

SEVENTY-THIRD DAY

St. Paul, Minnesota, Thursday, March 20, 2014

The Senate met at 11:00 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rabbi Sim Glaser.

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:

Anderson	Eken	Kent	Pappas	Skoe
Bakk	Fischbach	Kiffmeyer	Pederson, J.	Sparks
Benson	Franzen	Koenen	Petersen, B.	Stumpf
Bonoff	Gazelka	Latz	Pratt	Thompson
Brown	Goodwin	Limmer	Reinert	Tomassoni
Carlson	Hall	Lourey	Rest	Torres Ray
Chamberlain	Hann	Marty	Rosen	Weber
Champion	Hawj	Metzen	Ruud	Westrom
Clausen	Hayden	Miller	Saxhaug	Wiger
Cohen	Hoffman	Nelson	Scalze	Wiklund
Dahle	Housley	Newman	Schmit	
Dahms	Ingebrigtsen	Nienow	Senjem	
Dibble	Jensen	Ortman	Sheran	
Dziedzic	Johnson	Osmeck	Sieben	

The President declared a quorum present.

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

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Metzen from the Committee on Commerce, to which was referred

S.F. No. 1901: A bill for an act relating to health; limiting tanning equipment to persons age 18 or older; amending Minnesota Statutes 2012, sections 325H.05; 325H.09; proposing coding for new law in Minnesota Statutes, chapter 325H; repealing Minnesota Statutes 2012, sections 325H.06; 325H.08.

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

Page 2, line 9, after "equipment" insert "as defined by section 325H.01, subdivision 6,"

And when so amended the bill do pass and be re-referred to the Committee on Health, Human Services and Housing. Amendments adopted. Report adopted.

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

H.F. No. 826: A bill for an act relating to education; providing for safe and supportive schools; authorizing rulemaking; amending Minnesota Statutes 2012, sections 120B.36, subdivision 1; 121A.55; 121A.69, subdivision 3; 122A.60, subdivisions 1a, 3; 124D.10, subdivision 8; 124D.895, subdivision 1; 124D.8955; 125B.15; 127A.42, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 121A; 127A; repealing Minnesota Statutes 2012, sections 121A.03; 121A.0695.

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

Page 2, line 16, before the period, insert ", or a nonpublic school under section 123B.41, subdivision 9"

Page 14, delete section 9

Renumber the sections in sequence

Amend the title numbers accordingly

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

Senator Dibble from the Committee on Transportation and Public Safety, to which was re-referred

S.F. No. 2401: A bill for an act relating to elections; voters; authorizing secretary of state to obtain certain data from Department of Public Safety; authorizing secretary of state to share certain data; appropriating money; amending Minnesota Statutes 2012, sections 171.12, subdivision 7a; 201.13, subdivision 3.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Judiciary. Report adopted.

Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred

S.F. No. 2140: A bill for an act relating to health; requiring training on Alzheimer's disease for all long-term care facilities; proposing coding for new law in Minnesota Statutes, chapter 144A.

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 2012, section 144D.065, is amended to read:

144D.065 TRAINING IN DEMENTIA CARE REQUIRED.

(a) If a housing with services establishment registered under this chapter has a special program or special care unit for residents with Alzheimer's disease or other dementias or advertises, markets, or otherwise promotes the establishment as providing services for persons with Alzheimer's disease or related disorders other dementias, whether in a segregated or general unit, the establishment's direct care staff and their supervisors must be trained in dementia care employees of the establishment and of the establishment's arranged home care provider must meet the following training requirements:

(1) supervisors of direct-care staff must have at least eight hours of initial training on topics specified under paragraph (b) within 120 hours of the employment start date, and must have at least two hours of training on topics related to dementia care for each 12 months of employment thereafter;

(2) direct-care employees must have completed at least eight hours of initial training on topics specified under paragraph (b) within 160 hours of the employment start date. Until this initial training is complete, an employee must not provide direct care unless there is another employee on site who has completed the initial eight hours of training on topics related to dementia care and who can act as a resource and assist if issues arise. A trainer of the requirements under paragraph (b), or a supervisor meeting the requirements in clause (1) must be available for consultation with the new employee until the training requirement is complete. Direct-care employees must have at least two hours of training on topics related to dementia for each 12 months of employment thereafter;

(3) staff who do not provide direct care, including maintenance, housekeeping and food service staff must have at least four hours of initial training on topics specified under paragraph (b) within 160 hours of the employment start date, and must have at least two hours of training on topics related to dementia care for each 12 months of employment thereafter; and

(4) new employees may satisfy the initial training requirements by producing written proof of previously completed required training within the past 18 months.

(b) Areas of required training include:

- (1) an explanation of Alzheimer's disease and related disorders;
- (2) assistance with activities of daily living;
- (3) problem solving with challenging behaviors; and
- (4) communication skills.

(c) The establishment shall provide to consumers in written or electronic form a description of the training program, the categories of employees trained, the frequency of training, and the basic topics covered. This information satisfies the disclosure requirements of section 325F.72, subdivision 2, clause (4).

(d) Housing with services establishments not included in paragraph (a) that provide assisted living services under chapter 144G must meet the following training requirements:

(1) supervisors of direct-care staff must have at least four hours of initial training on topics specified under paragraph (b) within 120 hours of the employment start date, and must have at

least two hours of training on topics related to dementia care for each 12 months of employment thereafter;

(2) direct-care employees must have completed at least four hours of initial training on topics specified under paragraph (b) within 160 hours of the employment start date. Until this initial training is complete, an employee must not provide direct care unless there is another employee on site who has completed the initial four hours of training on topics related to dementia care and who can act as a resource and assist if issues arise. A trainer of the requirements under paragraph (b) or supervisor meeting the requirements under paragraph (a), clause (1), must be available for consultation with the new employee until the training requirement is complete. Direct-care employees must have at least two hours of training on topics related to dementia for each 12 months of employment thereafter;

(3) staff who do not provide direct care, including maintenance, housekeeping and food service staff must have at least four hours of initial training on topics specified under paragraph (b) within 160 hours of the employment start date, and must have at least two hours of training on topics related to dementia care for each 12 months of employment thereafter; and

(4) new employees may satisfy the initial training requirements by producing written proof of previously completed required training within the past 18 months.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 2. [144D.10] MANAGER REQUIREMENTS.

(a) The person primarily responsible for oversight and management of a housing with services establishment, as designated by the owner of the housing with services establishment, must obtain at least 30 hours of continuing education every two years of employment as the manager in topics relevant to the operations of the housing with services establishment and the needs of its tenants. Continuing education earned to maintain a professional license, such as nursing home administrator license, nursing license, social worker license, and real estate license, can be used to complete this requirement.

(b) For managers of establishments identified in section 325F.72, this continuing education must include at least eight hours of documented training on the topics identified in section 144D.065, subdivision 1, paragraph (b), within 160 hours of hire, and two hours of training on these topics for each 12 months of employment thereafter.

(c) For managers of establishments not covered by section 325F.72, but who provide assisted living services under chapter 144G, this continuing education must include at least four hours of documented training on the topics identified in section 144D.065, subdivision 1, paragraph (b), within 160 hours of hire, and two hours of training on these topics for each 12 months of employment thereafter.

(d) A statement verifying compliance with the continuing education requirement must be included in the housing with services establishment's annual registration to the commissioner of health. The establishment must maintain records for at least three years demonstrating that the person primarily responsible for oversight and management of the establishment has attended educational programs as required by this section.

(e) New managers may satisfy the initial dementia training requirements by producing written proof of previously completed required training within the past 18 months.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 3. [144D.11] EMERGENCY PLANNING.

(a) Each registered housing with services establishment must meet the following requirements:

(1) have a written emergency disaster plan that contains a plan for evacuation, addresses elements of sheltering in-place, identifies temporary relocation sites, and details staff assignments in the event of a disaster or an emergency;

(2) post an emergency disaster plan prominently;

(3) provide building emergency exit diagrams to all tenants upon signing a lease;

(4) post emergency exit diagrams on each floor; and

(5) have a written policy and procedure regarding missing tenants.

(b) Each registered housing with services establishment must provide emergency and disaster training to all staff within 30 days of hire and annually thereafter and must make emergency and disaster training available to all tenants annually.

(c) Each registered housing with services location must conduct and document a fire drill or other emergency drill at least every six months. To the extent possible, drills must be coordinated with local fire departments or other community emergency resources.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 4. EVALUATION AND REPORTING REQUIREMENTS.

(a) The commissioner of health shall consult with the Alzheimer's Association, Aging Services of Minnesota, Care Providers of Minnesota, the ombudsman for long term care, and other stakeholders to evaluate the following:

(1) whether additional settings, provider types, licensed and unlicensed personnel, or health care services regulated by the commissioner should be required to comply with the training requirements in Minnesota Statutes, sections 144D.065, 144D.10, and 144D.11;

(2) cost implications for the groups or individuals identified in clause (1) to comply with the training requirements;

(3) dementia education options available;

(4) existing dementia training mandates under federal and state statutes and rules; and

(5) the enforceability of Minnesota Statutes, sections 144D.065, 144D.10, and 144D.11, and methods to determine compliance with the training requirements.

(b) The commissioner shall report the evaluation to the chairs of the health and human services committees of the legislature no later than February 15, 2015, along with any recommendations for legislative changes."

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "requiring training for housing with services establishments;"

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 Sheran from the Committee on Health, Human Services and Housing, to which was referred

S.F. No. 2026: A bill for an act relating to health; providing an exception to the hospital construction moratorium; amending Minnesota Statutes 2012, section 144.551, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred

S.F. No. 1857: A bill for an act relating to sexually exploited youth; expanding the safe harbor director duties; appropriating money for service grants and safe housing; amending Minnesota Statutes 2013 Supplement, section 145.4716, subdivision 2.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred

S.F. No. 2133: A bill for an act relating to human services; modifying the critical access dental provider requirements; amending Minnesota Statutes 2013 Supplement, section 256B.76, subdivision 4.

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

Page 2, after line 33, insert:

"(3) the designated critical access dental clinic and the dentist providing the service have entered into a contractual agreement that specifies that the critical access dental clinic is responsible for the services provided;"

Page 2, line 34, strike "(3)" and insert "(4)"

Page 3, line 1, strike "(4)" and insert "(5)"

Page 3, line 3, strike "(5)" and insert "(6)"

Page 3, line 4, strike "(6)" and insert "(7)"

Page 3, line 6, strike "(7)" and insert "(8)"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred

S.F. No. 1731: A bill for an act relating to human services; establishing a training program to clarify and interpret the Civil Commitment Act as it pertains to persons with mental illness; appropriating money.

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

Page 1, line 17, after the comma, insert "Minnesota Hospital Association,"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred

S.F. No. 2733: A bill for an act relating to human services; modifying provisions governing the administration of neuroleptic medication to persons subject to civil commitment; establishing a pilot program; amending Minnesota Statutes 2012, sections 253B.07, subdivision 7; 253B.09, subdivision 2; 253B.092, subdivision 2.

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

Page 1, delete section 1

Page 2, delete section 2

Page 3, line 24, delete "related to notice of commitment that were"

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. Amendments adopted. Report adopted.

Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred

S.F. No. 1739: A bill for an act relating to human services; modifying education opportunities for participants in the Minnesota family investment program; amending Minnesota Statutes 2012, sections 256J.49, subdivision 13; 256J.53, subdivisions 1, 5; 256J.531; repealing Minnesota Statutes 2012, section 256J.53, subdivision 2.

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

Page 2, line 13, delete "Minnesota" and after "adult" insert "high school"

Page 2, line 34, delete "Minnesota" and insert "an" and after "adult" insert "high school"

Page 3, line 16, delete "Minnesota" and insert "an" and after "adult" insert "high school"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 2118: A bill for an act relating to education; adopting the interstate compact on educational opportunity for military children; requiring a military-connected youth identifier; amending Minnesota Statutes 2012, section 127A.70, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 127A.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Judiciary. Report adopted.

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 1722: A bill for an act relating to education; including additional therapists within the teacher bargaining unit; amending Minnesota Statutes 2012, section 179A.03, subdivision 18.

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

Senator Pappas from the Committee on State and Local Government, to which was referred

S.F. No. 2255: A bill for an act relating to deposits and investments of public funds; granting the Metropolitan Council additional investment authority; making certain conforming technical changes; amending Minnesota Statutes 2012, sections 118A.03, subdivision 5; 118A.04, subdivisions 7, 8; 118A.07; 473.543, subdivision 3.

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

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 2001: A bill for an act relating to higher education; providing resident tuition status for certain veterans at public postsecondary institutions; proposing coding for new law in Minnesota Statutes, chapter 135A.

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

Senator Pappas from the Committee on State and Local Government, to which was referred

S.F. No. 2343: A bill for an act relating to state government; modifying investment reporting; amending Minnesota Statutes 2012, section 471.6175, subdivision 4.

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

Senator Pappas from the Committee on State and Local Government, to which was referred

S.F. No. 2166: A bill for an act relating to local government; authorizing meetings by telephone or other electronic means; amending Minnesota Statutes 2012, section 469.084, by adding a subdivision.

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

Senator Pappas from the Committee on State and Local Government, to which was referred

S.F. No. 2036: A bill for an act relating to local government; authorizing the city of North Branch to increase its Public Utilities Commission from three to up to seven members.

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

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 2372: A bill for an act relating to insurance; modifying certain regulations to reduce the incidence of insurance fraud; providing an administrative penalty for insurance fraud; creating a process for deauthorization of the right of health care providers to receive certain payments under chapter 65B; limiting reimbursement for certain prescription drugs; regulating batch billing; modifying certain economic benefits under chapter 65B; establishing a task force on motor vehicle insurance coverage verification; amending Minnesota Statutes 2012, sections 13.7191, subdivision 16; 13.82, subdivision 6; 60A.952, subdivision 3; 65B.44, subdivisions 2, 3, 4, 6, by adding a subdivision; 72A.502, subdivision 2; Minnesota Statutes 2013 Supplement, section 45.0135, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 45; repealing Minnesota Statutes 2012, section 72A.327.

Reports the same back with the recommendation that the bill do pass and be referred to the Committee on Judiciary. Report adopted.

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 2227: A bill for an act relating to natural resources; modifying game and fish laws; modifying use of vehicles for hunting; modifying oversight committee provisions; modifying provisions for wildlife management areas; modifying license provisions and fees; modifying trespass provisions; modifying provisions for taking wild animals; authorizing nonlethal hazing of Canada geese; creating a shooting sports facility program; requiring certain permits; modifying requirements for game and fish contests; updating and eliminating certain obsolete language; modifying prior appropriations; requiring rulemaking; providing criminal penalties; appropriating money; amending Minnesota Statutes 2012, sections 84.154, subdivisions 1, 2, 3; 84.777, subdivision 2; 84.87, by adding a subdivision; 84.944, subdivision 2; 84A.10; 84A.50; 97A.025; 97A.055, subdivision 4b; 97A.131; 97A.137, subdivision 3, by adding a subdivision; 97A.311, subdivision 5, by adding a subdivision; 97A.405, subdivision 2; 97A.434, subdivision 1; 97A.473, subdivisions 2a, 2b, 5, 5a; 97A.502; 97B.001, subdivisions 3, 4, 7; 97B.031, subdivision 5; 97B.081, subdivision 3; 97B.086; 97B.095; 97B.516; 97B.605; 97B.655, subdivision 1; 97B.667, subdivisions 3, 4; 97B.731, subdivision 1; 97C.821; 349.173; Minnesota Statutes 2013 Supplement, sections 97A.475, subdivisions 2, 3; 97A.485, subdivision 6; Laws 2008, chapter 363, article 5, section 4, subdivision 7, as amended; proposing coding for new law in Minnesota Statutes, chapters 87A; 97B; 97C; repealing Minnesota Statutes 2012, sections 84.154, subdivision 5; 84A.04; 84A.08; 84A.11; 97A.081; 97A.083; 97A.445, subdivision 3; 97A.4742, subdivision 3; 97B.061; 97B.611; 97B.615; 97B.621, subdivisions 1, 4; 97B.625; 97B.631; 97B.635; 97B.711; 97B.715, subdivision 2; 97B.803; 97B.911; 97B.915; 97B.921; 97B.925; 97C.011; 97C.081, subdivision 5; 97C.827; Minnesota Rules, part 6100.5100.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Judiciary. Report adopted.

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 2378: A bill for an act relating to human services; providing that certain human services advisory councils do not expire; amending Minnesota Statutes 2013 Supplement, sections 254A.035, subdivision 2; 254A.04; 260.835, subdivision 2.

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

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 2402: A bill for an act relating to campaign finance; making various technical changes; authorizing the board to request reconciliation information; authorizing certain fees; authorizing the board to establish a system to store electronic records online; modifying certain definitions and fee amounts; imposing penalties; providing board procedures; amending complaint threshold; requiring rulemaking; amending Minnesota Statutes 2012, sections 10A.01, subdivision 5; 10A.02, subdivisions 5, 8, 11a, by adding a subdivision; 10A.025, by adding a subdivision; 10A.09, subdivisions 1, 5, by adding a subdivision; 10A.12, subdivision 5; 10A.255, subdivision 3; 10A.28, subdivision 4; 13.607, subdivision 5a; 211A.02, subdivision 2; Minnesota Statutes 2013 Supplement, sections 10A.01, subdivision 10; 10A.02, subdivisions 10, 11; 10A.025, subdivision 4; 10A.20, subdivisions 2, 5; repealing Minnesota Statutes 2012, section 10A.09, subdivision 8.

