~~(c) The commissioners of human services and natural resources shall request a waiver from the secretary of health and human services to exclude any applicant under the age of 16 from the requirement under this section and under cross-country ski licensing sections to provide the applicant's Social Security number. If a waiver is granted, this section will be so amended effective January 1, 2006, or upon the effective date of the waiver, whichever is later.~~

Sec. 22. Minnesota Statutes 2010, section 97B.001, subdivision 7, is amended to read:

Subd. 7. **Taking with firearms in certain areas.** (a) A person may not take a wild animal with a firearm within 500 feet of a building occupied by a human or livestock without the written permission of the owner, occupant, or lessee:

- (1) on another person's private land; or
- (2) on a public right-of-way.

(b) A No person may not take a wild animal with shoot a firearm without the permission of the owner, occupant, or lessee, within 500 feet of a stockade or corral containing livestock without the permission of the owner, occupant, or lessee.

(c) A person may not take a wild animal on any land where the person is prohibited from entering by this section.

Sec. 23. Minnesota Statutes 2010, section 97B.020, is amended to read:

97B.020 FIREARMS SAFETY CERTIFICATE REQUIRED.

(a) Except as provided in this section and section 97A.451, subdivision 3a, a person born after December 31, 1979, may not obtain an annual license to take wild animals by firearms unless the person has:

- (1) a firearms safety certificate or equivalent certificate;
- (2) a driver's license or identification card with a valid firearms safety qualification indicator issued under section 171.07, subdivision 13;
- (3) a previous hunting license with a valid firearms safety qualification indicator;
- (4) an apprentice hunter validation issued under section 97B.022; or
- (5) other evidence indicating that the person has completed in this state or in another state a hunter safety course recognized by the department under a reciprocity agreement or certified by the department as substantially similar.

(b) A person who ~~is on active duty and~~ has successfully completed basic training in the United States armed forces, reserve component, or National Guard may obtain a hunting license or approval authorizing hunting regardless of whether the person is issued a firearms safety certificate.

(c) A person born after December 31, 1979, may not use a lifetime license to take wild animals by firearms, unless the person meets the requirements for obtaining an annual license under paragraph (a) or (b).

Sec. 24. Minnesota Statutes 2010, section 97B.031, subdivision 1, is amended to read:

Subdivision 1. **Firearms and ammunition that may be used to take big game and wolves.** A person may take big game and wolves with a firearm only if:

- (1) the rifle, shotgun, and handgun used is a caliber of at least .22 inches and with centerfire ignition;
- (2) the firearm is loaded only with single projectile ammunition;

(3) a projectile used is a caliber of at least .22 inches and has a soft point or is an expanding bullet type;

(4) the muzzleloader used is incapable of being loaded at the breech;

(5) the smooth-bore muzzleloader used is a caliber of at least .45 inches; and

(6) the rifled muzzleloader used is a caliber of at least .40 inches.

Sec. 25. Minnesota Statutes 2010, section 97B.031, subdivision 2, is amended to read:

Subd. 2. **Handguns for small game.** A person may take small game with a handgun of any caliber in a manner prescribed by the commissioner, except that wolves may only be taken by hunting with the calibers specified in subdivision 1.

Sec. 26. Minnesota Statutes 2011 Supplement, section 97B.031, subdivision 5, is amended to read:

Subd. 5. **Scopes; visually impaired hunters on muzzleloaders.** ~~(a) Notwithstanding any other law to the contrary, the commissioner may issue a special permit, without a fee, to a person who obtains the required licenses and who has a visual impairment. The scope may not have magnification capabilities.~~

~~(b) The visual impairment must be to the extent that the applicant is unable to identify targets and the rifle sights at the same time without a scope. The visual impairment and specific conditions must be established by medical evidence verified in writing by (1) a licensed physician or a certified nurse practitioner or certified physician assistant acting under the direction of a licensed physician; (2) a licensed ophthalmologist; or (3) a licensed optometrist. The commissioner may request additional information from the physician if needed to verify the applicant's eligibility for the permit.~~

~~(c) A permit issued under this subdivision may be valid for up to five years, based on the permanence of the visual impairment as determined by the licensed physician, ophthalmologist, or optometrist.~~

~~(d) The permit must be in the immediate possession of the permittee when hunting under the special permit.~~

~~(e) The commissioner may deny, modify, suspend, or revoke a permit issued under this subdivision for cause, including a violation of the game and fish laws or rules.~~

~~(f) A person who knowingly makes a false application or assists another in making a false application for a permit under this subdivision is guilty of a misdemeanor. A physician, certified nurse practitioner, certified physician assistant, ophthalmologist, or optometrist who fraudulently certifies to the commissioner that a person is visually impaired as described in this subdivision is guilty of a misdemeanor.~~

Sec. 27. Minnesota Statutes 2010, section 97B.035, subdivision 1a, is amended to read:

Subd. 1a. **Minimum draw weight.** A bow used to take big game ~~or~~, turkey, or wolves must have a pull that meets or exceeds 30 pounds at or before full draw.

Sec. 28. Minnesota Statutes 2010, section 97B.055, subdivision 1, is amended to read:

Subdivision 1. **Restrictions related to highways.** (a) A person may not discharge a firearm ~~or an arrow from a bow~~ containing No. 4 buckshot or larger diameter shot or single projectile ammunition on, over, ~~or across,~~ or within the right-of-way of an improved public highway at a big game animal. A person may not discharge a ~~firearm or an arrow~~ from a bow and arrow on, over, across, or within the right-of-way of an improved public highway at a big game animal. The commissioner may by rule extend the application of this subdivision to the taking of migratory waterfowl in designated locations.

(b) A person may not discharge a firearm or an arrow from a bow on, over, across, or within the right-of-way of an improved public highway at a decoy of a big game animal that has been set out by a licensed peace officer.

Sec. 29. Minnesota Statutes 2010, section 97B.071, is amended to read:

97B.071 BLAZE ORANGE REQUIREMENTS.

(a) Except as provided in rules adopted under paragraph (c), a person may not hunt or trap during the open season where deer may be taken by firearms under applicable laws and ordinances, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and gloves, is blaze orange. Blaze orange includes a camouflage pattern of at least 50 percent blaze orange within each foot square. This section does not apply to migratory waterfowl hunters on waters of this state or in a stationary shooting location or to trappers on waters of this state.

(b) Except as provided in rules adopted under paragraph (c), and in addition to the requirement in paragraph (a), a person may not take small game other than turkey, migratory birds, raccoons, and predators, except while trapping, unless a visible portion of at least one article of the person's clothing above the waist is blaze orange. This paragraph does not apply to a person when in a stationary location while hunting deer by archery or when hunting small game by falconry.

(c) The commissioner may, by rule, prescribe an alternative color in cases where paragraph (a) or (b) would violate the Religious Freedom Restoration Act of 1993, Public Law 103-141.

(d) A violation of paragraph (b) shall not result in a penalty, but is punishable only by a safety warning.

Sec. 30. Minnesota Statutes 2011 Supplement, section 97B.075, is amended to read:

97B.075 HUNTING RESTRICTED BETWEEN EVENING AND MORNING.

(a) A person may not take protected wild animals, except raccoon and fox, with a firearm between the evening and morning times established by commissioner's rule, except as provided in this section.

(b) Big game and wolves may be taken from one-half hour before sunrise until one-half hour after sunset.

(c) Except as otherwise prescribed by the commissioner on or before the Saturday nearest October 8, waterfowl may be taken from one-half hour before sunrise until sunset during the entire season prescribed by the commissioner.

Sec. 31. Minnesota Statutes 2010, section 97B.085, subdivision 3, is amended to read:

Subd. 3. **Communication excepted.** This section does not prohibit the use of:

- (1) ~~one-way~~ radio communication between a handler and a dog; ~~or~~
- (2) a remote-controlled animal noise caller for taking crows, fur-bearing animals, and unprotected animals; or
- (3) a remote-controlled motorized decoy used for taking migratory waterfowl under section 97B.811, subdivision 4a, or doves.

Sec. 32. [97B.1115] USE OF MECHANICAL OR ELECTRONIC ASSISTANCE TO HOLD AND DISCHARGE FIREARMS OR BOWS BY PHYSICALLY DISABLED.

Notwithstanding sections 97B.035, subdivision 1, 97B.321, and 97B.701, subdivision 2, the commissioner may authorize a physically disabled hunter who has a verified statement of the disability from a licensed physician or a certified nurse practitioner or certified physician assistant acting under the direction of a licensed physician to use a swivel or otherwise mounted gun or bow or any electronic or mechanical device to discharge a gun or bow as long as the participant is physically present at the site.

Sec. 33. Minnesota Statutes 2010, section 97B.303, is amended to read:

97B.303 VENISON DONATIONS.

An individual who legally takes a deer may donate the deer, for distribution to charitable food assistance programs, to a meat processor that is licensed under chapter 28A. An individual donating a deer must supply the processor with the tag number under which the deer was taken. Hunter-harvested venison donated under this section is not subject to chapter 31 and must be clearly marked as hunter-harvested venison.

Sec. 34. Minnesota Statutes 2010, section 97B.328, is amended to read:

97B.328 BAITING PROHIBITED.

Subdivision 1. **Hunting with aid of bait ~~or feed~~ prohibited.** A person may not ~~hunt~~ take deer:

- (1) with the aid or use of bait ~~or feed~~; or
- (2) ~~in the vicinity of bait or feed if the person knows or has reason to know that bait or feed is present.~~

Subd. 2. **Removal of bait.** An area is considered baited for ten days after the complete removal of all bait ~~or feed~~.

Subd. 3. **Definition.** (a) For purposes of this section, "bait ~~or feed~~" includes grains, fruits, vegetables, nuts, hay, or other food that is capable of attracting or enticing deer and that has been placed by a person. "Baiting" means placing, exposing, depositing, distributing, or scattering bait that is capable of attracting or enticing deer.

(b) Liquid scents, salt, and minerals are not bait ~~or feed~~ if they do not contain liquid or solid food ingredients.

~~Food that has not been placed by a person and resulting~~ (c) Agricultural crops from normal or accepted farming, forest management, wildlife food plantings, orchard management, or other similar land management activities ~~is~~ are not bait or feed. This exclusion does not apply to agricultural crops that have been re-introduced and concentrated where a person is hunting.

Subd. 4. **Exception for bait or feed on adjacent land.** A person otherwise in compliance with this section who is hunting on private or public property that is adjacent to property where bait or ~~feed~~ food is present is not in violation of this section if the person has not participated in, been involved with, or agreed to baiting or feeding wildlife on the adjacent property.

Sec. 35. Minnesota Statutes 2010, section 97B.601, subdivision 3a, is amended to read:

Subd. 3a. **Nonresidents; trapping small game.** A nonresident may take small game, except wolves, by trapping only on land owned by the nonresident, if the nonresident possesses a trapping license for fur-bearing animals other than wolves and a small game license.

Sec. 36. Minnesota Statutes 2010, section 97B.601, subdivision 4, is amended to read:

Subd. 4. **Exception to license requirements.** (a) A resident under age 16 may take small game, other than wolves, without a small game license, and a resident under age 13 may trap small game and fur-bearing animals, other than wolves, without a trapping license, as provided in section 97A.451, subdivision 3.

(b) A person may take small game, other than wolves, without a small game license on land occupied by the person as a principal residence.

(c) An owner or occupant may take certain small game causing damage without a small game or trapping license as provided in section 97B.655.

(d) A person may use dogs to pursue and tree raccoons under section 97B.621, subdivision 2, during the closed season without a license.

(e) A person may take a wolf, turkey, or a prairie chicken without a small game license.

Sec. 37. Minnesota Statutes 2010, section 97B.603, is amended to read:

97B.603 TAKING SMALL GAME AS A PARTY.

(a) While two or more persons are taking small game as a party and maintaining unaided visual and vocal contact, a member of the party may take and possess more than one limit of small game, but the total number of small game taken and possessed by the party may not exceed the limit of the number of persons in the party that may take and possess small game.

(b) This section does not apply to the hunting of wolves, migratory game birds, or turkeys, except that a licensed turkey hunter may assist another licensed turkey hunter and a licensed wolf hunter may assist another licensed wolf hunter for the same zone and time period as long as the hunter does not shoot or tag a turkey or wolf for the other hunter.

Sec. 38. Minnesota Statutes 2010, section 97B.605, is amended to read:

97B.605 COMMISSIONER MAY RESTRICT TAKING OF CERTAIN SMALL GAME ANIMALS.

The commissioner may prescribe restrictions on and designate areas where gray and fox squirrels, cottontail and jack rabbits, snowshoe hare, raccoon, bobcat, red fox and gray fox, fisher, pine marten, opossum, wolves, and badger may be taken and possessed.

Sec. 39. Minnesota Statutes 2011 Supplement, section 97B.645, subdivision 9, is amended to read:

Subd. 9. **Open season.** There shall be no open season for ~~gray~~ wolves until after the ~~gray~~ wolf is delisted under the federal Endangered Species Act of 1973. After that time, the commissioner may prescribe open seasons and restrictions for taking ~~gray~~ wolves but must provide opportunity for public comment.

Sec. 40. **[97B.647] TAKING WOLVES.**

Subdivision 1. **License required.** Except as provided under section 97B.645 or 97B.671, a person may not take a wolf without a wolf hunting or wolf trapping license.

Subd. 2. **Open seasons.** Wolves may be taken with legal firearms, with bow and arrow, and by trapping. The commissioner may by rule prescribe the open seasons for wolves.

Subd. 3. **Open areas.** The commissioner may by rule designate areas where wolves may be taken.

Subd. 4. **Daily and possession limits.** The commissioner may establish by rule the daily and possession limits for wolves.

Subd. 5. **Limit on number of hunters and trappers.** The commissioner may by rule limit the number of persons that may hunt or trap wolves in an area, if it is necessary to prevent an overharvest or improve the distribution of hunters and trappers. The commissioner shall establish a method, including a drawing, to impartially select the hunters and trappers for an area.

Subd. 6. **Application for license.** An application for a wolf hunting or trapping license must be made in a manner provided by the commissioner and accompanied by a \$4 application fee. The \$4 application fee is appropriated to pay for costs associated with conducting the wolf license drawing and wolf management. A person may not make more than one application for each season as prescribed by the commissioner. If a person makes more than one application, the person is ineligible for a license for that season after determination by the commissioner, without a hearing.

Subd. 7. **Quotas.** The commissioner may by rule set an annual quota for the number of wolves that can be taken by hunting and trapping. The commissioner may establish a method to monitor harvest and close the season when the quota is reached. The commissioner shall reserve a portion of the annual quota for the trapping season.

Sec. 41. Minnesota Statutes 2011 Supplement, section 97B.667, is amended to read:

97B.667 REMOVAL OF BEAVERS, BEAVER DAMS, AND LODGES BY ROAD AUTHORITIES.