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

Page 3, line 24, after "rules" insert ", using the expedited rulemaking process in section 14.389,"

Page 12, line 30, delete "required by" and insert "authorized by section 5"

Page 12, delete line 31

Page 12, line 32, delete "The board must issue these rules" and delete "September" and insert "December"

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 2435: A bill for an act relating to crimes; establishing a task force to comprehensively review the enforcement of animal anticruelty laws and practices and make recommendations for improvements; appropriating money.

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

Page 1, line 8, delete "20" and insert "19"

Page 1, line 23, delete everything after "(10)"

Page 1, delete line 24

Page 2, line 1, delete "(11)"

Page 2, line 2, delete "(12)" and insert "(11)"

Page 2, line 31, delete the third "the"

Page 3, line 4, delete "finan~~ca~~l" and insert "financial" and after "sources" insert "which are accepted on behalf of the state and constitute donations to the state. Funds received under this subdivision are appropriated to the commissioner of public safety for purposes of the task force"

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred

H.F. No. 1604: A bill for an act relating to health; requiring reporting of diverted narcotics or controlled substances; amending Minnesota Statutes 2012, section 214.33, by adding a subdivision.

(Amended pursuant to Rule 45, adopted by the Senate May 15, 2013; the text of H.F. No. 1604 is identical to S.F. No. 1181.)

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 2012, section 214.33, is amended by adding a subdivision to read:

Subd. 5. **Employer mandatory reporting.** (a) An employer of a person regulated by a health-related licensing board, and a health care institution or other organization where the regulated person is engaged in providing services, must report to the appropriate licensing board that a regulated person has diverted narcotics or other controlled substances in violation of state or federal narcotics or controlled substance law if:

(1) the employer, health care institution, or organization making the report has knowledge of the diversion; and

(2) the regulated person has diverted narcotics or other controlled substances from the reporting employer, health care institution, or organization, or at the reporting institution or organization.

(b) The requirement to report under this subdivision does not apply if:

(1) the regulated person is self-employed;

(2) the knowledge was obtained in the course of a professional-patient relationship and the patient is regulated by the health-related licensing board; or

(3) knowledge of the diversion first becomes known to the employer, health care institution, or other organization, either from (i) an individual who is serving as a work site monitor approved by the health professional services program for the regulated person who has self-reported to the health professional services program, and who has returned to work pursuant to a health professional services program participation agreement and monitoring plan; or (ii) the regulated person who has self-reported to the health professional services program and who has returned to work pursuant to the health professional services program participation agreement and monitoring plan.

(c) Complying with subdivision 1 does not waive the requirement to report under this subdivision."

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

Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred

S.F. No. 2260: A bill for an act relating to public safety; providing for the registration of automatic external defibrillators; proposing coding for new law in Minnesota Statutes, chapter 403.

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

Delete everything after the enacting clause and insert:

"Section 1. [403.51] AUTOMATIC EXTERNAL DEFIBRILLATION; REGISTRATION.

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

(b) "Automatic external defibrillator" or "AED" means an electronic device designed and manufactured to operate automatically or semiautomatically for the purpose of delivering an electrical current to the heart of a person in sudden cardiac arrest.

(c) "AED registry" means a registry of AEDs that requires a maintenance program or package, and includes, but is not limited to: the Minnesota AED Registry, the National AED Registry, iRescu, or a manufacturer-specific program.

(d) "Public Access AED" means an AED that is intended, by its markings or display, to be used or accessed by the public for the benefit of the general public that may be in the vicinity or location of that AED. It does not include an AED that is owned or used by a hospital, clinic, business, or organization that is intended to be used by staff and is not marked or displayed in a manner to encourage public access.

(e) "Maintenance program or package" means a program that will alert the AED owner when the AED has electrodes and batteries due to expire or replaces those expiring electrodes and batteries for the AED owner.

(f) "Public safety agency" means local law enforcement, county sheriff, municipal police, tribal agencies, state law enforcement, fire departments, including municipal departments, industrial fire brigades, and nonprofit fire departments, joint powers agencies, and licensed ambulance services.

(g) "Mobile AED" means an AED that (1) is purchased with the intent of being located in a vehicle, including, but not limited to, public safety agency vehicles; or (2) will not be placed in stationary storage, including, but not limited to, an AED used at an athletic event.

(h) "Private Use AED" means an AED that is not intended to be used or accessed by the public for the benefit of the general public. This may include, but is not limited to, AEDs found in private residences.

Subd. 2. Registration. A person who purchases or obtains a Public Access AED shall register that device with an AED registry within 30 working days of receiving the AED.

Subd. 3. **Required information.** A person registering a Public Access AED shall provide the following information for each AED:

- (1) AED manufacturer, model, and serial number;
- (2) specific location where the AED will be kept; and
- (3) the title, address, and telephone number of a person in management at the business or organization where the AED is located.

Subd. 4. **Information changes.** The owner of a Public Access AED shall notify the owner's AED registry of any changes in the information that is required in the registration within 30 working days of the change occurring.

Subd. 5. **Public Access AED requirements.** A Public Access AED:

- (1) may be inspected during regular business hours by a public safety agency with jurisdiction over the location of the AED;
- (2) must be kept in the location specified in the registration; and
- (3) must be reasonably maintained, including replacement of dead batteries and pads/electrodes, and comply with all manufacturer's recall and safety notices.

Subd. 6. **Removal of AED.** An authorized agent of a public safety agency with jurisdiction over the location of the AED may direct the owner of a Public Access AED to comply with this section. The authorized agent of the public safety agency may direct the owner of the AED to remove the AED from its public access location and to remove or cover any public signs relating to that AED if it is determined that the AED is not ready for immediate use.

Subd. 7. **Private Use AEDs.** The owner of a Private Use AED is not subject to the requirements of this section but is encouraged to maintain the AED in a consistent manner.

Subd. 8. **Mobile AEDs.** The owner of a Mobile AED is not subject to the requirements of this section but is encouraged to maintain the AED in a consistent manner.

Subd. 9. **Signs.** A person acquiring a Public Use AED is encouraged but is not required to post signs bearing the universal AED symbol in order to increase the ease of access by the public to the AED in the event of an emergency. A person may not post any AED sign or allow any AED sign to remain posted upon being ordered to remove or cover any AED signs by an authorized agent of a public safety agency.

Subd. 10. **Emergency response plans.** The owner of one or more Public Access AEDs shall develop an emergency response plan appropriate for the nature of the facility the AED is intended to serve.

Subd. 11. **No civil or criminal liability created.** This section does not create any civil or criminal liability on the part of an AED owner.

EFFECTIVE DATE. This section is effective August 1, 2014."

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Senator Sheran from the Committee on Health, Human Services and Housing, to which was re-referred

S.F. No. 2692: A bill for an act relating to early learning; expanding the availability of early learning scholarships; funding home health visit programs; providing assistance to child care providers to participate in the quality rating system; creating an early childhood scholarship pilot program; appropriating money; amending Minnesota Statutes 2013 Supplement, section 124D.165, subdivision 3, by adding a subdivision; Laws 2013, chapter 116, article 8, section 5, subdivision 8.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Pappas from the Committee on State and Local Government, to which was re-referred

S.F. No. 1811: A bill for an act relating to elections; authorizing the use of electronic rosters statewide; directing the secretary of state to adopt rules; amending Minnesota Statutes 2012, sections 200.02, by adding subdivisions; 201.221, subdivision 3; 204B.14, subdivision 2; 204C.10; 204C.12, subdivision 4; 211B.11, subdivision 1; Minnesota Statutes 2013 Supplement, section 204C.14, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 201.

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

Page 3, line 27, delete "a rule to prescribe the requirements" and insert "rules using the expedited rulemaking process under section 14.389, to implement the requirements of this paragraph"

Page 4, delete line 2 and insert "(1) printed format; or (2) electronic format as permitted by section 201.225."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was re-referred

S.F. No. 1964: A bill for an act relating to telecommunications; consumer protection; establishing requirements for acquisition and resale of wireless communications devices; providing for criminal penalties; proposing coding for new law in Minnesota Statutes, chapter 325E.

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

Page 1, after line 10, insert:

"(b) "CMRS provider" means a provider of commercial radio service, as defined in United States Code, title 47, section 332, and includes its authorized dealers."

Page 1, line 11, delete "(b)" and insert "(c)"

Page 1, after line 12, insert:

"(d) "Trade-in program" means a program offered by a CMRS provider pursuant to which used wireless communications devices are accepted from customers in exchange for a noncash credit usable only for the purchase of goods or services from the CMRS provider."

Page 1, line 13, delete "(c)" and insert "(e)"

Page 1, line 16, delete "(d)" and insert "(f)"

Page 3, line 12, delete ", electronic transfer, or store credit" and insert "or by electronic transfer" and delete everything after the period

Page 3, delete line 13

Page 4, line 33, before "This" insert "(a)"

Page 4, after line 35, insert:

"(b) This section does not apply with respect to wireless communications devices acquired by a CMRS provider as part of a trade-in program.

(c) This section does not apply to wireless communications device dealers regulated under chapter 325J."

Amend the title accordingly

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Senator Metzen from the Committee on Commerce, to which was re-referred

S.F. No. 2164: A bill for an act relating to energy; regulating terms of sale and service and the discontinuance of service during the heating season with respect to residential propane customers; requiring registration of and reporting by propane distributors; providing additional regulatory authority to the commissioner of commerce regarding the propane industry; requiring notice of lack of propane supply by propane terminal operators; amending Minnesota Statutes 2012, sections 239.051, subdivision 29; 239.785, by adding a subdivision; 325E.027; proposing coding for new law in Minnesota Statutes, chapter 216B.

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

Delete everything after the enacting clause and insert:

"Section 1. **[325E.0271] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 325E.0271 to 325E.0276, the terms defined in this section have the meanings given them.

Subd. 2. **Customer.** "Customer" means a person who has an established relationship with a propane distributor and whose propane system meets the safety guidelines established by the propane distributor for residential heating service.

Subd. 3. **LIHEAP.** "LIHEAP" means the low-income home energy assistance program.

Subd. 4. **Propane distributor.** "Propane distributor" means a person who sells propane at retail to customers as their primary residential heat source; propane distributors are not public utilities.

Subd. 5. **Residential heating service.** "Residential heating service" means the provision of the primary source of heat for the interior of a residential structure.

Sec. 2. **[325E.0272] PRICE AND FEE DISCLOSURE.**

A propane distributor must provide a document listing the current per-gallon price of propane and all additional charges, fees, and discounts that pertain to residential heating service. The document must be:

- (1) made available to the general public upon request; and
- (2) provided to new customers before residential heating service is initiated.

Sec. 3. **[325E.0273] BUDGET PAYMENT PLAN.**

(a) A propane distributor who offers customers a budget payment plan must make that plan available to all customers, including those who participate in the LIHEAP program.

(b) A budget payment plan must equalize a customer's estimated annual propane bill by dividing it into equal monthly payments. Any budget plan started after the propane distributor's traditional budget plan start date will be divided by the remaining months in the budget plan year. Any positive balance remaining at the end of a year may, at the customer's discretion, be provided to the customer as a cash payment or carried over as a credit on the customer's bill for the next year.

(c) A propane distributor must notify a customer on a budget payment plan of a price or fee change that may affect the monthly amount due under the budget payment plan by more than 20 percent.

(d) A propane distributor may alter or terminate the plan if a customer has failed to pay two monthly payments during the period of the budget payment plan. In lieu of the requirements of this section, the parties may enter into a mutually agreeable plan.

Sec. 4. **[325E.0274] PROPANE PURCHASE CONTRACTS.**

A propane distributor is prohibited from adding any service, distribution, transportation, or similar fees to customer billings for those customers who have entered into a contract for prepurchasing or capitated pricing of propane for the period of the contract provided that:

- (1) the customer has met all obligations of that contract; and
- (2) the propane distributor can receive product from its contracted supply points and a force majeure has not been declared by the propane distributor's supplier.

Sec. 5. **[325E.0275] NONDISCRIMINATION.**

A propane distributor that offers customers service and service options including, but not limited to, prepurchase contracts, keep-fill delivery, and credit payments, must offer the same terms and conditions to all new and existing customers.

Sec. 6. **[325E.0276] TERMS OF SALE.**

Subdivision 1. **Cash sales.** A propane distributor with an available supply of propane must not refuse to sell propane to a customer who:

- (1) pays the distributor's established price upon delivery in cash, by certified or cashier's check, or by commercial money order or its equivalent; or

(2) receives energy assistance from LIHEAP or a governmental or private agency that has funds available to pay for a delivery.

Subd. 2. **LIHEAP participation and payments** A propane distributor who accepts LIHEAP payments must, upon request, make available to its customers information regarding LIHEAP, including income eligibility and contact information for organizations accepting LIHEAP applications.

Subd. 3. **Third-party credit disclosure.** A propane distributor must not make known the names of past or present delinquent customers to other propane distributors, except in the course of a routine credit check performed when a prospective customer applies for credit privileges.

Subd. 4. **Security deposits.** During the heating season, a propane distributor may not require the customer to pay a security deposit as a condition of service. At all other times, a security deposit may not exceed \$200.

Sec. 7. SHORT-TERM LOAN PROGRAM.

Prior to the commencement of the 2015 legislative session, the commissioner of commerce must submit to the legislature proposed legislation creating a short-term loan program for persons in need of propane between October 15 and April 15 of any year and who are financially unable to purchase it. The program must:

- (1) be state funded;
- (2) require repayment within a short period of time; and
- (3) be capable of rapidly making payments to propane distributors in consideration of the loan recipient's circumstances, and be subject to audit and verification.

Sec. 8. FRONT-LOAD LIHEAP PROGRAM FOR DELIVERED FUELS.

The Minnesota Energy Assistance Program shall annually borrow from the general fund 75 percent of the traditional funds expended on delivered fuels to front load the LIHEAP program for those delivered fuels allowing for purchase and delivery of product in the summer and early fall when it is more cost-effective for the state, LIHEAP participants, and propane distributors. The following conditions shall apply:

- (1) the delivered fuels program would begin August 1 of each year;
- (2) funds needed to operate the early program must be borrowed from the general fund and paid back upon the state's receipt of funds from the federal government; and
- (3) at the department's discretion, it may either (i) take applications and fund individual LIHEAP clients; or (ii) prebuy fuel from participating LIHEAP delivered fuels distributors."

Delete the title and insert:

"A bill for an act relating to energy; regulating terms of sale and service and the discontinuance of service during the heating season with respect to residential propane customers; proposing coding for new law in Minnesota Statutes, chapter 325E."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Metzen from the Committee on Commerce, to which was referred

S.F. No. 2595: A bill for an act relating to commerce; establishing a fee schedule for automated property system transactions; authorizing state auditor to examine fee schedule; delaying effective dates for automated property system; requiring reports; amending Minnesota Statutes 2012, section 325E.21, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 168A.1501, subdivision 5, by adding a subdivision; 325E.21, subdivisions 1a, 1c, 4; Laws 2013, chapter 126, sections 5; 10; 11.

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

Page 2, line 6, delete "April" and insert "June"

Page 2, line 12, delete "68" and insert "72"

Page 3, line 31, delete "April" and insert "June"

Page 4, line 16, delete "April" and insert "June"

Page 4, line 22, delete "68" and insert "72"

Page 5, lines 23, 27, 29, and 31, delete "April" and insert "June"

Page 5, after line 31, insert:

"Sec. 10. **ENFORCEMENT; GRACE PERIOD.**

The requirements of Minnesota Statutes, section 168A.1501, subdivision 5, and section 325E.21, subdivision 1c, may not be enforced until October 1, 2015."

Renumber the sections in sequence

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

SECOND READING OF SENATE BILLS

S.F. Nos. 1722, 2255, 2001, 2343, 2166, 2036, 2378 and 2595 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 826 and 1604 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Housley introduced—

S.F. No. 2820: A bill for an act relating to debt collection; requiring that a debt collection agency or an individual debt collector create and maintain certain records of its contacts with alleged debtors; amending Minnesota Statutes 2012, section 332.37.

Referred to the Committee on Commerce.

Senator Petersen, B. introduced—

S.F. No. 2821: A bill for an act relating to labor; modifying a public meeting provision; amending Minnesota Statutes 2012, section 179A.14, subdivision 3.

Referred to the Committee on State and Local Government.

Senator Petersen, B. introduced—

S.F. No. 2822: A bill for an act relating to education finance; expanding school district eligibility for location equity revenue; amending Minnesota Statutes 2013 Supplement, section 126C.10, subdivision 2e.

Referred to the Committee on Finance.