When a drainage watercourse is impaired by a beaver dam and the water damages or threatens to damage a public road, the road authority, as defined in section 160.02, subdivision 25, may remove the impairment and any associated beaver lodge within 300 feet of the road. Notwithstanding any law to the contrary, the road authority may remove, kill, or arrange to have removed or killed by any

lawful means a beaver associated with the lodge. ~~Before killing or arranging to kill a beaver under this section, the road authority must contact a conservation officer for a special beaver permit. The conservation officer must issue the permit for any beaver subject to this section.~~ A road authority that kills or arranges to have killed a beaver under this section must notify a conservation officer or ~~the officer's designee as specified in the permit~~ employee of the Wildlife Division within ten days after the animal is killed. A road authority may, after consultation with the Wildlife Division ~~and the Board of Water and Soil Resources,~~ implement a local beaver control program designed to reduce the number of incidents of beaver interfering with or damaging a public road. The local control program may include the offering of a bounty for the lawful taking of beaver.

Sec. 42. Minnesota Statutes 2010, section 97B.671, subdivision 3, is amended to read:

Subd. 3. **Predator control payments.** The commissioner shall pay a predator controller the amount the commissioner ~~prescribes~~ determines by written order published in the State Register for each predator coyote and fox taken. ~~The commissioner shall pay at least \$25 but not more than \$60 for each coyote taken.~~ The commissioner may require the predator controller to submit proof of the taking and a signed statement concerning the predators taken. The fees are not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply.

Sec. 43. Minnesota Statutes 2010, section 97B.671, subdivision 4, is amended to read:

Subd. 4. **Gray Wolf control.** (a) The commissioner shall provide a ~~gray~~ wolf control training program for certified predator controllers participating in ~~gray~~ wolf control.

(b) After the ~~gray~~ wolf is delisted under the federal Endangered Species Act of 1973, in zone B, as defined under section 97B.645, subdivision 12, if the commissioner, after considering recommendations from an extension agent or conservation officer, has verified that livestock, domestic animals, or pets were destroyed by a ~~gray~~ wolf within the previous five years, and if the livestock, domestic animal, or pet owner requests ~~gray~~ wolf control, the commissioner shall open a predator control area for ~~gray~~ wolves.

(c) After the ~~gray~~ wolf is delisted under the federal Endangered Species Act of 1973, in zone A, as defined under paragraph (g), if the commissioner, after considering recommendations from an extension agent or conservation officer, verifies that livestock, domestic animals, or pets were destroyed by a ~~gray~~ wolf, and if the livestock, domestic animal, or pet owner requests ~~gray~~ wolf control, the commissioner shall open a predator control area for ~~gray~~ wolves for up to 60 days.

(d) A predator control area opened for ~~gray~~ wolves may not exceed a one-mile radius surrounding the damage site.

(e) The commissioner shall pay a certified ~~gray~~ wolf predator controller ~~\$150~~ the amount the commissioner determines by written order published in the State Register for each wolf taken. The certified ~~gray~~ wolf predator controller must dispose of unsalvageable remains as directed by the commissioner. All salvageable ~~gray~~ wolf remains must be surrendered to the commissioner. The fees are not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply.

(f) The commissioner may, in consultation with the commissioner of agriculture, develop a cooperative agreement for ~~gray~~ wolf control activities with the United States Department of Agriculture. The cooperative agreement activities may include, but not be limited to, ~~gray~~ wolf control, training for state predator controllers, and control monitoring and record keeping.

(g) For the purposes of this subdivision, "zone A" means that portion of the state lying outside of zone B, as defined under section 97B.645, subdivision 12.

Sec. 44. Minnesota Statutes 2010, section 97B.711, subdivision 1, is amended to read:

Subdivision 1. **Seasons for certain upland game birds.** (a) The commissioner may, by rule, prescribe an open season in designated areas between September 16 and January 3 for:

- (1) pheasant;
- (2) ruffed grouse;
- (3) sharp tailed grouse;
- (4) Canada spruce grouse;
- (5) prairie chicken;
- (6) gray partridge;
- (7) bobwhite quail; and
- (8) turkey.

(b) The commissioner may by rule prescribe an open season for turkey in the spring.

~~(c) The commissioner shall allow a four-week fall season for turkey in the area designated as turkey permit area 601 as of the 2008 season. All applicable local and state regulations apply.~~

Sec. 45. Minnesota Statutes 2010, section 97B.805, subdivision 1, is amended to read:

Subdivision 1. **Hunter must be concealed.** (a) A person may not take migratory waterfowl, coots, or rails in open water unless the person is:

- (1) within a natural growth of vegetation sufficient to partially conceal the person or boat;
- (2) on a river or stream that is not more than 100 yards in width; ~~or~~
- (3) pursuing or shooting wounded birds; or
- (4) in areas specifically designated for such taking by the commissioner by rule.

(b) A person may not take migratory waterfowl, coots, or rails in public waters from a permanent artificial blind or sink box.

Sec. 46. Minnesota Statutes 2010, section 97B.901, is amended to read:

97B.901 REGISTRATION AND TAGGING OF FUR-BEARING ANIMALS.

(a) The commissioner may, by rule, require persons taking, possessing, and transporting fur-bearing animals to tag the animals. The commissioner shall prescribe the manner of issuance and the type of tag, which must show the year of issuance. The commissioner shall issue the tag, without a fee, upon request.

(b) The pelt of each bobcat, fisher, pine marten, ~~and~~ otter, and wolf must be presented, by the

person taking it, to a state wildlife manager designee for registration before the pelt is sold and before the pelt is transported out of the state, but in no event more than 48 hours after the season closes for the species.

(c) The whole carcass of each wolf, with the pelt removed, must be presented by the person taking it to a state wildlife manager designee for registration before the pelt is sold and before the pelt is transported out of the state, but in no event more than 48 hours after the season closes. The commissioner may require that the entire carcass or samples from the carcass be surrendered to the state wildlife manager designee.

Sec. 47. [97B.903] USE OF BODY-GRIPPING TRAPS.

A person may not set, place, or operate, except as a water set, a body-gripping or conibear-type trap on public lands and waters that has a maximum jaw opening when set greater than six and one-half inches and less than seven and one-half inches measured from the inside edges of the body-gripping portions of the jaws, unless:

(1) the trap is in a baited or unbaited enclosure with the opening no greater than 81 square inches and the trap trigger is recessed seven inches or more from the top of the opening;

(2) no bait, lure, or other attractant is placed within 20 feet of the trap; or

(3) the trap is elevated at least three feet above the surface of the ground or snowpack.

Sec. 48. Minnesota Statutes 2010, section 97C.395, subdivision 1, is amended to read:

Subdivision 1. **Dates for certain species.** (a) The open seasons to take fish by angling are as follows:

(1) for walleye, sauger, northern pike, muskellunge, largemouth bass, and smallmouth bass, the Saturday two weeks prior to the Saturday of Memorial Day weekend to the last Sunday in February;

(2) for lake trout, from January 1 to October 31;

(3) for the winter season for lake trout, brown trout, brook trout, rainbow trout, and splake on all lakes located outside or partially within the Boundary Waters Canoe Area, from January 15 to March 31;

(4) for the winter season for lake trout, brown trout, brook trout, rainbow trout, and splake on all lakes located entirely within the Boundary Waters Canoe Area, from January 1 to March 31;

(5) for brown trout, brook trout, rainbow trout, and splake, between January 1 to October 31 as prescribed by the commissioner by rule except as provided in section 97C.415, subdivision 2;

~~(6) for the winter season for brown trout, brook trout, rainbow trout, and splake on all lakes, from January 15 to March 31; and~~

~~(7)~~ (6) for salmon, as prescribed by the commissioner by rule.

(b) The commissioner shall close the season in areas of the state where fish are spawning and closing the season will protect the resource.

Sec. 49. RULEMAKING; TROUT SEASONS.

The commissioner of natural resources shall amend Minnesota Rules, part 6262.0200, to make seasons for brown trout, brook trout, rainbow trout, and splake in lakes inside and outside the Boundary Waters Canoe Area consistent with this section. The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply, except as provided under Minnesota Statutes, section 14.388.

Sec. 50. RULEMAKING; RESTITUTION VALUE FOR WOLVES.

(a) The commissioner of natural resources shall amend the restitution value for gray wolves in Minnesota Rules, part 6133.0075, to be \$500 and shall change the term "gray wolves" to "wolves."

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 51. RULEMAKING; USE OF SNARES.

(a) The commissioner of natural resources shall add a definition of a wolf snare to Minnesota Rules, part 6234.0900, to read: "'Wolf snare' means any snare set that:

A. has a maximum loop diameter greater than ten inches, but less than or equal to 18 inches;

B. has a cable diameter of at least 7/64 inches;

C. includes stops affixed to the cable to ensure that the portion of the snare that makes up the noose loop may not be less than three inches in diameter when fully closed;

D. includes a breakaway device that would cause the snare loop to break when pulled by a moose; and

E. includes a diverter wire that extends 27 inches in both directions, measured perpendicular to and from the top of the snare loop. The diverter wires must be positioned at an angle no more than 20 degrees from the horizontal plane of the top of the snare, and the snare must be set within 20 yards of bait."

(b) The commissioner of natural resources shall amend Minnesota Rules, part 6234.2300, to include a subpart to read: "Wolves may be taken with snares or wolf snares as defined in part 6234.0900."

(c) The commissioner of natural resources shall amend Minnesota Rules, part 6234.2400, subpart 7, to read: "A snare may not be set so that the top of the loop is more than 20 inches above the first surface beneath the bottom of the set snare loop. During the wolf season, licensed wolf trappers may use wolf snares but a wolf snare may not be set so that the bottom of the loop is more than 18 inches above the first surface beneath the bottom of the set snare loop."

(d) The commissioner of natural resources shall amend Minnesota Rules, part 6234.2400, subpart 5, to read: "Snares, including wolf snares, may not be set in deer, elk, or moose trails."

(e) The commissioner of natural resources shall amend Minnesota Rules, part 6234.2400, to include a subpart to read: "Licensed wolf trappers shall set wolf snares for wolves no closer than 500 feet to another wolf snare set by the same licensed wolf trapper."

(f) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply, except as provided under Minnesota Statutes, section 14.388.

Sec. 52. **2012 FIREARMS WOLF SEASON.**

The commissioner of natural resources shall establish the first firearms wolf hunting season to open no later than the first day of the 2012 firearms deer hunting season.

Sec. 53. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the term "gray wolf" or "gray wolves" wherever the terms appear in Minnesota Statutes and Minnesota Rules to "wolf" or "wolves."

Sec. 54. **REPEALER.**

Minnesota Statutes 2010, sections 97A.045, subdivisions 8 and 13; 97A.065, subdivision 1; 97A.095, subdivision 3; 97A.331, subdivision 7; 97A.485, subdivision 12; 97A.552; 97B.645, subdivision 2; and 97C.031, are repealed.

ARTICLE 3

GAME AND FISH LICENSE FEES

Section 1. Minnesota Statutes 2011 Supplement, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. **Deer, bear, and lifetime licenses.** (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (5), (6), (7), (13), (14), and (15); ~~and 3, paragraph (a), clauses (2), (3), (4), (10), (11), and (12);~~ and 8, paragraph (b), and licenses issued under section 97B.301, subdivision 4.

(b) \$2 from each annual deer license and \$2 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer management account and is appropriated to the commissioner for deer habitat improvement or deer management programs.

(c) \$1 from each annual deer license and each bear license and \$1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer and bear management account and is appropriated to the commissioner for deer and bear management programs, including a computerized licensing system.

(d) Fifty cents from each deer license is credited to the emergency deer feeding and wild cervidae health management account and is appropriated for emergency deer feeding and wild cervidae health management. Money appropriated for emergency deer feeding and wild cervidae health management is available until expended. The commissioner must inform the legislative chairs of the natural resources finance committees every two years on how the money for emergency deer feeding and wild cervidae health management has been spent.

When the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management exceeds \$2,500,000 at the end of a fiscal year, the unencumbered

balance in excess of \$2,500,000 is canceled and available for deer and bear management programs and computerized licensing.

Sec. 2. 97A.126] WALK-IN ACCESS PROGRAM.

Subdivision 1. **Establishment.** A walk-in access program is established to provide public access to wildlife habitat on private land for hunting, excluding trapping, as provided under this section. The commissioner may enter into agreements with other units of government and landowners to provide private land hunting access.

Subd. 2. **Use of enrolled lands.** (a) From September 1 to May 31, a person must have a walk-in access hunter validation in possession to hunt on private lands, including agricultural lands, that are posted as being enrolled in the walk-in access program.

(b) Hunting on private lands that are posted as enrolled in the walk-in access program is allowed from one-half hour before sunrise to one-half hour after sunset.

(c) Hunter access on private lands that are posted as enrolled in the walk-in access program is restricted to nonmotorized use, except by hunters with disabilities operating motor vehicles on established trails or field roads who possess a valid permit to shoot from a stationary vehicle under section 97B.055, subdivision 3.

(d) The general provisions for use of wildlife management areas adopted under sections 86A.06 and 97A.137, relating to overnight use, alcoholic beverages, use of motorboats, firearms and target shooting, hunting stands, abandonment of trash and property, destruction or removal of property, introduction of plants or animals, and animal trespass, apply to hunters on lands enrolled in the walk-in access program.

(e) Any use of enrolled lands other than hunting according to this section is prohibited, including:

(1) harvesting bait, including minnows, leeches, and other live bait;

(2) training dogs or using dogs for activities other than hunting; and

(3) constructing or maintaining any building, dock, fence, billboard, sign, hunting blind, or other structure, unless constructed or maintained by the landowner.

Subd. 3. **Walk-in access hunter validation; fee; appropriation.** The fee for a walk-in access hunter validation for residents 18 and older and nonresidents is \$15. The fee for residents age 16 and 17 is \$7.50. Residents under age 16 must obtain a free validation. The walk-in access hunter validation is valid for one license year. An additional commission may not be assessed on validations issued under this subdivision. Revenue collected under this section is appropriated to the commissioner for the walk-in access program.

Sec. 3. Minnesota Statutes 2010, section 97A.411, subdivision 1, is amended to read:

Subdivision 1. **License period.** (a) Except as provided in paragraphs (b), (d), ~~and (e), and (f)~~, a license is valid during the lawful time within the license year that the licensed activity may be performed. Except as provided in ~~paragraph~~ paragraphs (c) and (f), a license year begins on the first day of March and ends on the last day of February.

(b) A short-term license issued under section 97A.475, ~~subdivision 6, clause (5), 97A.475,~~

~~subdivision 7, clause (2), (3), (5), or (6), or 97A.475, subdivision 12, clause (2), that is limited by the number of days or hours under section 97A.475, is valid for the full license period even if this period extends into the next license year, provided that the license period selected by the licensee begins at the time of issuance.~~

(c) The license year for ~~resident fishing, the angling portion of a sporting license, nonresident fishing, resident fish house, resident dark house, and nonresident fish house~~ begins on March 1 and ends on April 30 of the following year.

(d) A lifetime license issued under section 97A.473 or 97A.474 is valid during the lawful time within the license year that the licensed activity may be performed for the lifetime of the licensee.

(e) A three-year fish house or dark house license is valid during the license year that it is purchased and the two succeeding license years.

(f) A three-year individual angling license is valid during the license year in which it is purchased and the two succeeding license years.