Senators Housley and Nienow introduced—

S.F. No. 2823: A bill for an act relating to transportation; highways; designating "Trooper Glen Skalman Memorial Highway"; amending Minnesota Statutes 2012, section 161.14, by adding a subdivision.

Referred to the Committee on Transportation and Public Safety.

Senator Senjem introduced—

S.F. No. 2824: A bill for an act relating to finance; prohibiting the use of certain constitutionally dedicated funds to acquire property by eminent domain; amending Minnesota Statutes 2012, sections 85.53, subdivision 2; 97A.056, subdivision 1; 129D.17, subdivision 2.

Referred to the Committee on Finance.

Senator Senjem introduced—

S.F. No. 2825: A bill for an act relating to capital investment; appropriating money for wastewater services treatment in Dodge County; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senator Tomassoni introduced—

S.F. No. 2826: A bill for an act relating to transportation; appropriating money for Floodwood rest area maintenance.

Referred to the Committee on Finance.

Senators Tomassoni, Saxhaug and Bakk introduced—

S.F. No. 2827: A bill for an act relating to transportation; capital investment; appropriating money for marked Trunk Highway 53 relocation project; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Tomassoni and Ingebrigtsen introduced—

S.F. No. 2828: A bill for an act relating to transportation; capital investment; appropriating money for certain trunk highway projects of regional significance; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Scalze, Wiger, Chamberlain and Goodwin introduced—

S.F. No. 2829: A bill for an act relating to capital investment; appropriating money for study of the water level of Turtle Lake; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Eken, Sheran and Rosen introduced—

S.F. No. 2830: A bill for an act relating to human services; modifying nursing facility peer groups; providing an operating payment rate increase for certain nursing facilities; amending Minnesota Statutes 2012, section 256B.441, subdivision 30, by adding a subdivision.

Referred to the Committee on Finance.

Senator Goodwin introduced—

S.F. No. 2831: A bill for an act relating to local government; permitting local governments to donate certain surplus equipment to nonprofit organizations; proposing coding for new law in Minnesota Statutes, chapter 471.

Referred to the Committee on State and Local Government.

Senators Kent, Carlson and Torres Ray introduced—

S.F. No. 2832: A bill for an act relating to education finance; increasing the general education basic formula; appropriating money; amending Minnesota Statutes 2013 Supplement, section 126C.10, subdivision 2.

Referred to the Committee on Finance.

Senator Lourey introduced—

S.F. No. 2833: A bill for an act relating to health; creating the Legislative Health Care Workforce Commission; requiring report.

Referred to the Committee on Health, Human Services and Housing.

Senator Hann introduced—

S.F. No. 2834: A bill for an act relating to commerce; providing an exemption from bullion coin dealer regulation for dealers in certain coins; amending Minnesota Statutes 2013 Supplement, section 80G.01, subdivision 3.

Referred to the Committee on Commerce.

Senator Eken introduced—

S.F. No. 2835: A bill for an act relating to agriculture; establishing a farm-to-foodshelf program; appropriating money.

Referred to the Committee on Jobs, Agriculture and Rural Development.

Senators Wiklund and Franzen introduced—

S.F. No. 2836: A bill for an act relating to the city of Bloomington; authorizing the use of certain tax increment funds; amending Laws 2013, chapter 143, article 9, section 23.

Referred to the Committee on Taxes.

Senators Clausen, Eaton, Senjem and Cohen introduced—

S.F. No. 2837: A bill for an act relating to human services; insurance; modifying autism early intensive intervention benefit under medical assistance; modifying insurance coverage for autism spectrum disorder; amending Minnesota Statutes 2012, section 252.27, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 62A.3094, subdivisions 1, 2; 252.27, subdivision 2a; 256B.0949, subdivisions 2, 3, 4, 7, 9; Laws 2013, chapter 9, section 15; Laws 2013, chapter 108, article 12, section 2.

Referred to the Committee on Health, Human Services and Housing.

Senators Westrom, Koenen, Weber and Dahms introduced—

S.F. No. 2838: A bill for an act relating to taxation; sales and use; exempting agricultural drain tiles from sales tax; amending Minnesota Statutes 2012, section 297A.69, by adding a subdivision.

Referred to the Committee on Taxes.

Senator Torres Ray introduced—

S.F. No. 2839: A bill for an act relating to education; repealing a prohibition against employing bilingual and ESL teachers to replace a presently employed teacher who otherwise would not be replaced; repealing Minnesota Statutes 2012, section 122A.19, subdivision 3.

Referred to the Committee on Education.

Senator Eken introduced—

S.F. No. 2840: A bill for an act relating to education finance; authorizing the voluntary realignment of the school district boundaries for Independent School District Nos. 152, Moorhead, and 2164, Dilworth-Glyndon-Felton.

Referred to the Committee on Education.

Senators Ruud, Kiffmeyer, Fischbach, Koenen and Stumpf introduced—

S.F. No. 2841: A bill for an act relating to health; prohibiting abortions at or after 20 weeks postfertilization age unless certain exceptions apply; providing civil and criminal penalties; appropriating money; amending Minnesota Statutes 2012, section 145.4131, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 8; 145.

Referred to the Committee on Health, Human Services and Housing.

Senators Johnson, Torres Ray, Wiger, Kent and Wiklund introduced—

S.F. No. 2842: A bill for an act relating to education; clarifying definition of continuing employment for probationary teachers; amending Minnesota Statutes 2012, sections 122A.40, subdivision 5; 122A.41, subdivision 2.

Referred to the Committee on Education.

Senator Goodwin introduced—

S.F. No. 2843: A bill for an act relating to employees; adding in-laws to the list of relatives allowed to use sick leave benefits; amending Minnesota Statutes 2013 Supplement, section 181.9413.

Referred to the Committee on Jobs, Agriculture and Rural Development.

Senators Housley and Senjem introduced—

S.F. No. 2844: A bill for an act relating to employment; prohibiting discrimination against a public employee for reporting certain information or refusing to perform certain actions; imposing civil penalties; amending Minnesota Statutes 2012, section 181.935; Minnesota Statutes 2013 Supplement, section 181.932, subdivision 1.

Referred to the Committee on State and Local Government.

Senator Carlson introduced—

S.F. No. 2845: A bill for an act relating to public safety; establishing a grant program to fund emergency radio console upgrades for emergency responders; appropriating money.

Referred to the Committee on Finance.

Senator Petersen, B. introduced—

S.F. No. 2846: A bill for an act relating to education; modifying a public meeting provision; amending Minnesota Statutes 2012, section 179A.14, subdivision 3.

Referred to the Committee on Education.

Senators Pratt, Nienow, Nelson, Housley and Newman introduced—

S.F. No. 2847: A bill for an act relating to capital investment; repealing authority to build a new legislative office building; appropriating money remaining from the project to the capitol renovation project; amending Laws 2013, chapter 143, article 12, section 21.

Referred to the Committee on Finance.

MOTIONS AND RESOLUTIONS

Senator Wiger moved that the name of Senator Scalze be added as a co-author to S.F. No. 243. The motion prevailed.

Senator Hall moved that his name be stricken as a co-author to S.F. No. 1792. The motion prevailed.

Senator Torres Ray moved that the name of Senator Franzen be added as a co-author to S.F. No. 2140. The motion prevailed.

Senator Saxhaug moved that the name of Senator Gazelka be added as a co-author to S.F. No. 2202. The motion prevailed.

Senator Dahle moved that the name of Senator Scalze be added as a co-author to S.F. No. 2304. The motion prevailed.

Senator Housley moved that her name be stricken as a co-author to S.F. No. 2351. The motion prevailed.

Senator Franzen moved that the name of Senator Eken be added as a co-author to S.F. No. 2619. The motion prevailed.

Senator Eaton moved that the name of Senator Brown be added as a co-author to S.F. No. 2666. The motion prevailed.

Senator Eaton moved that the name of Senator Brown be added as a co-author to S.F. No. 2667. The motion prevailed.

Senator Dziedzic moved that the name of Senator Metzen be added as a co-author to S.F. No. 2695. The motion prevailed.

Senator Schmit moved that the name of Senator Reinert be added as a co-author to S.F. No. 2766. The motion prevailed.

Senator Bonoff moved that her name be stricken as chief author, shown as a co-author, and the name of Senator Miller be added as chief author to S.F. No. 2771. The motion prevailed.

Senator Dibble moved that the names of Senators Dziejdzic and Skoe be added as co-authors to S.F. No. 2819. The motion prevailed.

Senator Reinert moved that the name of Senator Jensen be added as a co-author to S.F. No. 2154. The motion prevailed.

Senator Tomassoni moved that S.F. No. 2690 be withdrawn from the Committee on Judiciary and re-referred to the Committee on Finance. The motion prevailed.

Senator Scalze moved that S.F. No. 2739 be withdrawn from the Committee on State and Local Government and re-referred to the Committee on Taxes. The motion prevailed.

Senator Koenen moved that S.F. No. 2804 be withdrawn from the Committee on Health, Human Services and Housing and re-referred to the Committee on Finance. The motion prevailed.

Senator Rest moved that S.F. No. 2245 be withdrawn from the Committee on Environment and Energy and re-referred to the Committee on State and Local Government. The motion prevailed.

Senator Hayden moved that S.F. No. 2125 be withdrawn from the Committee on Judiciary and re-referred to the Committee on Health, Human Services and Housing. The motion prevailed.

Senator Dibble moved that S.F. No. 2107 be withdrawn from the Committee on Transportation and Public Safety and re-referred to the Committee on Finance. The motion prevailed.

Senator Jensen moved that S.F. No. 2796 be withdrawn from the Committee on Judiciary and re-referred to the Committee on Transportation and Public Safety. The motion prevailed.

Senator Hoffman moved that S.F. No. 2607 be withdrawn from the Committee on Health, Human Services and Housing and re-referred to the Committee on Judiciary. The motion prevailed.

Senator Fischbach introduced –

Senate Resolution No. 177: A Senate resolution congratulating Sauk Rapids-Rice High School's culinary team on their victory in the management competition.

Referred to the Committee on Rules and Administration.

Senators Koenen, Weber, Westrom, Stumpf and Eken introduced –

Senate Resolution No. 178: A Senate resolution recognizing Minnesota State Grassland Month.

Referred to the Committee on Rules and Administration.

Senator Housley introduced –

Senate Resolution No. 179: A Senate resolution congratulating the Stillwater High School boys hockey team on winning the 2014 State High School Class AA Section 4 boys hockey championship.

Referred to the Committee on Rules and Administration.

Senator Housley introduced –

Senate Resolution No. 180: A Senate resolution honoring the Stillwater Area High School mock trial team on advancing to the state competition.

Referred to the Committee on Rules and Administration.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of House Bills.

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Report at the Desk be now adopted. The motion prevailed.

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

H.F. No. 1777: A bill for an act relating to taxation; income and franchise; sales and use; conforming to changes in the Internal Revenue Code; extending the working family credit phaseout for married filers; exempting certain business transactions; providing for refunds; appropriating money; amending Minnesota Statutes 2012, sections 289A.02, subdivision 7; 289A.08, subdivision 7; 290.01, subdivision 19a, by adding a subdivision; 290.067, subdivisions 1, 2a; 290.0671, subdivision 1; 290.0675, subdivision 1; 297A.68, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 290.01, subdivisions 19, 19b, 31; 290.06, subdivision 2c; 290.091, subdivision 2; 290A.03, subdivision 15; 297A.61, subdivision 3; 297A.68, subdivision 5; repealing Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 57.

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 AND CORPORATE FRANCHISE TAX**

Section 1. Minnesota Statutes 2013 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) "Liquidation event" means a conversion of qualified investment for cash, cash and other consideration, or any other form of equity or debt interest.

(j) "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).

(k) "Minority group member" means a United States citizen who is Asian, Pacific Islander, Black, Hispanic, or Native American.

(l) "Minority-owned business" means a business for which one or more minority group members:

(1) own at least 50 percent of the business, or, in the case of a publicly owned business, own at least 51 percent of the stock; and

(2) manage the business and control the daily business operations.

(m) "Women" means persons of the female gender.

(n) "Women-owned business" means a business for which one or more women:

(1) own at least 50 percent of the business, or, in the case of a publicly owned business, own at least 51 percent of the stock; and

(2) manage the business and control the daily business operations.

(o) "Officer" means a person elected or appointed by the board of directors to manage the daily operations of the qualified small business;

(p) "Principal" means a person having authority to act on behalf of the qualified small business.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2014.

Sec. 2. Minnesota Statutes 2013 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 or qualified greater Minnesota small business for a calendar year. 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 qualified greater Minnesota small 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 (i) not been in operation for more than ten years, or (ii) not been in operation for more than 20 years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which United States Food and Drug Administration approval is required for use in the treatment or diagnosis of a disease or condition;

(8) the business has not previously received private equity investments of more than \$4,000,000;

(9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause (3); and

(10) the business has not issued securities that are traded on a public exchange.

(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:

(1) 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;

(2) the business must not have issued securities that are traded on a public exchange;

(3) the business must not issue securities that are traded on a public exchange within 180 days after the date on which the qualified investment was made; and

(4) the business must not have a liquidation event within 180 days after 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 for taxable years beginning after December 31, 2014.

Sec. 3. Minnesota Statutes 2012, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. **Credit allowed.** (a) (1) A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small 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~~ \$15,000,000

\$15,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, ~~2009~~ 2013, 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~~ 2017; and

(2) for taxable years beginning after December 31, 2014, and before January 1, 2017, \$7,500,000 must be allocated to credits for qualifying investments in qualified greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments in greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. 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, at the time the investment is proposed:

(1) the investor is an officer or principal of the qualified small business; or

(2) the investor, either individually or in combination with one or more members of the investor's family, owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of the qualified small business.

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 commissioner must allocate credits to approved applications if credits remain available. 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. Credit applications that were approved but that did not receive an allocation of credits at the time of approval because the aggregate limit of credits for the year was exhausted remain eligible for allocation of credits if additional credits become available due to cancellations under this paragraph or due to termination of the time period for credits reserved for investment in qualified greater Minnesota businesses and minority- and women-owned small businesses under paragraph (a). Approved credit applications that do not receive credit allocations in the tax year must be resubmitted to be eligible for credit allocations in the following tax year.

(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: ; or

(5) the qualified investor dies 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. Changes to paragraph (a) are effective for taxable years beginning after December 31, 2013. The remainder of the changes are effective for taxable years beginning after December 31, 2014.

Sec. 4. Minnesota Statutes 2012, 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), 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 for taxable years beginning after December 31, 2014.

Sec. 5. Minnesota Statutes 2012, 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 or qualified greater Minnesota 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) any other information relevant to evaluating the effect of these credits.

EFFECTIVE DATE. This section is effective for reports required to be filed after December 31, 2014.

Sec. 6. Minnesota Statutes 2012, section 116J.8737, subdivision 12, is amended to read:

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, ~~2014~~ 2016, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through ~~2016~~ 2018 for qualified investors and qualified funds, and through ~~2018~~ 2020 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through ~~2019~~ 2021, and the appropriation in subdivision 11 remains in effect through ~~2018~~ 2020.

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

Sec. 7. Minnesota Statutes 2012, 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~~ December 20, 2013.

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

Sec. 8. Minnesota Statutes 2012, section 289A.08, subdivision 7, is amended to read:

Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to file a

composite return and to pay the tax on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses, Social Security numbers, income allocation, and tax liability for the nonresident partners electing to be covered by the composite return.

(b) The computation of a partner's tax liability must be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed.

(c) The partnership must submit a request to use this composite return filing method for nonresident partners. The requesting partnership must file a composite return in the form prescribed by the commissioner of revenue. The filing of a composite return is considered a request to use the composite return filing method.

(d) The electing partner must not have any Minnesota source income other than the income from the partnership and other electing partnerships. If it is determined that the electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return is a return for purposes of subdivision 1.

(e) This subdivision does not negate the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 289A.25. The individual's liability to pay estimated tax is, however, satisfied when the partnership pays composite estimated tax in the manner prescribed in section 289A.25.

(f) If an electing partner's share of the partnership's gross income from Minnesota sources is less than the filing requirements for a nonresident under this subdivision, the tax liability is zero. However, a statement showing the partner's share of gross income must be included as part of the composite return.

(g) The election provided in this subdivision is only available to a partner who has no other Minnesota source income and who is either (1) a full-year nonresident individual or (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the Internal Revenue Code.

(h) A corporation defined in section 290.9725 and its nonresident shareholders may make an election under this paragraph. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to the shareholder.