Sec. 4. Minnesota Statutes 2010, section 97A.411, is amended by adding a subdivision to read:

Subd. 4. **Validity of license when age or residency status changes.** A license to take wild animals that was lawfully obtained continues to be valid for the balance of the license period if the licensee's age, residency, or student qualification status changes.

Sec. 5. Minnesota Statutes 2010, section 97A.435, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** Persons eligible for a turkey license shall be determined by this section and commissioner's rule. ~~A person is eligible for a turkey license only if the person is at least age 16 before the season opens, possesses a firearms safety certificate, or, if under age 12, is accompanied by a parent or guardian.~~

Sec. 6. Minnesota Statutes 2010, section 97A.451, subdivision 3, is amended to read:

Subd. 3. **Residents under age 16; small game.** (a) A resident under age 16 ~~must~~ may not obtain a small game license ~~in order to~~ but may take small game by firearms or bow and arrow without ~~paying the applicable fees under section 97A.475, subdivisions 2, 4, and 5, a license~~ if the resident is:

- (1) age 14 or 15 and possesses a firearms safety certificate;
- (2) age 13, possesses a firearms safety certificate, and is accompanied by a parent or guardian;
- (3) age 13, 14, or 15, possesses an apprentice hunter validation, and is accompanied by a parent or guardian who possesses a small game license that was not obtained using an apprentice hunter validation; or
- (4) age 12 or under and is accompanied by a parent or guardian.

(b) A resident under age 16 may take small game by trapping without a small game license, but a resident 13 years of age or older must have a trapping license. A resident under age 13 may trap without a trapping license, but may not register fisher, otter, bobcat, or pine marten unless the resident is at least age five. Any fisher, otter, bobcat, or pine marten taken by a resident under age

five must be included in the limit of the accompanying parent or guardian.

(c) A resident under age ~~12~~ 13 ~~may apply for a turkey license~~ 13 must obtain a free turkey license to take turkey and may take a turkey without a firearms safety certificate if the resident is accompanied by an adult parent or guardian who has a firearms safety certificate.

(d) A resident under age ~~12~~ 13 may apply for a prairie chicken license and may take a prairie chicken without a firearms safety certificate if the resident is accompanied by an adult parent or guardian who has a firearms safety certificate.

Sec. 7. Minnesota Statutes 2010, section 97A.451, is amended by adding a subdivision to read:

Subd. 3b. **Nonresidents under age 18; small game.** (a) A nonresident age 16 or over and under age 18 may take small game by firearms or archery and may obtain a small game license at the resident youth fee under section 97A.475, subdivision 2, clause (17), if the nonresident possesses a firearms safety certificate.

(b) A nonresident under age 16 may take small game by firearms or archery and may obtain a small game license without paying the applicable fees under section 97A.475, subdivisions 3, 4, and 5, if the nonresident is:

- (1) age 14 or 15 and possesses a firearms safety certificate;
- (2) age 13, possesses a firearms safety certificate, and is accompanied by a parent or guardian; or
- (3) age 12 or under and is accompanied by a parent or guardian.

Sec. 8. Minnesota Statutes 2010, section 97A.451, subdivision 4, is amended to read:

~~Subd. 4. **Persons under age 16 13; big game.** (a) A person age 12, 13, 14, or 15 may not obtain a license to take big game unless the person possesses a firearms safety certificate. A person age 12 or 13 must be accompanied by a parent or guardian to hunt big game.~~

~~(b) A person age 10 or 11 ten or over and under age 13 may take big game, provided the person is under the direct supervision of a parent or guardian where the parent or guardian is within immediate reach. Until March 1, 2009, a person age 10 or 11 may take big game under a parent or guardian's license. Beginning March 1, 2009, A person age 10 or 11 ten or over and under age 13 must obtain a license in order to take big game and may obtain the license without paying the fee required under section 97A.475, subdivision 2.~~

Sec. 9. Minnesota Statutes 2010, section 97A.451, subdivision 5, is amended to read:

~~Subd. 5. **Nonresidents under age 16 Nonresident youth; angling.** (a) A nonresident under the age of 16 may:~~

~~(1) take fish by angling without a license if a parent or guardian has a fishing license. Fish taken by a nonresident under the age of 16 without a license must be included in the limit of the parent or guardian;~~

~~(b) A nonresident under age 16 may (2) purchase a youth fishing license at the resident fee under section 97A.475, subdivision 7, paragraph (a), clause (8), and possess a limit of fish; or~~

~~(3) be included under a nonresident family angling license, take fish by angling, and possess a~~

limit of fish.

(b) A nonresident age 16 or over and under age 18 must purchase a youth license to angle under section 97A.475, subdivision 7, paragraph (a), clause (8).

Sec. 10. Minnesota Statutes 2010, section 97A.473, subdivision 2, is amended to read:

Subd. 2. **Lifetime angling license; fee.** (a) A resident lifetime angling license authorizes a person to take fish by angling in the state. The license authorizes those activities authorized by the annual resident angling license. The license does not include a trout and salmon stamp validation, a walleye stamp validation, or other stamps required by law.

(b) The fees for a resident lifetime angling license are:

- (1) age 3 and under, ~~\$227~~ \$304;
- (2) age 4 to age 15, ~~\$300~~ \$415;
- (3) age 16 to age 50, ~~\$383~~ \$508; and
- (4) age 51 and over, ~~\$203~~ \$335.

Sec. 11. Minnesota Statutes 2010, section 97A.473, subdivision 2b, is amended to read:

Subd. 2b. **Lifetime angling and spearing license; fee.** (a) A resident lifetime angling and spearing license authorizes a person to take fish by angling or spearing in the state. The license authorizes those activities authorized by the annual resident angling and spearing licenses.

(b) The fees for a resident lifetime angling and spearing license are:

- (1) age 3 and under, ~~\$485~~ \$380;
- (2) age 4 to age 15, ~~\$620~~ \$509;
- (3) age 16 to age 50, ~~\$755~~ \$617; and
- (4) age 51 and over, ~~\$376~~ \$386.

Sec. 12. Minnesota Statutes 2010, section 97A.473, subdivision 3, is amended to read:

Subd. 3. **Lifetime small game hunting license; fee.** (a) A resident lifetime small game hunting license authorizes a person to hunt and trap small game in the state. The license authorizes those hunting and trapping activities authorized by the annual resident small game hunting and trapping licenses. The license does not include a turkey stamp validation or any other hunting stamps required by law.

(b) The fees for a resident lifetime small game hunting license are:

- (1) age 3 and under, ~~\$217~~ \$223;
- (2) age 4 to age 15, ~~\$290~~ \$301;
- (3) age 16 to age 50, ~~\$363~~ \$430; and
- (4) age 51 and over, ~~\$213~~ \$274.

Sec. 13. Minnesota Statutes 2010, section 97A.473, subdivision 4, is amended to read:

Subd. 4. **Lifetime deer hunting license; fee.** (a) A resident lifetime deer hunting license authorizes a person to take deer with firearms or by archery in the state. The license authorizes those activities authorized by the annual resident firearm deer hunting license or the annual resident archery deer hunting license. The licensee must register and receive tags each year that the license is used. The tags shall be issued at no charge to the licensee.

(b) The fees for a resident lifetime firearm or archery deer hunting license are:

- (1) age 3 and under, ~~\$337~~ \$406;
- (2) age 4 to age 15, ~~\$450~~ \$538;
- (3) age 16 to age 50, ~~\$573~~ \$656; and
- (4) age 51 and over, ~~\$383~~ \$468.

Sec. 14. Minnesota Statutes 2010, section 97A.473, subdivision 5, is amended to read:

Subd. 5. **Lifetime sporting license; fee.** (a) A resident lifetime sporting license authorizes a person to take fish by angling and hunt and trap small game in the state. The license authorizes those activities authorized by the annual resident angling, resident small game hunting, and resident trapping licenses. The license does not include a trout and salmon stamp validation, a turkey stamp validation, a walleye stamp validation, or any other hunting stamps required by law.

(b) The fees for a resident lifetime sporting license are:

- (1) age 3 and under, ~~\$357~~ \$528;
- (2) age 4 to age 15, ~~\$480~~ \$728;
- (3) age 16 to age 50, ~~\$613~~ \$861; and
- (4) age 51 and over, ~~\$413~~ \$602.

Sec. 15. Minnesota Statutes 2010, section 97A.474, subdivision 2, is amended to read:

Subd. 2. **Nonresident lifetime angling license; fee.** (a) A nonresident lifetime angling license authorizes a person to take fish by angling in the state. The license authorizes those activities authorized by the annual nonresident angling license. The license does not include a trout and salmon stamp validation, a walleye stamp validation, or other stamps required by law.

(b) The fees for a nonresident lifetime angling license are:

- (1) age 3 and under, ~~\$447~~ \$726;
- (2) age 4 to age 15, ~~\$600~~ \$925;
- (3) age 16 to age 50, ~~\$773~~ \$1,054; and
- (4) age 51 and over, ~~\$513~~ \$702.

Sec. 16. Minnesota Statutes 2010, section 97A.475, subdivision 2, is amended to read:

Subd. 2. **Resident hunting.** Fees for the following licenses, to be issued to residents only, are:

- (1) for persons age 18 or over and under age 65 to take small game, ~~\$12.50~~ \$15.50;
- (2) for persons ~~ages 16 and 17 and~~ age 65 or over, ~~\$6~~ \$7 to take small game;
- (3) for persons age 18 or over to take turkey, ~~\$23~~ \$26;
- (4) for persons ~~under~~ age 13 or over and under age 18 to take turkey, ~~\$12~~ \$13;
- (5) for persons age 18 or over to take deer with firearms during the regular firearms season, ~~\$26~~ \$30;
- (6) for persons age 18 or over to take deer by archery, ~~\$26~~ \$30;
- (7) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, ~~\$26~~ \$30;
- (8) to take moose, for a party of not more than six persons, ~~\$310~~ \$356;
- (9) to take bear, ~~\$38~~ \$44;
- (10) to take elk, for a party of not more than two persons, ~~\$250~~ \$287;
- (11) to take Canada geese during a special season, \$4;
- (12) to take prairie chickens, ~~\$20~~ \$23;
- (13) for persons age 13 or over and under age 18 to take deer with firearms during the regular firearms season, ~~\$13~~ \$15;
- (14) for persons age 13 or over and under age 18 to take deer by archery, ~~\$13; and~~ \$15;
- (15) for persons age 13 or over and under age 18 to take deer by muzzleloader during the muzzleloader season, ~~\$13; \$15~~;
- (16) for persons age 18 or over to take small game for a consecutive 72-hour period selected by the licensee, \$19, of which an amount equal to: one-half of the fee for the migratory waterfowl stamp under subdivision 5, clause (1), shall be deposited in the waterfowl habitat improvement account under section 97A.075, subdivision 2; one-half of the fee for the pheasant stamp under subdivision 5, clause (2), shall be deposited in the pheasant habitat improvement account under section 97A.075, subdivision 4; and one-half of the small game surcharge under subdivision 4, shall be deposited in the wildlife acquisition account; and
- (17) for persons age 16 or over and under age 18 to take small game, \$5.

Sec. 17. Minnesota Statutes 2010, section 97A.475, subdivision 3, is amended to read:

Subd. 3. **Nonresident hunting.** (a) Fees for the following licenses, to be issued to nonresidents, are:

- (1) for persons age 18 or over to take small game, ~~\$73~~ \$90.50;
- (2) for persons age 18 or over to take deer with firearms during the regular firearms season, ~~\$135~~ \$160;

- (3) for persons age 18 or over to take deer by archery, ~~\$135~~ \$160;
- (4) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, ~~\$135~~ \$160;
- (5) to take bear, ~~\$195~~ \$225;
- (6) for persons age 18 ~~and older~~ or over to take turkey, ~~\$78~~ \$91;
- (7) for persons age 13 or over and under age 18 to take turkey, ~~\$12~~ \$13;
- (8) to take raccoon or bobcat, ~~\$155~~ \$178;
- (9) to take Canada geese during a special season, \$4;
- (10) for persons age 13 or over and under age 18 to take deer with firearms during the regular firearms season in any open season option or time period, ~~\$13~~ \$15;
- (11) for persons age 13 or over and under age 18 to take deer by archery, ~~\$13~~; ~~and~~ \$15;
- (12) for persons age 13 or over and under age 18 to take deer during the muzzleloader season, ~~\$13~~; \$15; and

(13) for persons age 18 or over to take small game for a consecutive 72-hour period selected by the licensee, \$75, of which an amount equal to: one-half of the fee for the migratory waterfowl stamp under subdivision 5, clause (1), shall be deposited in the waterfowl habitat improvement account under section 97A.075, subdivision 2; one-half of the fee for the pheasant stamp under subdivision 5, clause (2), shall be deposited in the pheasant habitat improvement account under section 97A.075, subdivision 4; and one-half of the small game surcharge under subdivision 4, shall be deposited into the wildlife acquisition account.

(b) A \$5 surcharge shall be added to nonresident hunting licenses issued under paragraph (a), clauses (1) to (6) and (8). An additional commission may not be assessed on this surcharge.

Sec. 18. Minnesota Statutes 2010, section 97A.475, subdivision 4, is amended to read:

Subd. 4. **Small game surcharge.** Fees for annual licenses to take small game must be increased by a surcharge of \$6.50, except licenses under subdivisions 2, clause (16); and 3, paragraph (a), clause (13). An additional commission may not be assessed on the surcharge and the following statement must be included in the annual small game hunting regulations: "This \$6.50 surcharge is being paid by hunters for the acquisition and development of wildlife lands."

Sec. 19. Minnesota Statutes 2010, section 97A.475, subdivision 6, is amended to read:

Subd. 6. **Resident fishing.** Fees for the following licenses, to be issued to residents only, are:

- (1) for persons age 18 or over to take fish by angling, ~~\$17~~ \$22;
- (2) for persons age 18 or over to take fish by angling, for a combined license for a married couple, ~~\$25~~ \$35;
- (3) for persons age 18 or over to take fish by spearing from a dark house, ~~\$17~~; ~~and~~ \$5, and the person must possess an angling license;

(4) for persons age 18 or over to take fish by angling for a 24-hour period selected by the licensee, ~~\$8.50~~ \$10;

(5) for persons age 18 or over to take fish by angling for a consecutive 72-hour period selected by the licensee, \$12;

(6) for persons age 18 or over to take fish by angling for three consecutive years, \$63; and

(7) for persons age 16 or over and under age 18 to take fish by angling, \$5.

Sec. 20. Minnesota Statutes 2011 Supplement, section 97A.475, subdivision 7, is amended to read:

Subd. 7. **Nonresident fishing.** (a) Fees for the following licenses, to be issued to nonresidents, are:

(1) for persons age 18 or over to take fish by angling, ~~\$37.50~~ \$39;

(2) for persons age 18 or over to take fish by angling limited to seven consecutive days selected by the licensee, ~~\$26.50~~ \$33;

(3) for persons age 18 or over to take fish by angling for a consecutive 72-hour period selected by the licensee, ~~\$22~~ \$27;

(4) for persons age 18 or over to take fish by angling for a combined license for a family for one or both parents and dependent children under the age of 16, ~~\$50.50~~ \$53;

(5) for persons age 18 or over to take fish by angling for a 24-hour period selected by the licensee, ~~\$8.50~~ \$12;

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, ~~\$38.50~~; and \$43;

(7) for persons age 18 or over to take fish by spearing from a dark house, ~~\$37.50~~ \$10, and the person must possess an angling license; and

(8) for persons age 16 or over and under age 18 to take fish by angling, \$5.