(i) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this paragraph. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.01, subdivision 19a, clauses (6) to ~~(10)~~ (9), and the subtractions provided in: (i) section 290.01, subdivision 19b, clause (8), to the extent the amount is assignable or allocable to Minnesota under section 290.17;

and (ii) section 290.01, subdivision 19b, clause (13). The subtraction allowed under section 290.01, subdivision 19b, clause (8), is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

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

Sec. 9. Minnesota Statutes 2013 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~~ December 20, 2013, shall be in effect for taxable years beginning after December 31, 1996, ~~and before January 1, 2012,~~ and for taxable years beginning after December 31, 2012. ~~The Internal Revenue Code of 1986, as amended through January 3, 2013, is in effect for taxable years beginning after December 31, 2011, and before January 1, 2013.~~

~~The provisions of sections 315 and 331 of the American Taxpayer Relief Act of 2012, Public Law 112-240, extension of increased expensing limitations and treatment of certain real property as section 179 property and extension and modification of bonus depreciation, are effective at the same time they become effective 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, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 10. Minnesota Statutes 2012, 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~~ state itemized deduction 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) (17)~~ 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~~ clause, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed under clause (15);

(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) (11) 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) (12) 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) (13) 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)~~ (14) 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)~~ (15) 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)~~ (17) 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)~~ (16) 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)~~ (17) to the extent deducted in the computation of federal taxable income, for taxable years beginning after December 31, 2010, and before January 1, ~~2013~~ 2014, 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, and 2013 under the Internal Revenue Code as amended through December 1, 2010.

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

Sec. 11. Minnesota Statutes 2013 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 (12), 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 (12), 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 (13), 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 (13), 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) 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;

(16) 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)~~ (13);

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

(18) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code;

(19) the amount of the limitation on itemized deductions under section 68(b) of the Internal Revenue Code; and

(20) the amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code.

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

Sec. 12. Minnesota Statutes 2012, section 290.01, is amended by adding a subdivision to read:

Subd. 29a. **State itemized deduction.** "State itemized deduction" means federal itemized deductions, as defined in section 63(d) of the Internal Revenue Code, disregarding any limitation under section 68 of the Internal Revenue Code, and reduced by the amount of the addition required under subdivision 19a, clause (15).

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

Sec. 13. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** ~~Unless specifically defined otherwise, for taxable years beginning before January 1, 2012, and after December 31, 2012, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through April 14, 2011; and for taxable years beginning after December 31, 2011, and before January 1, 2013, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through January 3~~ December 20, 2013. 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, except the changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 14. Minnesota Statutes 2013 Supplement, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first \$35,480, 5.35 percent;
- (2) On all over \$35,480, but not over \$140,960, 7.05 percent;
- (3) On all over \$140,960, but not over \$250,000, 7.85 percent;
- (4) On all over \$250,000, 9.85 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first \$24,270, 5.35 percent;

- (2) On all over \$24,270, but not over \$79,730, 7.05 percent;
- (3) On all over \$79,730, but not over \$150,000, 7.85 percent;
- (4) On all over \$150,000, 9.85 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first \$29,880, 5.35 percent;
- (2) On all over \$29,880, but not over \$120,070, 7.05 percent;
- (3) On all over \$120,070, but not over \$200,000, 7.85 percent;
- (4) On all over \$200,000, 9.85 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), ~~(12), (13), and (16) to (18)~~ and (11) to (14), and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.01, subdivision 19b, clause (1), and the subtractions under section 290.01, subdivision 19b, clauses (8), (9), (13), (14), (16), and (17), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), ~~(12), (13), and (16) to (18)~~ and (11) to (14), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), (8), (9), (13), (14), (16), and (17).

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

Sec. 15. Minnesota Statutes 2012, section 290.067, subdivision 1, is amended to read:

Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue

Code subject to the limitations provided in subdivision 2 except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal Revenue Code do not apply.

(b) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but has not attained the age of six years at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.

(c) If a married couple:

(1) has a child who has not attained the age of one year at the close of the taxable year;

(2) files a joint tax return for the taxable year; and

(3) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i) the combined earned income of the couple or (ii) the amount of the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

(d) If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

(e) In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter including earned income excluded pursuant to section 290.01, subdivision 19b, clause (9), the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

(f) For residents of Minnesota, the subtractions for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not considered "earned income not subject to tax under this chapter."

(g) For residents of Minnesota, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

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

Sec. 16. Minnesota Statutes 2012, section 290.067, subdivision 2a, is amended to read:

Subd. 2a. **Income.** (a) For purposes of this section, "income" means the sum of the following:

(1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code; and

(2) the sum of the following amounts to the extent not included in clause (1):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code;

(xii) nontaxable scholarship or fellowship grants;

- (xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code;
- (xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;
- (xv) the amount of deducted for tuition expenses ~~required to be added to income under section 290.01, subdivision 19a, clause (12)~~ under section 222 of the Internal Revenue Code; and
- (xvi) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code; ~~and.~~
- ~~(xvii) unemployment compensation.~~

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

- (b) "Income" does not include:
 - (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;
 - (2) amounts of any pension or annuity that were exclusively funded by the claimant or spouse if the funding payments were not excluded from federal adjusted gross income in the years when the payments were made;
 - (3) surplus food or other relief in kind supplied by a governmental agency;
 - (4) relief granted under chapter 290A;
 - (5) child support payments received under a temporary or final decree of dissolution or legal separation; and
 - (6) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16.

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

Sec. 17. Minnesota Statutes 2012, section 290.067, is amended by adding a subdivision to read:

Subd. 2c. **Dependent care credit; temporary definition.** For taxable years beginning after December 31, 2012, and before January 1, 2014, for purposes of this section, "section 21 of the Internal Revenue Code" means section 21 of the Internal Revenue Code as amended through June 1, 2001.

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

Sec. 18. Minnesota Statutes 2012, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals ~~1.9125~~ 2.10 percent of the first ~~\$4,620~~ \$6,180 of earned income. The credit is reduced by ~~1.9125~~ 2.01 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$5,770~~ \$8,130, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals ~~8.5~~ 9.35 percent of the first ~~\$6,920~~ \$11,120 of earned income and ~~8.5~~ percent of earned income over ~~\$12,080~~ but less than ~~\$13,450~~. The credit is reduced by ~~5.73~~ 6.02 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$15,080~~ \$21,190, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals ~~ten~~ 11 percent of the first ~~\$9,720~~ \$18,240 of earned income and ~~20~~ percent of earned income over ~~\$14,860~~ but less than ~~\$16,800~~. The credit is reduced by ~~10.3~~ 10.82 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$17,890~~ \$25,130, but in no case is the credit less than zero.

(e) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(f) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.01, subdivision 19b, clause (9), the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the subtractions for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not considered "earned income not subject to tax under this chapter."

For the purposes of this paragraph, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

(g) For tax years beginning after December 31, 2007, and before December 31, 2010, and for tax years beginning after December 31, 2017, the ~~\$5,770~~ \$8,130 in paragraph (b), the ~~\$15,080~~ \$21,190 in paragraph (c), and the ~~\$17,890~~ \$25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$3,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2008, the commissioner shall annually adjust the \$3,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2007, to the 12 months ending on August 31, 2008, and in each subsequent year, from the 12 months ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(h) For tax years beginning after December 31, 2010, and before January 1, 2012, ⁽¹⁾ For tax years beginning after December 31, 2012, and before January 1, 2014, the ~~\$5,770~~ in paragraph (b), the ~~\$15,080~~ in paragraph (c), and the ~~\$17,890~~ in paragraph (d), after being adjusted for inflation under subdivision 7, are increased by \$5,340 for married taxpayers filing joint returns; and ⁽²⁾ for tax years beginning after December 31, 2013, and before January 1, 2018, the ~~\$5,770~~ \$8,130 in paragraph (b), the ~~\$15,080~~ \$21,190 in paragraph (c), and the ~~\$17,890~~ \$25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2010, and before January 1, 2012, and

for tax years beginning after December 31, 2013, and before January 1, 2018, the commissioner shall annually adjust the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2011, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2010, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(i) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013, except that the changes in paragraph (h), clause (1), are effective retroactively for taxable years beginning after December 31, 2012, and before January 1, 2014.

Sec. 19. Minnesota Statutes 2012, section 290.0671, subdivision 7, is amended to read:

Subd. 7. **Inflation adjustment.** The earned income amounts used to calculate the credit and the income thresholds at which the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation. The commissioner shall adjust by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1999~~" "2013" shall be substituted for the word "1992." For ~~2001~~ 2015, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1999~~ 2013, to the 12 months ending on August 31, ~~2000~~ 2014, and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2013, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2014.

Sec. 20. Minnesota Statutes 2012, section 290.0675, subdivision 1, is amended to read:

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

(b) "Earned income" means the sum of the following, to the extent included in Minnesota taxable income:

- (1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;
- (2) income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and
- (3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

(c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

(d) "Earned income of lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income as defined in paragraph (b) for the taxable year minus the sum of (i) the amount for one exemption under section 151(d) of the Internal Revenue Code and (ii) one-half the amount of the standard deduction under section 63(c)(2)(A) and (4) of the Internal Revenue Code minus one-half of any addition required under section 290.01, subdivision 19a, clause ~~(21)~~ (17), and one-half of the addition that would have been required under section 290.01, subdivision 19a, clause ~~(21)~~ (17), if the taxpayer had claimed the standard deduction.

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

Sec. 21. Minnesota Statutes 2013 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)~~ and (11) to (14);

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 (14), and (16); 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 6.75 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

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

Sec. 22. Minnesota Statutes 2013 Supplement, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** ~~For taxable years beginning before January 1, 2012, and after December 31, 2012, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through April 14, 2011; and for taxable years beginning after December 31, 2011, and before January 1, 2013, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through January 3~~ December 20, 2013.

EFFECTIVE DATE. This section is effective retroactively for property tax refunds based on property taxes payable after December 31, 2013, and rent paid after December 31, 2012.

Sec. 23. **INDIVIDUAL INCOME TAX COLLECTION ACTION PROHIBITED.**

Notwithstanding any law to the contrary, the commissioner shall not increase the amount due or decrease the refund for an individual income tax return for the taxable year beginning after December 31, 2012, and before January 1, 2014, to the extent the amount due was understated or the refund was overstated because the taxpayer calculated the tax or refund based on the Internal Revenue Code, as amended through April 14, 2011, rather than based on the Internal Revenue Code, as amended through December 20, 2013, as provided in this act.

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

ARTICLE 2**SALES AND USE TAXES**

Section 1. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 3, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision. In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include the taxable services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

(b) Sale and purchase include:

(1) any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, for a consideration in money or by exchange or barter; and

(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing.

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

(1) prepared food sold by the retailer;

(2) soft drinks;

(3) candy;

(4) dietary supplements; and

(5) all food sold through vending machines.

(e) A sale and a purchase includes the furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state.

(f) A sale and a purchase includes the transfer for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise.

(g) A sale and a purchase includes the furnishing for a consideration of the following services:

(1) the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, Turkish baths, health clubs, and spas or athletic facilities;

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice and including accommodations intermediary services provided in connection with other services provided under this clause;

(3) nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(4) the granting of membership in a club, association, or other organization if:

(i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and

(ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction; and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block. For purposes of this clause, "road construction" means construction of:

(i) public roads;

(ii) cartways; and

(iii) private roads in townships located outside of the seven-county metropolitan area up to the point of the emergency response location sign; and

(6) services as provided in this clause:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting services and pest control and exterminating services;

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization or any organization at the direction of a county for monitoring and electronic surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, and pay television services. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

(j) A sale and a purchase includes the furnishing for a consideration of installation if the installation charges would be subject to the sales tax if the installation were provided by the seller of the item being installed.

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02, subdivision 11.

(l) A sale and a purchase includes furnishing for a consideration of specified digital products or other digital products or granting the right for a consideration to use specified digital products or other digital products on a temporary or permanent basis and regardless of whether the purchaser is required to make continued payments for such right. Wherever the term "tangible personal property" is used in this chapter, other than in subdivisions 10 and 38, the provisions also apply to specified digital products, or other digital products, unless specifically provided otherwise or the context indicates otherwise.

(m) A sale and purchase includes the furnishing for consideration of the following services:

~~(1) repairing and maintaining electronic and precision equipment, which service can be deducted as a business expense under the Internal Revenue Code. This includes, but is not limited to, repair or maintenance of electronic devices, computers and computer peripherals, monitors, computer terminals, storage devices, and CD-ROM drives; other office equipment such as photocopying machines, printers, and facsimile machines; televisions, stereos, sound systems, video or digital recorders and players; two-way radios and other communications equipment; radar and sonar equipment, scientific instruments, microscopes, and medical equipment;~~

~~(2) repairing and maintaining commercial and industrial machinery and equipment. For purposes of this subdivision, the following items are not commercial or industrial machinery and equipment: (i) motor vehicles; (ii) furniture and fixtures; (iii) ships; (iv) railroad stock; and (v) aircraft; and~~

~~(3) warehousing or storage services for tangible personal property, excluding:~~

~~(i) agricultural products;~~

~~(ii) refrigerated storage;~~

~~(iii) electronic data; and~~

~~(iv) self-storage services and storage of motor vehicles, recreational vehicles, and boats, not eligible to be deducted as a business expense under the Internal Revenue Code.~~

EFFECTIVE DATE. This section is effective for sales and purchases made after March 31, 2014.

Sec. 2. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 5, is amended to read:

Subd. 5. **Capital equipment.** (a) Capital equipment is exempt.

"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 35a, and does not apply to wire, cable, fiber, poles, or conduit for telecommunications services.

EFFECTIVE DATE. This section is effective for sales and purchases made after March 31, 2014.

Sec. 3. Minnesota Statutes 2012, section 297A.68, is amended by adding a subdivision to read:

Subd. 35a. Telecommunications or pay television services machinery and equipment. (a) Telecommunications or pay television services machinery and equipment purchased or leased for use directly by a telecommunications or pay television services provider primarily in the provision of telecommunications or pay television services that are ultimately to be sold at retail are exempt, regardless of whether purchased by the owner, a contractor, or a subcontractor.

(b) For purposes of this subdivision, "telecommunications or pay television machinery and equipment" includes, but is not limited to:

(1) machinery, equipment, and fixtures utilized in receiving, initiating, amplifying, processing, transmitting, retransmitting, recording, switching, or monitoring telecommunications or pay television services, such as computers, transformers, amplifiers, routers, bridges, repeaters, multiplexers, and other items performing comparable functions;

(2) machinery, equipment, and fixtures used in the transportation of telecommunications or pay television services, such as radio transmitters and receivers, satellite equipment, microwave equipment, and other transporting media, but not wire, cable, fiber, poles, or conduit;

(3) ancillary machinery, equipment, and fixtures that regulate, control, protect, or enable the machinery in clauses (1) and (2) to accomplish its intended function, such as auxiliary power supply, test equipment, towers, heating, ventilating, and air conditioning equipment necessary to the operation of the telecommunications or pay television equipment; and software necessary to the operation of the telecommunications or pay television equipment; and

(4) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to qualified machinery or equipment.

EFFECTIVE DATE. This section is effective for sales and purchases made after March 31, 2014.

Sec. 4. Laws 2013, chapter 143, article 8, section 26, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for sales and purchases made after ~~August 31,~~ 2014 June 30, 2015.

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

Sec. 5. **REPEALER.**

Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 57, is repealed.

EFFECTIVE DATE. This section is effective for sales and purchases made after March 31, 2014.

ARTICLE 3

ESTATE AND GIFT TAX

Section 1. Minnesota Statutes 2013 Supplement, section 289A.10, subdivision 1, is amended to read:

Subdivision 1. **Return required.** In the case of a decedent who has an interest in property with a situs in Minnesota, the personal representative must submit a Minnesota estate tax return to the commissioner, on a form prescribed by the commissioner, if:

(1) a federal estate tax return is required to be filed; or

(2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code, made within three years of the date of the decedent's death exceeds ~~\$1,000,000~~ \$1,200,000 for estates of decedents dying in 2014; \$2,000,000 for estates of

decedents dying in 2015; \$3,000,000 for estates of decedents dying in 2016; \$4,000,000 for estates of decedents dying in 2017; and \$5,000,000 for estates of decedents dying in 2018 and thereafter.

The return must contain a computation of the Minnesota estate tax due. The return must be signed by the personal representative.

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2013.

Sec. 2. Minnesota Statutes 2012, section 289A.18, subdivision 3, is amended to read:

Subd. 3. **Estate tax returns.** An estate tax return must be filed with the commissioner within nine months after the decedent's death. ~~Except in the case of the estate of a decedent dying after December 31, 2009, and before December 17, 2010, then an estate tax return must be filed with the commissioner within nine months after the decedent's death; within the time provided by section 289A.19, subdivision 4; or before September 20, 2011; whichever is later.~~

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

Sec. 3. Minnesota Statutes 2013 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 January 3, 2013, ~~but without regard to the provisions of section 2011, paragraph (f), of the Internal Revenue Code~~ March 1, 2014.

(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;~~

~~(ii) the amount of taxable gifts, as defined in section 292.16, and made by the decedent within three years of the decedent's date of death; less~~

~~(iii)(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) (4) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein in the estate which has its situs outside Minnesota, and (b) including therein any property omitted from the federal gross estate which is includable therein in the estate, has its situs in Minnesota, and was not disclosed to federal taxing authorities.~~

~~(6) (5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.~~

~~(7)~~ (6) "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)~~ (7) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota.

~~(9)~~ (8) "Situs of property" means, with respect to:

- (i) real property, the state or country in which it is located;
- (ii) tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death or for a gift of tangible personal property within three years of death, the state or country in which it was normally kept or located when the gift was executed; and
- (iii) intangible personal property, the state or country in which the decedent was domiciled at death or for a gift of intangible personal property within three years of death, the state or country in which the decedent was domiciled when the gift was executed.

For a nonresident decedent with an ownership interest in a pass-through entity with assets that include real or tangible personal property, situs of the real or tangible personal property is determined as if the pass-through entity does not exist and the real or tangible personal property is personally owned by the decedent. If the pass-through entity is owned by a person or persons in addition to the decedent, ownership of the property is attributed to the decedent in proportion to the decedent's capital ownership share of the pass-through entity.

~~(10)~~ (9) "Pass-through entity" includes the following:

- (i) an entity electing S corporation status under section 1362 of the Internal Revenue Code;
- (ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;
- (iii) a single-member limited liability company or similar entity, regardless of whether it is taxed as an association or is disregarded for federal income tax purposes under Code of Federal Regulations, title 26, section 301.7701-3; or
- (iv) a trust to the extent the property is includible in the decedent's federal gross estate~~;~~ but excludes
- (v) an entity whose ownership interest securities are traded on an exchange regulated by the Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2013.

Sec. 4. [291.016] MINNESOTA TAXABLE ESTATE.

Subdivision 1. General. For purposes of the tax under this chapter, the Minnesota taxable estate equals the federal taxable estate as provided under section 2051 of the Internal Revenue Code, without regard to whether the estate is subject to the federal estate tax:

- (1) increased by the additions under subdivision 2; and
- (2) decreased by the subtraction under subdivision 3.

Subd. 2. **Additions.** The following amounts, to the extent deducted in computing the federal taxable estate, must be added in computing the Minnesota taxable estate:

- (1) the amount of the deduction for state death taxes allowed under section 2058 of the Internal Revenue Code;
- (2) the amount of the deduction for foreign death taxes allowed under section 2053(d) of the Internal Revenue Code; and
- (3) the aggregate amount of taxable gifts as defined in section 2503 of the Internal Revenue Code, made by the decedent within three years of the date of death. For purposes of this clause, the amount of the addition equals the value of the gift under section 2512 of the Internal Revenue Code and excludes any value of the gift included in the federal estate.

Subd. 3. **Subtraction.** (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 the result of \$5,000,000 minus the amount for the year of death listed in paragraph (b), whichever is less, may be subtracted in computing the Minnesota taxable estate but must not reduce the Minnesota taxable estate to less than zero.

(b) \$1,200,000 for estates of decedents dying in 2014; \$2,000,000 for estates of decedents dying in 2015; \$3,000,000 for estates of decedents dying in 2016; \$4,000,000 for estates of decedents dying in 2017; and \$5,000,000 for estates of decedents dying in 2018 and thereafter.

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2013.

Sec. 5. Minnesota Statutes 2013 Supplement, section 291.03, subdivision 1, is amended to read:

~~Subdivision 1. **Tax amount.** (a) The tax imposed shall be an amount equal to the proportion of the maximum credit for state death taxes computed under section 2011 of the Internal Revenue Code, but using Minnesota adjusted taxable estate instead of federal adjusted taxable estate, as the Minnesota gross estate bears to the value of the federal gross estate. The tax is reduced by:~~

- ~~(1) the gift tax paid by the decedent under section 292.17 on gifts included in the Minnesota adjusted taxable estate and not subtracted as qualified farm or small business property; and~~
- ~~(2) any credit allowed under subdivision 1c.~~

~~(b) The tax determined under this subdivision must not be greater than the sum of the following amounts multiplied by a fraction, the numerator of which is the Minnesota gross estate and the denominator of which is the federal gross estate:~~

- ~~(1) the rates and brackets under section 2001(c) of the Internal Revenue Code multiplied by the sum of:~~
 - ~~(i) the taxable estate, as defined under section 2051 of the Internal Revenue Code; plus~~
 - ~~(ii) adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code; less~~

(iii) the lesser of (A) the sum of the value of qualified small business property under subdivision 9, and the value of qualified farm property under subdivision 10, or (B) \$4,000,000; less

(2) the amount of tax allowed under section 2001(b)(2) of the Internal Revenue Code; and less

(3) the federal credit allowed under section 2010 of the Internal Revenue Code.

(c) For purposes of this subdivision, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2000.

The tax imposed must be computed by applying to the Minnesota taxable estate the following schedule of rates and then the resulting amount multiplied by a fraction, not greater than one, the numerator of which is the value of the Minnesota gross estate plus the value of gifts under section 291.016, subdivision 2, clause (3), with a Minnesota situs, and the denominator of which is the federal gross estate plus the value of gifts under section 291.016, subdivision 2, clause (3):

(a) For estates of decedents dying in 2014:

<u>Amount of Minnesota Taxable Estate</u>	<u>Rate of Tax</u>
<u>Not over \$1,200,000</u>	<u>None</u>
<u>Over \$1,200,000, but not over \$3,000,000</u>	<u>ten percent of the excess over \$1,200,000</u>
<u>Over \$3,000,000, but not over \$5,000,000</u>	<u>\$180,000 plus 14 percent of the excess over \$3,000,000</u>
<u>Over \$5,000,000</u>	<u>\$460,000 plus 18 percent of the excess over \$5,000,000</u>

(b) For estates of decedents dying in 2015:

<u>Amount of Minnesota Taxable Estate</u>	<u>Rate of Tax</u>
<u>Not over \$2,000,000</u>	<u>None</u>
<u>Over \$2,000,000, but not over \$3,000,000</u>	<u>ten percent of the excess over \$2,000,000</u>
<u>Over \$3,000,000, but not over \$5,000,000</u>	<u>\$100,000 plus 14 percent of the excess over \$3,000,000</u>
<u>Over \$5,000,000</u>	<u>\$380,000 plus 18 percent of the excess over \$5,000,000</u>

(c) For estates of decedents dying in 2016:

<u>Amount of Minnesota Taxable Estate</u>	<u>Rate of Tax</u>
<u>Not over \$3,000,000</u>	<u>None</u>
<u>Over \$3,000,000, but not over \$5,000,000</u>	<u>14 percent of the excess over \$3,000,000</u>
<u>Over \$5,000,000</u>	<u>\$280,000 plus 18 percent of the excess over \$5,000,000</u>

(d) For estates of decedents dying in 2017:

<u>Amount of Minnesota Taxable Estate</u>	<u>Rate of Tax</u>
<u>Not over \$4,000,000</u>	<u>None</u>
<u>Over \$4,000,000, but not over \$5,000,000</u>	<u>14 percent of the excess over \$4,000,000</u>
<u>Over \$5,000,000</u>	<u>\$140,000 plus 18 percent of the excess over \$5,000,000</u>

(e) For estates of decedents dying in 2018 and thereafter:

<u>Amount of Minnesota Taxable Estate</u>	<u>Rate of Tax</u>
<u>Not over \$5,000,000</u>	<u>None</u>
<u>Over \$5,000,000</u>	<u>18 percent of the excess over \$5,000,000</u>

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2013.

Sec. 6. Minnesota Statutes 2012, section 291.03, is amended by adding a subdivision to read:

Subd. 1d. **Elections.** (a) For the purposes of this section, the value of the Minnesota taxable estate is determined by taking into account the deduction available under section 2056(b) of the Internal Revenue Code. An election under section 2056(b) of the Internal Revenue Code may be made for Minnesota estate tax purposes regardless of whether the election is made for federal estate tax purposes. The value of the gross estate includes the value of any property in which the decedent had a qualifying income interest for life for which an election was made under this subdivision.

(b) Except for an election made under section 2056(b) of the Internal Revenue Code, no federal election is allowable in computing the tax under this chapter unless the estate is required to file a federal estate tax return, the election is made on the federal estate tax return, and the election is allowed under federal law.

EFFECTIVE DATE. This section is effective for estates of decedents dying after December 31, 2013.

Sec. 7. **[291.031] CREDITS.**

(a) The estate of a nonresident decedent that is subject to tax under this chapter on the value of Minnesota situs property held in a pass-through entity is allowed a credit against the tax due under this section equal to the lesser of:

(1) the amount of estate or inheritance tax paid to another state that is attributable to the Minnesota situs property held in the pass-through entity; or

(2) the amount of tax paid under this section attributable to the Minnesota situs property held in the pass-through entity.

(b) The amount of tax attributable to the Minnesota situs property held in the pass-through entity must be determined by the increase in the estate or inheritance tax that results from including the market value of the property in the estate or treating the value as a taxable inheritance to the recipient of the property.

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2013.

Sec. 8. **REPEALER.**

(a) Minnesota Statutes 2013 Supplement, sections 292.16; 292.17; 292.18; 292.19; 292.20; and 292.21, are repealed.

(b) Minnesota Statutes 2012, section 291.03, subdivision 1b, and Minnesota Statutes 2013 Supplement, section 291.03, subdivision 1c, are repealed.

(c) Minnesota Statutes 2012, sections 291.41; 291.42; 291.43; 291.44; 291.45; 291.46; and 291.47, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective retroactively for gifts made after June 30, 2013. Paragraph (b) is effective retroactively for estates of decedents dying after December 31, 2013. Paragraph (c) is effective the day following final enactment.

ARTICLE 4

PROPERTY TAX

Section 1. Minnesota Statutes 2013 Supplement, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) For fiscal years 2013 and 2014, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, small schools revenue, basic skills revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue.

(b) For fiscal year 2015 and later, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, declining enrollment revenue, ~~location-equity~~ local optional revenue, small schools revenue, basic skills revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, pension adjustment revenue, and transition revenue.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2016 and later.

Sec. 2. Minnesota Statutes 2013 Supplement, section 126C.10, subdivision 2e, is amended to read:

Subd. 2e. ~~Location equity~~ **Local optional revenue.** (a) ~~For a school district with any of its area located within the seven-county metropolitan area, location equity~~ Local optional revenue for a school district equals \$424 times the adjusted pupil units of the district for that school year.

(b) ~~For all other school districts with more than 2,000 pupils in adjusted average daily membership for the fiscal year ending in the year before the levy is certified, location equity~~ revenue equals \$212 times the adjusted pupil units of the district for that year.

(c) A district's ~~location equity~~ local optional levy equals its ~~location equity~~ local optional revenue times the lesser of one or the ratio of its referendum market value per resident pupil unit to \$510,000.

The ~~location equity~~ local optional revenue levy must be spread on referendum market value. A district may levy less than the permitted amount.

(d) (c) A district's ~~location equity~~ local optional aid equals its ~~location equity~~ local optional revenue less its ~~location equity~~ local optional levy, times the ratio of the actual amount levied to the permitted levy.

(e) ~~A school district may elect not to participate in the location equity revenue program by a board vote taken prior to September 1 of the fiscal year before the fiscal year for which the decision not to participate becomes effective. The board resolution must state which fiscal years the district will not participate. A copy of the board resolution to not participate must be submitted to the commissioner.~~

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2016 and later.

Sec. 3. Minnesota Statutes 2013 Supplement, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** (a) For fiscal years 2013 and 2014 only, a district's general education aid is the sum of the following amounts:

(1) general education revenue, excluding equity revenue, total operating capital revenue, alternative teacher compensation revenue, and transition revenue;

(2) operating capital aid under section 126C.10, subdivision 13b;

(3) equity aid under section 126C.10, subdivision 30;

(4) alternative teacher compensation aid under section 126C.10, subdivision 36;

(5) transition aid under section 126C.10, subdivision 33;

(6) shared time aid under section 126C.01, subdivision 7;

(7) referendum aid under section 126C.17, subdivisions 7 and 7a; and

(8) online learning aid according to section 124D.096.

(b) For fiscal year 2015 and later, a district's general education aid equals:

(1) general education revenue, excluding operating capital revenue, equity revenue, ~~location equity~~ local optional revenue, and transition revenue, minus the student achievement levy, multiplied times the ratio of the actual amount of student achievement levy levied to the permitted student achievement levy; plus

(2) equity aid under section 126C.10, subdivision 30; plus

(3) transition aid under section 126C.10, subdivision 33; plus

(4) shared time aid under section 126C.10, subdivision 7; plus

(5) referendum aid under section 126C.17, subdivisions 7 and 7a; plus

(6) online learning aid under section 124D.096; plus

(7) ~~location equity~~ local optional aid according to section 126C.10, subdivision 2d, paragraph (d).

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2016 and later.

Sec. 4. Minnesota Statutes 2013 Supplement, section 126C.17, subdivision 1, is amended to read:

Subdivision 1. **Referendum allowance.** (a) A district's initial referendum allowance ~~for fiscal year 2015~~ equals the result of the following calculations:

(1) multiply the referendum allowance the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on elections held before July 1, 2013, by the resident marginal cost pupil units the district would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;

(2) add to the result of clause (1) the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013;

(3) divide the result of clause (2) by the district's adjusted pupil units for fiscal year 2015; ~~and~~

(4) add to the result of clause (3) any additional referendum allowance per adjusted pupil unit authorized by elections held between July 1, 2013, and December 31, 2013;

(5) add to the result in clause (4) any additional referendum allowance resulting from inflation adjustments approved by the voters prior to January 1, 2014;

(6) subtract from the result of clause (5), the sum of a district's actual local optional levy and local optional aid under section 126C.10, subdivision 2e, divided by the adjusted pupil units of the district for that school year; and

~~(4)~~ (7) if the result of clause ~~(3)~~ (6) is less than zero, set the allowance to zero.

(b) A district's referendum allowance equals the sum of the district's initial referendum allowance ~~for fiscal year 2015~~, plus any additional referendum allowance per adjusted pupil unit authorized after ~~June 30~~ December 31, 2013, minus ~~(i) the location equity revenue subtraction, and (ii) any allowances expiring in fiscal year 2016 or later, provided that the allowance may not be less than zero. For a district with more than one referendum allowance for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, the allowance calculated under paragraph (a), clause (3), must be divided into components such that the same percentage of the district's allowance expires at the same time as the old allowances would have expired under Minnesota Statutes 2012, section 126C.17. For a district with more than one allowance for fiscal year 2015 that expires in the same year, the reduction under paragraph (a), clause (6), to offset local optional revenue shall be made first from any allowances that do not have an inflation adjustment approved by the voters.~~

~~(c) For purposes of this subdivision, a district's location equity revenue subtraction equals \$424 for a district receiving location equity revenue under section 126C.10, subdivision 2d, paragraph (a), \$212 for a district receiving location equity revenue under section 126C.10, subdivision 2d, paragraph (b), and zero for all other school districts.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2016 and later.

Sec. 5. Minnesota Statutes 2013 Supplement, section 273.117, is amended to read:

273.117 CONSERVATION PROPERTY TAX VALUATION.

The value of real property which is subject to a conservation restriction or easement shall not be reduced by the assessor if:

(a) the restriction or easement is for a conservation purpose ~~as defined in section 84.64, subdivision 2~~; and is recorded on the property; and

(b) the property is being used in accordance with the terms of the conservation restriction or easement.

This section does not apply to (1) conservation restrictions or easements covering riparian buffers along lakes, rivers, and streams that are used for water quantity or quality control; or (2) easements in a county that has adopted, by referendum, a program to protect farmland and natural areas since 1999; or (3) conservation restrictions or easements entered into prior to May 23, 2013.

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

Sec. 6. **SUPPLEMENTAL COUNTY PROGRAM AID PAYMENTS.**

(a) Before the money appropriated to county need aid is apportioned among the counties, as provided in Minnesota Statutes, section 477A.0124, subdivision 3, for aids payable in 2015 through 2024 only, the total aid paid to Beltrami County shall be increased by \$3,000,000. The increased aid shall be used for out-of-home placement costs.

(b) Before the money appropriated to county need aid is apportioned among the counties, as provided in Minnesota Statutes, section 477A.0124, subdivision 3, for aids payable in 2015 only, the total aid paid to Mahnomon County shall be increased by \$1,500,000. Of this amount, \$750,000 shall be paid from Mahnomon County to the White Earth Band of Ojibwe for transition costs associated with health and human services.

(c) The increased aid under this section shall be paid in the same manner and at the same time as the regular aid payments under Minnesota Statutes, section 477A.0124.

(d) For aids payable in 2015 only, the total aid paid to counties under Minnesota Statutes, section 477A.03, subdivision 2b, paragraph (a), is \$105,295,000.

(e) For aids payable in 2016 through 2024 only, the total aid paid to counties under Minnesota Statutes, section 477A.03, subdivision 2b, paragraph (a), is \$103,795,000.

EFFECTIVE DATE. This section is effective for aids payable in 2015 through 2024.

ARTICLE 5

PUBLIC FINANCE

Section 1. Minnesota Statutes 2012, section 37.31, subdivision 8, is amended to read:

Subd. 8. **Expiration.** The authority to issue bonds, other than bonds to refund outstanding bonds, under this section expires July 1, ~~2015~~ 2025.