(b) A ~~\$2~~ \$5 surcharge shall be added to all nonresident fishing licenses, except licenses issued under paragraph (a), ~~clause clauses (5); and licenses purchased at the resident fee by nonresidents under age 16 under section 97A.451, subdivision 5, paragraph (b) and (8).~~ An additional commission may not be assessed on this surcharge.

Sec. 21. Minnesota Statutes 2010, section 97A.475, subdivision 8, is amended to read:

Subd. 8. **Minnesota sporting; super sports.** (a) The commissioner shall issue Minnesota sporting licenses to residents only. The licensee may take fish by angling and small game. The fee for the license is:

(1) for an individual, ~~\$23~~ \$31.50; and

(2) for a combined license for a married couple to take fish and for one spouse to take small game, ~~\$32~~ \$45.50.

(b) The commissioner shall issue Minnesota super sports licenses to residents only. The licensee may take fish by angling, including trout; small game, including pheasant and waterfowl; and deer by firearms or muzzleloader or by archery. The fee for the super sports license, including all required stamp validations is:

(1) for an individual age 18 or over, ~~\$92.50~~; and

(2) for a combined license for a married couple to take fish, including the trout and salmon stamp validation, and for one spouse to take small game, including pheasant and waterfowl, and deer, ~~\$118.50~~.

(c) Revenue for the stamp endorsements under paragraph (b) shall be deposited according to section 97A.075, subdivisions 2, 3, and 4.

(d) Revenue for the deer license endorsement under paragraph (b) shall be deposited according to section 97A.075, subdivision 1.

Sec. 22. Minnesota Statutes 2010, section 97A.475, subdivision 11, is amended to read:

Subd. 11. **Fish houses, dark houses, and shelters; residents.** Fees for the following licenses are:

(1) annual for a fish house, dark house, or shelter that is not rented, ~~\$11.50~~ \$15;

(2) annual for a fish house, dark house, or shelter that is rented, ~~\$26~~ \$30;

(3) three-year for a fish house, dark house, or shelter that is not rented, ~~\$34.50~~ \$42; and

(4) three-year for a fish house, dark house, or shelter that is rented, ~~\$78~~ \$87.

Sec. 23. Minnesota Statutes 2010, section 97A.475, subdivision 12, is amended to read:

Subd. 12. **Fish houses, dark houses, and shelters; nonresident.** Fees for fish house, dark house, and shelter licenses for a nonresident are:

(1) annual, ~~\$33~~ \$37;

(2) seven consecutive days selected by the licensee, ~~\$19~~ \$21; and

(3) three-year, ~~\$99~~ \$111.

Sec. 24. Minnesota Statutes 2010, section 97A.475, subdivision 20, is amended to read:

Subd. 20. **Trapping license.** The fee for a license to trap fur-bearing animals is:

(1) for residents over age 13 and under age 18, ~~\$6~~ \$7;

(2) for residents age 18 or over and under age 65, ~~\$20~~ \$23;

(3) for residents age 65 or over, ~~\$10~~ \$11.50; and

(4) for nonresidents, ~~\$73~~ \$84.

Sec. 25. Minnesota Statutes 2010, section 97A.475, subdivision 43, is amended to read:

Subd. 43. **Duplicate licenses.** The fees for duplicate licenses are:

(1) for licenses to take big game, \$5, except licenses issued under subdivision 8, paragraph (b); and

(2) for other licenses, \$2.

Sec. 26. Minnesota Statutes 2010, section 97A.475, subdivision 44, is amended to read:

Subd. 44. **Replacement licenses.** The fee for a replacement firearms deer license is \$5, except there is no fee for replacing a deer license issued under subdivision 8, paragraph (b).

Sec. 27. Minnesota Statutes 2010, section 97A.475, subdivision 45, is amended to read:

Subd. 45. **Camp Ripley archery deer hunt.** The application fee for the Camp Ripley archery deer hunt is ~~\$8~~ \$12.

Sec. 28. Minnesota Statutes 2010, section 97A.485, subdivision 7, is amended to read:

Subd. 7. **Electronic licensing system commission.** The commissioner shall retain for the operation of the electronic licensing system the commission established under section 84.027, subdivision 15, and issuing fees collected by the commissioner on all license fees ~~collected, excluding:~~

~~(1) the small game surcharge;~~

~~(2) the deer license surcharges or donations under section 97A.475, subdivisions 3, paragraph (b), and 3a; and~~

~~(3) \$2.50 of the license fee for the licenses in section 97A.475, subdivisions 6, clauses (1), (2), and (4), 7, 8, 12, and 13.~~

Sec. 29. Minnesota Statutes 2010, section 97B.020, is amended to read:

97B.020 FIREARMS SAFETY CERTIFICATE REQUIRED.

(a) Except as provided in this section and section 97A.451, ~~subdivision 3a~~ subdivisions 3 and 3b, a person born after December 31, 1979, may not obtain an annual license to take wild animals by firearms unless the person has:

(1) a firearms safety certificate or equivalent certificate;

(2) a driver's license or identification card with a valid firearms safety qualification indicator issued under section 171.07, subdivision 13;

(3) a previous hunting license with a valid firearms safety qualification indicator;

(4) an apprentice hunter validation issued under section 97B.022; or

(5) other evidence indicating that the person has completed in this state or in another state a hunter safety course recognized by the department under a reciprocity agreement or certified by the department as substantially similar.

(b) A person who is on active duty and has successfully completed basic training in the United

States armed forces, reserve component, or National Guard may obtain a hunting license or approval authorizing hunting regardless of whether the person is issued a firearms safety certificate.

(c) A person born after December 31, 1979, may not use a lifetime license to take wild animals by firearms, unless the person meets the requirements for obtaining an annual license under paragraph (a) or (b).

Sec. 30. Minnesota Statutes 2010, section 97B.715, subdivision 1, is amended to read:

Subdivision 1. **Stamp required.** (a) Except as provided in paragraph (b) or section 97A.405, subdivision 2, a person required to possess a small game license may not hunt pheasants without a pheasant stamp validation.

(b) The following persons are exempt from this subdivision:

- (1) residents and nonresidents under age 18 ~~or~~ and residents over age 65;
- (2) persons hunting on licensed commercial shooting preserves; ~~and~~
- (3) resident disabled veterans with a license issued under section 97A.441, subdivision 6a; and
- (4) residents and nonresidents hunting on licenses issued under section 97A.475, subdivision 2, clause (16); or 3, paragraph (a), clause (13).

Sec. 31. Minnesota Statutes 2010, section 97B.801, is amended to read:

97B.801 MINNESOTA MIGRATORY WATERFOWL STAMP REQUIRED.

(a) Except as provided in this section or section 97A.405, subdivision 2, a person required to possess a small game license may not take migratory waterfowl without a migratory waterfowl stamp validation.

(b) Residents under age 18 or over age 65; resident disabled veterans with a license issued under section 97A.441, subdivision 6a; and persons hunting on their own property are not required to possess a stamp validation under this section.

(c) Residents and nonresidents with licenses issued under section 97A.475, subdivision 2, clause (16); or 3, paragraph (a), clause (13), are not required to possess a stamp validation under this section.