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

Sec. 2. Minnesota Statutes 2012, section 473.39, is amended by adding a subdivision to read:

Subd. 1t. **Obligations.** In addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$75,300,000 for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. Of this authorization, after July 1, 2014, the council may issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding \$37,000,000 and after July 1, 2015, the council may issue certificates of indebtedness, bonds, or other obligations in an additional amount not exceeding \$38,300,000.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 3. Laws 2003, chapter 127, article 12, section 28, is amended to read:

Sec. 28. NURSING HOME BONDS AUTHORIZED.

Itasca County may issue bonds under Minnesota Statutes, sections 376.55 and 376.56, to finance the construction of a 35-bed nursing home facility to replace an existing 35-bed private facility located in the county. The bonds issued under this section ~~must~~ may be payable solely from revenues ~~and~~ or may ~~not~~ be general obligations of the county.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day after compliance by the governing body of Itasca County and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. Laws 2006, chapter 259, article 10, section 13, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The authority to approve tax increment financing plans to establish a tax increment financing redevelopment district subject to this section expires on December 31, ~~2014~~ 2016.

EFFECTIVE DATE. This section is effective upon approval of the governing body of the city of Detroit Lakes and compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 5. Laws 2008, chapter 366, article 5, section 36, subdivision 3, is amended to read:

Subd. 3. **Authorized expenditures.** Tax increment from the district may be expended only to pay principal and interest on bond obligations issued by the city of St. Paul Housing and Redevelopment Authority in ~~1996~~ 2009 for the ~~convention center~~ RiverCentre Arena, including payment of principal and interest on any bonds issued to repay the bonds or loans. All such expenditures are deemed to be activities within the district under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

EFFECTIVE DATE. This section is effective without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

ARTICLE 6

MISCELLANEOUS

Section 1. Minnesota Statutes 2012, section 16A.152, subdivision 1b, is amended to read:

Subd. 1b. **Budget reserve increase level.** ~~On July 1, 2003, (a) The commissioner of management and budget shall transfer \$300,000,000 to the budget reserve account in the general fund. On July 1, 2004, the commissioner of management and budget shall transfer \$296,000,000 to the budget reserve account in the general fund. The amounts necessary for this purpose are appropriated from the general fund~~ calculate the budget reserve level by multiplying the current biennium's general fund nondedicated revenues and the most recent budget reserve percentage under subdivision 8.

(b) If, on the basis of a November forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted general fund balance at the close of the biennium and that the provisions of subdivision 2, clauses (1), (2), (3), and (4), are satisfied, the commissioner shall transfer to the budget reserve account in the general fund the amount necessary to increase the budget reserve to the budget reserve level determined under paragraph (a). The amount of the transfer authorized in this paragraph shall not exceed 33 percent of the positive unrestricted general fund balance determined in the forecast.

EFFECTIVE DATE. This section is effective for forecasts issued following final enactment.

Sec. 2. Minnesota Statutes 2012, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

- (1) the cash flow account established in subdivision 1 until that account reaches \$350,000,000;
- (2) the budget reserve account established in subdivision 1a until that account reaches ~~\$653,000,000~~ \$810,992,000;
- (3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve; and
- (4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount; and
- ~~(5) to the state airports fund, the amount necessary to restore the amount transferred from the state airports fund under Laws 2008, chapter 363, article 11, section 3, subdivision 5.~~

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

EFFECTIVE DATE. This section is effective for forecasts issued following final enactment.

Sec. 3. Minnesota Statutes 2012, section 16A.152, subdivision 8, is amended to read:

Subd. 8. **Report on budget reserve percentage.** ~~(a) The commissioner of management and budget must periodically review the formula developed as part of the Budget Trends Study Commission authorized by Laws 2007, chapter 148, article 2, section 81, to estimate the percentage of the preceding biennium's general fund expenditures and transfers recommended as a budget reserve. The commissioner of management and budget shall develop and annually review a methodology for evaluating the adequacy of the budget reserve based on the volatility of Minnesota's general fund tax structure. The review must take into consideration relevant statistical and economic literature. After completing the review, the commissioner may revise the methodology if necessary. The commissioner must use the methodology to annually estimate the percentage of the current biennium's general fund nondedicated revenues recommended as a budget reserve.~~

~~(b) The commissioner must annually review the variables and coefficients in the formula used to model the base of the general fund taxes and the mix of taxes that provide revenues to the general fund. If the commissioner determines that the variables and coefficients have changed enough to result in a change in the percentage of the preceding biennium's general fund expenditures and transfers recommended as a budget reserve, the commissioner must update the variables and coefficients in the formula to reflect the current base and mix of general fund taxes. By January 15 of each year, the commissioner shall report the percentage of the current biennium's general fund nondedicated revenue that is recommended as a budget reserve to the chairs and ranking minority members of the legislative committees with jurisdiction over the Department of Management and Budget. The report must also specify:~~

~~(1) whether the commissioner revised the recommendation as a result of significant changes in the mix of general fund taxes or the base of one or more general fund taxes;~~

~~(2) whether the commissioner revised the recommendation as a result of a revision to the methodology; and~~

~~(3) any additional appropriate information.~~

~~(c) Every ten years, the commissioner must review the methodology underlying the formula, taking into consideration relevant economic literature from the past ten years, and determine if the formula remains adequate as a tool for estimating the percentage of the preceding biennium's general fund expenditures and transfers recommended as a budget reserve. If the commissioner determines that the methodology underlying the formula is outdated, the commissioner must revise the formula.~~

~~(d) By January 15 of each year, the commissioner must report to the chairs and ranking minority members of the house of representatives Committee on Ways and Means and the senate Committee on Finance, in compliance with sections 3.195 and 3.197, on the percentage of the preceding biennium's general fund expenditures and transfers recommended as a budget reserve. The report must specify:~~

~~(1) if the commissioner updated the variables and coefficients in the formula to reflect significant changes to either the base of one or more general fund taxes or to the mix of taxes that provide revenues to the general fund as provided in paragraph (b);~~

~~(2) if the commissioner revised the formula after determining the methodology was outdated as provided in paragraph (c); and~~

~~(3) if the percentage of the preceding biennium's general fund expenditures and transfers recommended as a budget reserve has changed as a result of an update of or a revision to the formula.~~

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

Sec. 4. Minnesota Statutes 2012, section 276A.01, is amended by adding a subdivision to read:

Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to 25 percent of the areawide levy certified by the Iron Range Resources and Rehabilitation Board to be used for the purposes of the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a.

(b) The allocation under paragraph (a) shall only be made after the Iron Range Resources and Rehabilitation Board has certified by June 30 that the Iron Range school consolidation and cooperatively operated account has insufficient funds to make payments as authorized under section 298.28, subdivision 7a.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 5. Minnesota Statutes 2012, section 276A.06, subdivision 3, is amended to read:

Subd. 3. **Apportionment of levy.** The county auditor shall apportion the levy of each governmental unit in the county in the manner prescribed by this subdivision. The auditor shall:

(a) by August 20 of ~~1997~~ 2014 and each subsequent year, determine the areawide portion of the levy for each governmental unit by multiplying the local tax rate of the governmental unit for the preceding levy year times the distribution value set forth in subdivision 2, clause (b), times a fraction, the numerator of which is the difference between the sum of the areawide levies for all governmental units in the area minus the school fund allocation and the denominator is the sum of the areawide levy for all governmental units in the area; and

(b) by September 5 of ~~1997~~ 2014 and each subsequent year, determine the local portion of the current year's levy by subtracting the resulting amount from clause (a) from the governmental unit's current year's levy; and

(c) for determinations made under paragraph (a) in the case of school districts, for taxes payable in 2002, exclude the general education tax rate and the portion of the referendum tax rate attributable to the first \$415 per pupil unit from the local tax rate for the preceding levy year.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 6. Minnesota Statutes 2012, section 276A.06, subdivision 5, is amended to read:

Subd. 5. **Areawide tax rate.** On or before August 25 of 1997 and each subsequent year, the county auditor shall certify to the administrative auditor that portion of the levy of each governmental unit determined pursuant to subdivision 3, clause (a). The administrative auditor shall then determine the areawide tax rate sufficient to yield an amount equal to the sum of the levies from the areawide net tax capacity plus the school fund allocation. On or before September 1, the administrative auditor shall certify the areawide tax rate to each of the county auditors.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 7. Minnesota Statutes 2012, section 276A.06, subdivision 8, is amended to read:

Subd. 8. **Certification of values; payment.** The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to subdivision 3, clause (a), including the school fund allocation within the county and the total tax on contribution value pursuant to subdivision 7, within the county. On or before May 16 of each year, the administrative auditor shall certify the differences so determined and the county's portion of the school fund allocation to each county auditor. In addition, the administrative auditor shall certify to those county auditors for whose county the total tax on contribution value exceeds the total levy on distribution value the settlement the county is to make to the other counties of the excess of the total tax on contribution value over the total levy on distribution value in the county. On or before June 15 and November 15 of each year, each county treasurer in a county having a total tax on contribution value in excess of the total levy on distribution value shall pay one-half of the excess to the other counties in accordance with the administrative auditor's certification. On or before June 15 and November 15 of each year, each county treasurer shall pay to the administrative auditor that county's share of the school fund allocation. On or before December 1 of each year, the administrative auditor shall pay the school fund allocation to the Iron Range Resources and Rehabilitation Board for deposit in the Iron Range school consolidation and cooperatively operated account.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 8. Minnesota Statutes 2013 Supplement, section 298.17, is amended to read:

298.17 OCCUPATION TAXES TO BE APPORTIONED.

(a) All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university.

(b) Of the money apportioned to the general fund by this section: (1) there is annually appropriated and credited to the mining environmental and regulatory account in the special revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Money in the mining environmental and regulatory account is appropriated annually to the commissioner of natural resources to fund agency staff to work on environmental issues and provide regulatory services for ferrous and nonferrous mining operations in this state. Payment to the mining environmental and regulatory account shall be made by July 1 annually. The commissioner of natural resources shall execute an interagency agreement with the Pollution Control Agency to assist with the provision of environmental regulatory services such as monitoring and permitting required for ferrous and nonferrous mining operations; ~~and~~ (2) there is annually appropriated and credited to the Iron Range Resources and Rehabilitation Board account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable

ton produced in the preceding calendar year, to be expended for the purposes of section 298.22; and (3) there is annually appropriated and credited to the Iron Range Resources and Rehabilitation Board account in the special revenue fund for transfer to the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a, an amount equal to that which would have been generated by a six cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the Iron Range Resources and Rehabilitation Board account shall be made by May 15 annually.

(c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, paragraph (b), or (ii) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the Iron Range Resources and Rehabilitation Board regarding the loans. Payment to the Iron Range Resources and Rehabilitation Board account shall be made by May 15 annually.

(d) Of the money allocated to Koochiching County, one-third must be paid to the Koochiching County Economic Development Commission.

EFFECTIVE DATE. This section is effective beginning with the 2014 production year.

Sec. 9. Minnesota Statutes 2012, section 298.225, subdivision 1, is amended to read:

Subdivision 1. **Guaranteed distribution.** (a) The distribution of the taconite production tax as provided in section 298.28, subdivisions 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

(1) the amount distributed pursuant to this section and section 298.28, with respect to 1983 production if the production for the year prior to the distribution year is no less than 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount of the distributions shall be reduced proportionately at the rate of two percent for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000 tons; or

(2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production;

(ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b) and (d), 75 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production provided that the aid guarantee for distributions under section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton for production years 2014 and thereafter.

(b) The distribution of the taconite production tax as provided in section 298.28, subdivision 2, shall equal the following amount:

(1) if the production for the year prior to the distribution year is at least 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production; or

(2) if the production for the year prior to the distribution year is less than 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

EFFECTIVE DATE. This section is effective beginning with the 2015 distribution.

Sec. 10. Minnesota Statutes 2012, section 298.28, subdivision 3, is amended to read:

Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area as defined in section 273.134, paragraph (b), within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means the appropriate net tax capacities multiplied by 10.2.

(d) In addition to other distributions under this subdivision, three cents per taxable ton for distributions in 2009 must be allocated for distribution to towns that are entirely located within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent amount must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount available under this paragraph will be distributed to eligible towns on a per capita basis, provided that no town may receive more than \$50,000 in any year under this paragraph. Any amount of the distribution that exceeds the \$50,000 limitation for a town under this paragraph must be redistributed on a per capita basis among the other eligible towns, to whose distributions do not exceed \$50,000.

EFFECTIVE DATE. This section is effective beginning for the 2014 distribution.

Sec. 11. Minnesota Statutes 2012, section 298.28, subdivision 5, is amended to read:

Subd. 5. **Counties.** (a) ~~26.05~~ 21.05 cents per taxable ton is allocated to counties to be distributed, based upon certification by the commissioner of revenue, under paragraphs (b) to (d).

(b) ~~15.525~~ 10.525 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision 2 is the basis for the distribution.

(c) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to paragraph (b) and imposed on and collected from such taxpayer shall be paid to the county in which the power plant is located.

(d) 10.525 cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in subdivision 2.

EFFECTIVE DATE. This section is effective beginning with the 2015 distribution.

Sec. 12. Minnesota Statutes 2012, section 298.28, subdivision 7, is amended to read:

Subd. 7. **Iron Range Resources and Rehabilitation Board.** For the 1998 distribution, 6.5 cents per taxable ton shall be paid to the Iron Range Resources and Rehabilitation Board for the purposes of section 298.22. That amount shall be increased in for distribution years 1999 through 2014 and for distribution in 2018 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed pursuant to this subdivision shall be expended within or for the benefit of the taconite assistance area defined in section 273.1341. No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor.

EFFECTIVE DATE. This section is effective beginning for the 2014 distribution.

Sec. 13. Minnesota Statutes 2012, section 298.28, is amended by adding a subdivision to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.** The following amounts must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

- (1) ten cents per taxable ton of the tax imposed under section 298.24;
- (2) the amount as determined under section 298.17, paragraph (b), clause (3); and
- (3) for distributions in 2015 through 2017, an amount equal to two-thirds of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

Expenditures from this account shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other disbursement as approved by the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after December 7, 2009; and (2) approved by the commissioner of education pursuant to section 123B.71.

No expenditure under this section shall be made unless approved by seven members of the Iron Range Resources and Rehabilitation Board.

EFFECTIVE DATE. This section is effective for production year 2014 and thereafter.

Sec. 14. Minnesota Statutes 2012, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. **Taconite economic development fund.** (a) ~~30.1~~ 25.1 cents per ton for distributions in 2002 and thereafter must be paid to the taconite economic development fund. No distribution shall be made under this paragraph in 2004 or any subsequent year in which total industry production falls below 30 million tons. Distribution shall only be made to a taconite producer's fund under section 298.227 if the producer timely pays its tax under section 298.24 by the dates provided under section 298.27, or pursuant to the due dates provided by an administrative agreement with the commissioner.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed \$700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed \$700,000.

EFFECTIVE DATE. This section is effective beginning with the 2015 distribution.

Sec. 15. Minnesota Statutes 2013 Supplement, section 298.28, subdivision 10, is amended to read:

Subd. 10. **Increase.** (a) Except as provided in paragraph (b), ~~beginning with~~ for distributions in 2000 ~~through 2014 and for distributions in 2018 and subsequent years~~, the amount determined under subdivision 9 shall be increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. ~~Beginning with distributions in 2015 2018~~, the amount determined under subdivision 6, paragraph (a), shall be increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(b) For distributions in 2005 and subsequent years, an amount equal to the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for taxes paid in 2005, except for the amount of revenue increases provided in subdivision 4, paragraph (d), is distributed to the grant and loan fund established in section 298.2961, subdivision 4.

(c) For distributions in 2015 through 2017, an amount equal to two-thirds of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, is distributed to the Iron Range school consolidation and cooperatively operated school account in section 298.28, subdivision 7a, with the remaining one-third to be distributed to the Douglas J. Johnson Economic Protection Trust Fund.

EFFECTIVE DATE. This section is effective beginning for the 2015 distribution.

Sec. 16. **BUDGET RESERVE INCREASE.**

On July 1, 2014, the commissioner of management and budget shall transfer \$150,000,000 to the budget reserve in the general fund.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 17. APPROPRIATION.

\$1,000,000 is appropriated from the general fund to the commissioner of revenue in fiscal year 2014 for the cost of administering this act. This appropriation does not cancel but is available until June 30, 2015. This is a onetime appropriation and does not renew or become part of the base budget.

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

Delete the title and insert:

"A bill for an act relating to financing and operation of state and local government; making changes to individual income, corporate franchise, property, sales and use, estate, mineral, local, and other taxes and tax-related provisions; changing property tax aids and credits; modifying education aids and levies; making changes to additions and subtractions from federal taxable income; providing for federal conformity; changing tax rates for estates; modifying income tax credits; modifying estate tax provisions; repealing the gift tax; modifying the definition of sale and purchase; modifying sales tax exemptions; modifying tax increment financing rules; modifying the distribution of taconite production taxes; modifying and providing provisions for public finance; report; appropriating money; amending Minnesota Statutes 2012, sections 16A.152, subdivisions 1b, 2, 8; 37.31, subdivision 8; 116J.8737, subdivisions 5, 7, 9, 12; 276A.01, by adding a subdivision; 276A.06, subdivisions 3, 5, 8; 289A.02, subdivision 7; 289A.08, subdivision 7; 289A.18, subdivision 3; 290.01, subdivision 19a, by adding a subdivision; 290.067, subdivisions 1, 2a, by adding a subdivision; 290.0671, subdivisions 1, 7; 290.0675, subdivision 1; 291.03, by adding a subdivision; 297A.68, by adding a subdivision; 298.225, subdivision 1; 298.28, subdivisions 3, 5, 7, 9a, by adding a subdivision; 473.39, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 116J.8737, subdivisions 1, 2; 126C.10, subdivisions 1, 2e; 126C.13, subdivision 4; 126C.17, subdivision 1; 273.117; 289A.10, subdivision 1; 290.01, subdivisions 19, 19b, 31; 290.06, subdivision 2c; 290.091, subdivision 2; 290A.03, subdivision 15; 291.005, subdivision 1; 291.03, subdivision 1; 297A.61, subdivision 3; 297A.68, subdivision 5; 298.17; 298.28, subdivision 10; Laws 2003, chapter 127, article 12, section 28; Laws 2006, chapter 259, article 10, section 13, subdivision 4; Laws 2008, chapter 366, article 5, section 36, subdivision 3; Laws 2013, chapter 143, article 8, section 26; proposing coding for new law in Minnesota Statutes, chapter 291; repealing Minnesota Statutes 2012, sections 291.03, subdivision 1b; 291.41; 291.42; 291.43; 291.44; 291.45; 291.46; 291.47; Minnesota Statutes 2013 Supplement, sections 291.03, subdivision 1c; 292.16; 292.17; 292.18; 292.19; 292.20; 292.21; 297A.61, subdivision 57."

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

SECOND READING OF HOUSE BILLS

H.F. No. 1777 was read the second time.

RECESS

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

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 and Second Reading of Senate Bills .

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Dibble from the Committee on Transportation and Public Safety, to which was re-referred

S.F. No. 2660: A bill for an act relating to human services; modifying nonemergency medical transportation services provisions; amending Minnesota Statutes 2012, section 256B.0625, subdivisions 17a, 18a, 18b, 18c, 18d, 18g, by adding a subdivision; Minnesota Statutes 2013 Supplement, section 256B.0625, subdivisions 17, 18e; repealing Minnesota Statutes 2013 Supplement, section 256B.0625, subdivision 18f.

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

Page 1, line 15, delete everything after "to," and insert "special transportation service, defined"

Page 1, line 16, delete everything before "in"

Page 11, lines 5 to 8, delete the new language

Page 11, after line 15, insert:

"Sec. 10. WAIVER APPLICATIONS FOR NONEMERGENCY MEDICAL TRANSPORTATION SERVICE PROVIDERS.

Subdivision 1. Definitions. For purposes of this section, the following definitions apply:

(1) "new provider" is a nonemergency medical transportation service provider that was not required to comply with special transportation service operating standards before the effective date of this act; and

(2) "commissioner" is the commissioner of human services.

Subd. 2. Application for and terms of variance. A new provider may apply to the commissioner, on a form supplied by the commissioner for this purpose, for a variance from special transportation service operating standards. The commissioner may grant or deny the variance application. Variances expire on the earlier of, February 1, 2016, or the date that the commissioner of transportation begins certifying new providers under the terms of this act and successor legislation.

Subd. 3. **Information concerning variances.** The commissioner shall periodically transmit to the Department of Transportation the number of variance applications received and the number granted.

Subd. 4. **Report by commissioner of transportation.** On or before February 1, 2015, the commissioner of transportation shall report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over transportation and human services concerning implementing this act. The report must contain recommendations of the commissioner of transportation concerning statutes, session laws, and rules that must be amended, repealed, enacted, or adopted to implement the terms of this act. The recommendations must include, without limitation, the amount of the fee that would be required to cover the costs of Department of Transportation supervision of inspection and certification, as well as any needed statutory rulemaking or other authority to be granted to the commissioner of transportation."

Page 11, after line 18, insert:

"Sec. 12. **EFFECTIVE DATE.**

Sections 1 to 10 are effective August 1, 2014."

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Dibble from the Committee on Transportation and Public Safety, to which was referred

S.F. No. 2706: A bill for an act relating to public safety; towing; clarifying towing order requirements; amending Minnesota Statutes 2012, section 168B.035, subdivision 2.

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

Page 1, line 11, delete "or another state" and after the second "or" insert "any"

Page 1, line 12, after "authority" insert "authorized by section 169.04, to enforce the traffic laws"

Page 1, line 14, delete "or state"

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

Senator Dibble from the Committee on Transportation and Public Safety, to which was referred

S.F. No. 2516: A bill for an act relating to public safety; traffic regulations; modifying provisions governing disability parking; amending Minnesota Statutes 2012, section 168.021, subdivisions 1, 3; Minnesota Statutes 2013 Supplement, section 169.346, subdivision 2.

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

Page 3, after line 10, insert:

"EFFECTIVE DATE. This section is effective August 1, 2014, and applies to signs as they are first installed or replaced in ordinary course after the effective date."

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

Senator Dibble from the Committee on Transportation and Public Safety, to which was referred

S.F. No. 2290: A bill for an act relating to transportation; railroads; establishing standards for railroad yard lighting; proposing coding for new law in Minnesota Statutes, chapter 219.

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

Page 1, after line 17, insert:

"(2) be displayed only at times when activities related to switching, inspection, assembly, and disassembly of trains are taking place;"

Page 1, line 18, delete "(2)" and insert "(3)"

Page 1, line 19, delete "(3)" and insert "(4)"

Page 1, delete line 24 and insert "(2) compliant with the National Electrical Code;"

Page 3, lines 10 and 11, delete "must" and insert "shall"

Page 3, delete lines 12 to 21

Page 3, line 22, delete "8" and insert "7"

Page 3, line 24, delete "9" and insert "8"

Page 3, delete section 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 Dibble from the Committee on Transportation and Public Safety, to which was referred

S.F. No. 2424: A bill for an act relating to public safety; modifying permits for motorized bicycle operators; establishing a fee for the commercial learner's permit; providing for federal conformance in laws pertaining to commercial motor vehicles; amending Minnesota Statutes 2012, sections 171.02, subdivision 3; 171.06, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 171.

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

Page 1, before line 8, insert:

"Section 1. Minnesota Statutes 2012, section 169.14, subdivision 2, is amended to read:

Subd. 2. **Speed limits.** (a) Where no special hazard exists the following speeds shall be lawful, but any speeds in excess of such limits shall be prima facie evidence that the speed is not reasonable or prudent and that it is unlawful; except that the speed limit within any municipality shall be a maximum limit and any speed in excess thereof shall be unlawful:

(1) 30 miles per hour in an urban district;

(2) 65 miles per hour on noninterstate expressways, as defined in section 160.02, subdivision 18b, and noninterstate freeways, as defined in section 160.02, subdivision 19;

(3) ~~55~~ 60 miles per hour in locations other than those specified in this section;

(4) 70 miles per hour on interstate highways outside the limits of any urbanized area with a population of greater than 50,000 as defined by order of the commissioner of transportation;

(5) 65 miles per hour on interstate highways inside the limits of any urbanized area with a population of greater than 50,000 as defined by order of the commissioner of transportation;

(6) ten miles per hour in alleys;

(7) 25 miles per hour in residential roadways if adopted by the road authority having jurisdiction over the residential roadway; and

(8) 35 miles per hour in a rural residential district if adopted by the road authority having jurisdiction over the rural residential district.

(b) A speed limit adopted under paragraph (a), clause (7), is not effective unless the road authority has erected signs designating the speed limit and indicating the beginning and end of the residential roadway on which the speed limit applies.

(c) A speed limit adopted under paragraph (a), clause (8), is not effective unless the road authority has erected signs designating the speed limit and indicating the beginning and end of the rural residential district for the roadway on which the speed limit applies.

(d) Notwithstanding section 609.0331 or 609.101 or other law to the contrary, a person who violates a speed limit established in this subdivision, or a speed limit designated on an appropriate sign under subdivision 4, 5, 5b, 5c, or 5e, by driving 20 miles per hour or more in excess of the applicable speed limit, is assessed an additional surcharge equal to the amount of the fine imposed for the speed violation, but not less than \$25.

EFFECTIVE DATE. This section is effective upon the placement of conforming signs designating the speed specified in this section by the commissioner of transportation on affected trunk highways and by local authorities on affected streets and highways under their jurisdictions. The placement of conforming signs must occur during the ordinary course of placement and replacement of signs, but must be completed before January 1, 2025.

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after "safety;" insert "modifying statutory speed limit;"

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 Sheran from the Committee on Health, Human Services and Housing, to which was referred

S.F. No. 2234: A bill for an act relating to health; establishing a state-only MinnesotaCare program to cover uninsured Minnesotans who are ineligible for medical assistance, MinnesotaCare, or the MNsure insurance marketplace; amending Minnesota Statutes 2012, sections 256B.06, subdivision 5, by adding a subdivision; 256L.04, subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 256L.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

COVERAGE FOR LOW-INCOME UNINSURED CHILDREN

Section 1. [256L.30] LOW-INCOME UNINSURED CHILDREN'S HEALTH PROGRAM.

Subdivision 1. **General.** (a) The commissioner shall establish a program that provides coverage to low-income uninsured children who are not eligible for medical assistance or MinnesotaCare.

(b) A child is eligible for the program under this section if the child is under the age of 21, and meets all other MinnesotaCare eligibility requirements under this chapter, except as otherwise specified in this section, and:

(1) has been determined eligible for the emergency medical assistance program under section 256B.06, subdivision 4, paragraph (e) or (f); or

(2) the child's treating health care provider certifies that the child has an emergency medical condition as defined in United States Code, title 42, section 1396b(v), that is likely to lead to the child being admitted to a hospital or emergency department unless intervening outpatient health care treatment is provided.

(c) Eligibility continues under this section for as long as the child continues to have the underlying medical condition that gave rise to the initial emergency medical condition.

(d) Children eligible for the program under this subdivision are exempt from the income eligibility limits under section 256L.04 and section 256L.07, and remain eligible for the program so long as their family income is equal to or less than 275 percent of federal poverty guidelines, and the citizenship requirements under section 256L.04, subdivision 10.

(e) Children who are eligible for medical assistance under chapter 256B, or MinnesotaCare under this chapter, are not eligible for the program under this section.

(f) All application, navigation services, eligibility determination, enrollment, disenrollment, and premium requirements and procedures of the MinnesotaCare program apply to this program, except as otherwise specified in this section.

Subd. 2. **Covered services.** (a) The program covers the services described under section 256L.03, except as otherwise specified in this subdivision.

(b) The program does not cover services for an emergency medical condition that are covered by the emergency medical assistance program under section 256B.06, subdivision 4, paragraphs

(e) to (h). The commissioner shall coordinate the program with the federally subsidized emergency medical assistance program with the goal of making transitions between the programs seamless and invisible to the enrollee to the extent possible.

(c) For children who are eligible under subdivision 1, the program covers nursing facility services described under section 144.0724, subdivision 11, and home and community-based services described in paragraph (d), if the child's family income is equal to or less than the medical assistance income eligibility standards described in section 256B.056, subdivision 4, or meets the excess income standards described in section 256B.056, subdivisions 5 and 5c. All requirements of the medical assistance program under chapter 256B relating to these services apply to the program under this section.

(d) For purposes of this section, home and community-based services include:

(1) home and community-based waived services for persons with developmental disabilities, including consumer-directed community supports under section 256B.092;

(2) waived services under community alternatives for disabled individuals, including consumer-directed community supports under section 256B.49;

(3) community alternative care waived services, including consumer-directed community supports under section 256B.49;

(4) brain injury waived services, including consumer-directed community supports under section 256B.49;

(5) home and community-based waived services for the elderly under section 256B.0915;

(6) nursing services and home health services under section 256B.0625, subdivision 6a;

(7) personal care services and qualified professional supervision of personal care services under section 256B.0625, subdivisions 6a and 19a;

(8) private duty nursing services under section 256B.0625, subdivision 7; and

(9) community first services and supports under section 256B.85.

Subd. 3. **Premiums and cost-sharing.** For children who are eligible under subdivision 1, the premium and cost-sharing provisions of the MinnesotaCare program apply.

Subd. 4. **Service delivery.** (a) The commissioner may contract with managed care plans, county-based purchasing plans, provider networks, nonprofit coverage programs, counties, or health care delivery systems established under section 256B.0755 or 256B.0756 to administer the program authorized under this section in order to control the costs of the program through care coordination, limited provider networks, fee discounts, and other methods. The commissioner may delegate to a contractor the responsibility to perform case reviews and authorize payment. The commissioner may contract on a capitated or fixed budget basis under which the contractor shall be responsible for providing the covered services to eligible children within the limits of the capitation or budgeted amount. The commissioner may also contract using gain-sharing and risk-sharing methods authorized for demonstration projects established under sections 256B.0755 and 256B.0756. If the commissioner contracts with a contractor under this subdivision, the commissioner may separate nursing facility services, home and community-based services, and

pharmacy services from other covered services and may provide payment for these services under the commissioner's fee-for-service payment system instead of payment to the contracted entity.

(b) If no qualified contractors are available and willing to contract on alternative payment terms in a geographic area of the state, the commissioner shall administer the program as a fee-for-service program in that area, but may establish additional utilization review and care management programs and requirements in order to control the costs of the program.

(c) The commissioner shall ensure that an eligible child is provided the opportunity to receive covered services from any essential community provider, as defined in section 62Q.19, and that the terms of participation of the essential community provider are in conformance with the requirements of section 62Q.19.

EFFECTIVE DATE. This section is effective July 1, 2014.

ARTICLE 2

MEDICAL ASSISTANCE

Section 1. Minnesota Statutes 2012, section 256B.06, is amended by adding a subdivision to read:

Subd. 6. **Federal authority.** The commissioner shall seek federal authority to make changes to the emergency medical assistance program established under section 256B.06, subdivision 4, paragraphs (e) to (h), to allow coverage and payment for cost-effective community-based and outpatient services as an alternative to hospital inpatient and emergency department services in order to reduce the total cost of care.

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

Amend the title as follows:

Page 1, line 2, delete "MinnesotaCare" and insert "health care"

Page 1, delete line 3 and insert "uninsured children who are ineligible for medical assistance and MinnesotaCare;"

Page 1, line 4, delete "or the MNsure insurance marketplace;"

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 Sheran from the Committee on Health, Human Services and Housing, to which was referred

S.F. No. 2679: A bill for an act relating to human services; creating a monitoring technology review panel; modifying payment methodologies for home and community-based services waivers; amending Minnesota Statutes 2013 Supplement, sections 256B.4913, subdivision 4a; 256B.4914, subdivisions 2, 4, 5, 6, 7, 8, 9, 10, 14, 15, 16, by adding subdivisions.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Sheran from the Committee on Health, Human Services and Housing, to which was referred

S.F. No. 1327: A bill for an act relating to human services; modifying child care provider requirements; amending Minnesota Statutes 2012, section 119B.125, subdivision 1.

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 2012, section 119B.09, subdivision 5, is amended to read:

Subd. 5. **Provider choice.** Parents may choose child care providers as defined under section 119B.011, subdivision 19, that best meet the needs of their family. Beginning July 1, 2018, parents or guardians must choose a participating provider under section 124D.142 for their children not yet attending kindergarten, unless a waiver is granted under section 119B.125, subdivision 1, by the commissioner of human services. Counties shall make resources available to parents in choosing quality child care services. Counties may require a parent to sign a release stating their knowledge and responsibilities in choosing a legal provider described under section 119B.011, subdivision 19. When a county knows that a particular provider is unsafe, or that the circumstances of the child care arrangement chosen by the parent are unsafe, the county may deny a child care subsidy. A county may not restrict access to a general category of provider allowed under section 119B.011, subdivision 19.

Sec. 2. Minnesota Statutes 2012, section 119B.125, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** (a) Except as provided in subdivision 5, a county must authorize the provider chosen by an applicant or a participant before the county can authorize payment for care provided by that provider. The commissioner must establish the requirements necessary for authorization of providers.

(b) In order to be authorized to care for a child not yet attending kindergarten, a provider must:

(1) beginning July 1, 2018, participate in the quality rating and improvement system under section 124D.142; and

(2) beginning July 1, 2020, have at least a one-star rating in the quality rating and improvement system.

(c) In order to comply with federal regulations, the requirements in paragraph (b) do not apply to unlicensed or license-exempt providers, including legal nonlicensed providers or providers licensed by a state other than Minnesota. In addition, the commissioner may waive the requirements in paragraph (b), if:

(1) the parents' authorized activities occur during times when care is not available or not practicable from providers participating in the quality rating and improvement system, for all or a part of the authorized activities;

(2) a family lives in an area where care from providers participating in the quality rating and improvement system is not available;

(3) a family has a school-aged sibling whose provider is not participating in the quality rating and improvement system, and the family wishes to keep the children with that same provider;

(4) no providers participating in the quality rating and improvement system are willing or able to care for one or all of the children in the family;

(5) a family has a child with a disability as defined in section 125A.02; or

(6) a family is using a nonparticipating provider prior to July 1, 2018, or July 1, 2020, and wishes to continue using that provider.

(d) A provider must be reauthorized every two years. A legal, nonlicensed family child care provider also must be reauthorized when another person over the age of 13 joins the household, a current household member turns 13, or there is reason to believe that a household member has a factor that prevents authorization. The provider is required to report all family changes that would require reauthorization. When a provider has been authorized for payment for providing care for families in more than one county, the county responsible for reauthorization of that provider is the county of the family with a current authorization for that provider and who has used the provider for the longest length of time.

Sec. 3. WAIVER PROCESS RELATED TO CHILD CARE PROVIDER CHOICE.

(a) The commissioner of human services shall develop a simple waiver process related to Minnesota Statutes, section 119B.125, subdivision 1.

(b) Eligibility for child care assistance is determined under Minnesota Statutes, section 119B.09, subdivision 7, and payments are authorized retroactively from that date, regardless of when a waiver is approved.

(c) The commissioner must monitor the waiver process and report on the usage of waivers to the legislative committees having jurisdiction over child care and Parent Aware policy and finance.

Sec. 4. PARENT AWARE QUALITY RATING AND IMPROVEMENT SYSTEM ACCESSIBILITY REPORT.

Subdivision 1. **Recommendations.** The commissioner of human services, in consultation with representatives from the child care and early childhood advocacy community, child care provider organizations, child care providers, organizations administering Parent Aware, the Departments of Education and Health, counties, and parents, shall make recommendations to the legislature on increasing statewide accessibility for child care providers to the Parent Aware quality rating and improvement system and for increasing access to Parent Aware-rated programs for families with children. The recommendations must address the following factors impacting accessibility:

(1) availability of rated and nonrated programs by child care provider type, within rural and underserved areas, and for different cultural and non-English-speaking groups;

(2) time and resources necessary for child care providers to participate in Parent Aware at various rating levels, including cultural and linguistic considerations;

(3) federal child care development fund regulations; and

(4) other factors as determined by the commissioner.

Subd. 2. **Report.** By February 15, 2015, the commissioner of human services shall report to the legislative committees with jurisdiction over the child care assistance programs and the Parent Aware quality rating and improvement system with recommendations to increase access

for families and child care providers to Parent Aware, including benchmarks for achieving the maximum participation in Parent Aware-rated child care programs by families receiving child care assistance.

The recommendations may also include, but are not limited to, potential modifications to sections 1 to 3, if necessary, which may include a delayed effective date, different phase-in process, or repealer.

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

Amend the title as follows:

Page 1, line 2, after the second semicolon, insert "requiring a report;"

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 Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was referred

S.F. No. 2220: A bill for an act relating to workers' compensation; adopting the recommendations of the Workers' Compensation Advisory Council; amending Minnesota Statutes 2012, sections 176.129, subdivisions 2a, 7; 176.135, subdivision 7; 176.136, subdivision 1a; 176.231, subdivision 2; 176.305, subdivision 1a; Minnesota Statutes 2013 Supplement, section 176.011, subdivision 15; repealing Minnesota Statutes 2012, sections 175.006, subdivision 1; 175.08; 175.14; 175.26; 176.1311; 176.136, subdivision 3; 176.2615; 176.641.

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

Page 3, after line 9, insert:

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

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was referred

S.F. No. 2438: A bill for an act relating to labor and industry; making housekeeping changes to the Office of Combative Sports and Construction Codes and Licensing Division; removing obsolete, redundant, and unnecessary laws and rules; making conforming changes; amending Minnesota Statutes 2012, sections 181.171, subdivision 1; 182.6553, subdivisions 1, 2; 184.21, subdivision 4; 184.24, subdivision 1; 184.41; 326B.092, subdivisions 3, 7; 326B.094, subdivisions 2, 3; 326B.106, subdivisions 4, 7; 326B.109, subdivision 2; 326B.135, subdivision 4; 326B.139; 326B.194; 326B.37, subdivision 11; 326B.46, subdivision 1b; 326B.805, subdivision 4; 326B.811, subdivision 1; 326B.84; 326B.99, subdivision 2; 341.21, subdivisions 2a, 4, 4f, by adding a subdivision; 341.28, subdivision 3; 341.30, subdivisions 1, 2; 341.32, subdivision 1; 341.33; Minnesota Statutes 2013 Supplement, sections 177.27, subdivision 4; 326B.184, subdivision 2; 326B.49, subdivision 3; 341.29; 341.30, subdivision 4; 341.32, subdivision 2; 341.321;

repealing Minnesota Statutes 2012, sections 175.006, subdivision 1; 175.08; 175.14; 175.26; 181.12; 181.9435, subdivision 2; 184.22, subdivision 1; 184.25; 184.26; 184.27; 184.28; 184.29; 184.30, subdivision 1; 184.32; 184.33; 184.34; 184.35; 184.36; 184.38, subdivisions 2, 16, 17; 184.40; 326B.091, subdivision 6; 326B.106, subdivision 10; 326B.169; 326B.181; 471.465; 471.466; 471.467; 471.468; 609B.137; Minnesota Rules, parts 5200.0510; 5200.0520; 5200.0530; 5200.0540; 5200.0550; 5200.0560; 5200.0570; 5200.0750; 5200.0760.

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

Page 11, delete section 6

Page 14, after line 3, insert:

"Sec. 8. Minnesota Statutes 2012, section 326B.978, is amended by adding a subdivision to read:

Subd. 4a. **Continuing education.** The commissioner may require continuing education prior to the renewal of any license. Before requiring continuing education, the commissioner shall adopt rules that specify the continuing education requirements."

Renumber the sections in sequence

Amend the title numbers accordingly

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

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was re-referred

S.F. No. 1956: A bill for an act relating to employment; providing for pregnancy and parenting leave; requiring pregnancy accommodations; amending Minnesota Statutes 2012, sections 181.940, subdivision 2; 181.941; 181.943; proposing coding for new law in Minnesota Statutes, chapter 181.

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

Page 2, lines 11 and 13, delete "12" and insert "six"

Page 2, delete lines 23 to 35 and insert:

"Subdivision 1. **Accommodation.** An employer must provide reasonable accommodations to an employee for the employee's medical or physical conditions related to pregnancy or childbirth, if the employee provides a written documentation of a medical necessity by a licensed health care provider or certified doula for an accommodation. A pregnant employee shall not be required to provide documentation of medical necessity for the following accommodations: (1) more frequent restroom, food, and water breaks; (2) seating; and (3) limits on lifting over 20 pounds. The employee and employer shall engage in an interactive process with respect to an employee's request for a reasonable accommodation. "Reasonable accommodation" may include, but is not limited to, temporary transfer to a less strenuous or hazardous position, seating, frequent restroom breaks, and limits to heavy lifting. Notwithstanding any other provision of this section, an employer shall not be required to create a new or additional position in order to accommodate an employee pursuant to this section, and shall not be required to discharge any employee, transfer any other employee with greater seniority, or promote any employee."

Page 3, delete lines 1 and 2

Page 3, after line 8, insert:

"Subd. 4. **Employee not required to take leave.** An employer shall not require an employee to take a leave or accept an accommodation."

Renumber the subdivisions in sequence

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was re-referred

S.F. No. 2201: A bill for an act relating to education; clarifying the definition of employee to reflect the school calendar for purposes of parental leave; amending Minnesota Statutes 2012, section 181.940, subdivision 2.

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

Page 1, line 10, delete the new language and strike "and" and insert "or"

Page 1, after line 10, insert:

"(2) at least 12 months immediately preceding the request if the employer is an educational institution; and"

Page 1, line 11, strike "(2)" and insert "(3)"

Page 1, after line 14, insert:

"For the purpose of this subdivision, "educational institution" means an elementary or secondary school."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was re-referred

S.F. No. 1919: A bill for an act relating to state government; providing for enhancement of accountability and transparency in public construction; establishing a requirement for a definition of responsible contractor; proposing coding for new law in Minnesota Statutes, chapter 16C.

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

Delete everything after the enacting clause and insert:

"Section 1. [16C.285] RESPONSIBLE CONTRACTOR REQUIREMENT DEFINED.

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

(b) "Construction contract" means a contract or subcontract of any tier for work on a project.

(c) "Contractor" means a vendor that submits a bid or proposal or otherwise responds to a solicitation document of a contracting authority for work on a project. A contractor includes a construction manager but does not include a material supplier.

(d) "Contracting authority" means a state agency, the Minnesota State Colleges and Universities, the University of Minnesota, the Metropolitan Council, the Metropolitan Airports Commission, or a municipality that enters into a construction contract or authorizes or directs entering into a construction contract.

(e) "Municipality" means a county, town, home rule charter or statutory city, school district, housing and redevelopment authority, port authority, economic development authority, sports facilities authority, joint powers board or organization created under section 471.59 or other statute, special district, drainage authority, watershed district, destination medical center corporation, or other municipal corporation or political subdivision of the state authorized by law to enter into contracts.

(f) "Prime contractor" means a contractor awarded a construction contract by a contracting authority for work on a project.

(g) "Principal" means an owner holding at least a 25 percent ownership interest in a business.

(h) "Project" means building, erection, construction, alteration, remodeling, demolition, or repair of buildings, real property, highways, roads, bridges, or other construction work performed pursuant to a construction contract.

(i) "Related entity" means:

(1) a firm, partnership, corporation, joint venture, or other legal entity substantially under the control of a contractor or vendor;

(2) a predecessor corporation or other legal entity having one or more of the same principals as the contractor or vendor;

(3) a subsidiary of a contractor or vendor;

(4) one or more principals of a contractor or vendor; and

(5) a person, firm, partnership, corporation, joint venture, or other legal entity that substantially controls a contractor or vendor.

(j) "Solicitation document" means an invitation to bid, bid specifications, request for proposals, request for qualifications, or other solicitation of contractors for purposes of a construction contract.

(k) "Subcontractor" means a vendor that seeks to enter into a subcontract or enters into a subcontract for work on a project.

(l) "Vendor" means a business, including a construction contractor or a natural person, and includes both if the natural person is engaged in a business.

Subd. 2. **Responsible contractor required.** (a) A contractor must meet the minimum criteria in subdivision 3 to be eligible to be awarded a construction contract as the lowest responsible bidder or the vendor or contractor offering the best value as provided in section 16C.28, 103D.811, 103E.505, 116A.13, 123B.52, 160.17, 160.262, 161.32, 161.3206, 161.3209, 161.38, 162.17,

365.37, 374.13, 375.21, 383C.094, 412.311, 429.041, 458D.21, 469.015, 469.068, 469.101, 471.345, 473.4057, 473.523, 473.652, 473.756, 473J.11, or any of their successor provisions.

(b) This section applies to publicly owned or financed projects where the contracting authority's construction contract with the prime contractor is estimated to exceed \$50,000 and is awarded pursuant to a lowest responsible bidder selection method or a best value selection method. A subcontractor must meet the minimum criteria in subdivision 3 to be eligible to be awarded a subcontract on a project regardless of the value of the subcontract.

(c) If only one contractor responds to a solicitation document, a contracting authority may award a construction contract to the responding contractor even if the minimum criteria in subdivision 3 are not met.

Subd. 3. **Minimum criteria.** "Responsible contractor" means a contractor or subcontractor that conforms to the responsibility requirements in the solicitation document for its portion of the work on the project and verifies that it meets the following minimum criteria:

(1) the contractor or subcontractor:

(i) is in compliance with workers' compensation and unemployment insurance requirements;

(ii) is currently registered with the Department of Revenue and the Department of Employment and Economic Development if it has employees;

(iii) has a valid federal tax identification number or a valid Social Security number if an individual; and

(iv) has filed a certificate of authority to transact business in Minnesota with the secretary of state if a foreign corporation or cooperative;

(2) the contractor, subcontractor, or related entity is in compliance with and, during the three-year period before submitting the verification, has not violated section 177.24, 177.25, 177.41 to 177.44, 181.13, 181.14, or 181.722, and has not violated United States Code, title 29, sections 201 to 219, or United States Code, title 40, sections 3141 to 3148. For purposes of this clause, a violation occurs when a contractor, subcontractor, or related entity:

(i) willfully or repeatedly fails to pay statutorily required wages or penalties of \$25,000 or more on one or more separate projects within the three-year period;

(ii) has been issued an order to comply by the commissioner of labor and industry that has become final;

(iii) has been issued at least two determination letters within the three-year period by the Department of Transportation finding an underpayment by the contractor, subcontractor, or related entity to its own employees; or

(iv) has been found liable for underpayment of wages or penalties in an action brought in a court having jurisdiction.

Provided that, if the contractor, subcontractor, or related entity contests a determination of underpayment by the Department of Transportation in a contested case proceeding, a violation does not occur until the contested case proceeding and any appeals have concluded with a determination that the contractor, subcontractor, or related entity underpaid wages or penalties;

(3) the contractor, subcontractor, or related entity is in compliance with and, during the three-year period before submitting the verification, has not violated any municipality's requirements for payment of wages for construction work performed for that municipality as provided in ordinance, resolution, policy, or contractual provision. For purposes of this clause, a violation occurs when a municipality determines that a contractor, subcontractor, or related entity has willfully or repeatedly failed to pay wages or penalties required by the municipality in the amount of \$25,000 or more on one or more separate projects within the three-year period. Provided that, if the contractor, subcontractor, or related entity contests a municipality's finding of unpaid wages or penalties in a legal proceeding, a violation does not occur until the legal proceeding and any appeals have concluded with a determination that the contractor, subcontractor, or related entity underpaid wages or penalties;

(4) the contractor, subcontractor, or related entity is in compliance with and, during the three-year period before submitting the verification, has not violated section 181.723 or chapter 326B. For purposes of this clause, a violation occurs when a contractor, subcontractor, or related entity has been issued a final administrative or licensing order;

(5) the contractor, subcontractor, or related entity has not operated under false names or fronts as a small business, a socially or economically disadvantaged small business, or a disadvantaged business enterprise;

(6) the contractor, subcontractor, or related entity has not, within the three-year period before submitting the verification, failed to meet applicable government agency established disadvantaged business enterprise goals due to lack of good faith effort;

(7) the contractor, subcontractor, or related entity is not currently debarred by the federal government or the state and is currently not ineligible to be awarded a construction contract by a contracting authority or perform work under a construction contract by this section; and

(8) all subcontractors that the contractor or subcontractor intends to use to perform project work have verified to the contractor or subcontractor through a signed statement under oath by an owner or officer that they meet the minimum criteria listed in clauses (1) to (7).

Subd. 4. Verification of compliance. A contractor responding to a solicitation document of a contracting authority shall submit to the contracting authority a signed statement under oath by an owner or officer verifying compliance with each of the minimum criteria in subdivision 3 at the time that it responds to the solicitation document. A contracting authority may accept a sworn statement as sufficient to demonstrate that a contractor is a responsible contractor and shall not be held liable for awarding a contract in reasonable reliance on that statement. Failure to verify compliance with any one of the minimum criteria shall render a contractor or subcontractor ineligible to be awarded a construction contract. A false statement under oath verifying compliance with any of the minimum criteria may result in termination of the construction contract awarded to a contractor or subcontractor that submits a false statement. If a false statement is made under oath in a verification of compliance with knowledge that it is false or with reckless disregard for whether it is true or false, that false statement shall render that contractor or subcontractor not responsible and therefore ineligible to be awarded a construction contract by a contracting authority on projects covered by this section or allowed to perform work on projects covered by this section under a construction contract, as defined in subdivision 1, for a period of three years. The period of ineligibility due to a false statement under oath in a verification of compliance may be reduced by the commissioner of administration in the event of an emergency.

Subd. 5. **Subcontractor verification.** A contractor or subcontractor shall include in its verification of compliance under subdivision 4 a list of all of its first-tier subcontractors that it intends to retain for work on the project. If the prime contractor or any subcontractor retains additional subcontractors on the project after submitting its verification of compliance, the prime contractor or subcontractor shall obtain verifications of compliance from each additional subcontractor with which it has a direct contractual relationship and shall submit a supplemental verification confirming compliance with subdivision 3, clause (8). The prime contractor shall submit to the contracting authority upon request copies of the signed verifications of compliance from all subcontractors of any tier pursuant to subdivision 3, clause (8). The prime contractor and subcontractors shall not be responsible for the false statements of any subcontractor with which they do not have a direct contractual relationship. The prime contractor and subcontractors shall be responsible for false statements by their first-tier subcontractors with which they have a direct contractual relationship only if they accept the verification of compliance with knowledge that it contains a false statement or with reckless disregard for whether the statement is true or false.

Subd. 6. **Additional criteria.** Nothing in this section shall restrict the discretion of a contracting authority to establish additional criteria for defining a responsible contractor.

Subd. 7. **Implementation.** The definition of responsible contractor, as defined in subdivision 3, or a statement that a responsible contractor must comply with section 16