Sec. 32. Minnesota Statutes 2010, section 97C.305, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Except as provided in subdivision 2 or section 97A.405, subdivision 2, a person over age ~~16~~ 18 and under age 65 required to possess an angling license must have a trout and salmon stamp validation to:

- (1) take fish by angling in:
 - (i) a stream designated by the commissioner as a trout stream;
 - (ii) a lake designated by the commissioner as a trout lake; or
 - (iii) Lake Superior; or
- (2) possess trout or salmon taken in the state by angling.

Sec. 33. Minnesota Statutes 2010, section 97C.305, subdivision 2, is amended to read:

Subd. 2. **Exception.** A trout and salmon stamp validation is not required to take fish by angling or to possess trout and salmon if:

(1) the person:

(i) possesses a license to take fish by angling for a period of 24 hours or 72 hours from the time of issuance under section 97A.475, subdivision 6, clause (4) or (5); or ~~subdivision 7, paragraph (a),~~ clause (3) or (5); and

(ii) is taking fish by angling, or the trout or salmon were taken by the person, during the period the license is valid;

(2) the person is taking fish, or the trout or salmon were taken by the person, as authorized under section 97C.035; or

(3) the person has a valid license issued under section 97A.441, subdivision 1, 2, 3, 4, or 5.

Sec. 34. **TRANSFER.**

In fiscal year 2013, the commissioner of management and budget shall transfer \$500,000 from the game and fish fund to the invasive species account created in Minnesota Statutes, section 84D.15. This is in addition to the transfer specified in Minnesota Statutes, section 84D.15, subdivision 2.

Sec. 35. **APPROPRIATION.**

\$1,000,000 in fiscal year 2013 from the invasive species account is added to the appropriation in Laws 2011, First Special Session chapter 2, article 1, section 4, subdivision 3, for invasive species activities. This is a onetime appropriation.

Sec. 36. **REPEALER.**

Minnesota Statutes 2010, sections 97A.451, subdivisions 3a and 7; and 97C.303, are repealed.

Sec. 37. **EFFECTIVE DATE.**

Sections 1 to 33 and 36 are effective March 1, 2013."

Delete the title and insert:

"A bill for an act relating to environment; modifying certain environment law requirements; modifying certain state agency reporting requirements; modifying game and fish laws; modifying water law; modifying fees, accounts; disposition of certain receipts; repealing certain laws and rules; requiring reports; providing civil penalties; exempting certain activities from rulemaking; modifying previous appropriations; appropriating money; amending Minnesota Statutes 2010, sections 84.027, subdivisions 14, 15; 84.67; 84.91, subdivision 1; 84D.05, subdivision 1; 85.018, subdivision 2; 85.055, subdivision 2; 85.20, subdivision 1; 85.46, subdivision 1; 85A.04, subdivision 1; 86B.331, subdivision 1; 97A.015, subdivisions 3a, 53; 97A.065, subdivision 6; 97A.085, by adding a subdivision; 97A.137, subdivision 5; 97A.411, subdivision 1, by adding a subdivision; 97A.421, subdivisions 3, 4a; 97A.435, subdivision 2; 97A.441, subdivision 7; 97A.451, subdivisions 3, 4, 5, by adding subdivisions; 97A.473, subdivisions 2, 2b, 3, 4, 5, 5a; 97A.474, subdivision 2; 97A.475, subdivisions 2, 3, 4, 6, 8, 11, 12, 20, 43, 44, 45; 97A.482;

97A.485, subdivision 7; 97B.001, subdivision 7; 97B.020; 97B.031, subdivisions 1, 2; 97B.035, subdivision 1a; 97B.055, subdivision 1; 97B.071; 97B.085, subdivision 3; 97B.303; 97B.328; 97B.601, subdivisions 3a, 4; 97B.603; 97B.605; 97B.671, subdivisions 3, 4; 97B.711, subdivision 1; 97B.715, subdivision 1; 97B.801; 97B.805, subdivision 1; 97B.901; 97C.305, subdivisions 1, 2; 97C.395, subdivision 1; 103A.43; 103B.101, subdivisions 2, 7, 10, by adding subdivisions; 103B.311, subdivision 4; 103B.3363, by adding a subdivision; 103B.3369; 103B.355; 103G.2241, subdivisions 1, 9, 11; 103G.2242, subdivision 3; 103G.282, subdivisions 1, 3; 103H.175, subdivision 3; 115.06, subdivision 4; 115.42; 115.55, subdivision 7; 115A.15, subdivision 5; 115A.411; 115A.551, subdivisions 2a, 4; 115A.557, subdivision 4; 115D.08; 116.011; 116.06, subdivision 22; 116.0714; 116.10; 116C.833, subdivision 2; 216C.055; 216H.07, subdivision 3; 473.149, subdivision 6; 473.846; Minnesota Statutes 2011 Supplement, sections 84D.01, subdivision 15a; 84D.03, subdivision 3; 84D.09, subdivision 2; 84D.10, subdivisions 1, 4; 84D.105, subdivision 2; 84D.13, subdivision 5; 97A.075, subdivision 1, by adding a subdivision; 97A.475, subdivision 7; 97B.031, subdivision 5; 97B.075; 97B.645, subdivision 9; 97B.667; 97C.341; 103G.222, subdivision 1; 115A.1320, subdivision 1; 116D.04, subdivision 2a; Laws 2007, chapter 57, article 1, section 4, subdivision 2, as amended; Laws 2010, chapter 362, section 2, subdivision 7; Laws 2011, First Special Session chapter 6, article 3, section 8, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 84; 86B; 97A; 97B; 103B; 103G; 383B; repealing Minnesota Statutes 2010, sections 84.946, subdivision 3; 86A.12, subdivision 5; 89.06; 90.042; 97A.045, subdivisions 8, 13; 97A.065, subdivision 1; 97A.095, subdivision 3; 97A.331, subdivision 7; 97A.451, subdivisions 3a, 7; 97A.4742, subdivision 4; 97A.485, subdivision 12; 97A.552; 97B.645, subdivision 2; 97C.031; 97C.303; 103G.705, subdivision 1; 115.447; 115A.07, subdivision 2; 115A.15, subdivision 5; 115A.965, subdivision 7; 216H.07, subdivision 4; Minnesota Rules, parts 7002.0025, subpart 2a; 7011.7030; 7021.0010, subpart 3; 7021.0050, subparts 1, 2, 3; 7041.0500, subparts 5, 6, 7."

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 1808, 1874, 1466, 2108, 1687, 1416, 1806, 2297, 201, 1888, 2188, 1811, 2490 and 1830 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1812, 738 and 2083 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Hann moved that the appointment withdrawn from the Committee on Health and Human Services and placed on the Confirmation Calendar under Senate Rule 8.2, reported in the Journal for February 8, 2012, be returned to the committee from which it was withdrawn.

COMMISSIONER OF HEALTH
Dr. Edward P. Ehlinger

The motion prevailed.

RECESS

Senator Senjem moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Senator Senjem from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 1567: Senators Ingebrigtsen, Gazelka, Carlson, Pederson and Stumpf.

Senator Senjem moved that the foregoing appointments be approved. The motion prevailed.

MEMBERS EXCUSED

Senators Koch, Michel, Ortman, Rosen, Sparks and Tomassoni were excused from the Session of today from 2:00 to 2:50 p.m. Senator Dibble was excused from the Session of today from 5:50 to 6:05 p.m. Senator Wolf was excused from the Session of today from 6:05 to 6:15 p.m.

ADJOURNMENT

Senator Senjem moved that the Senate do now adjourn until 12:00 noon, Monday, March 26, 2012. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate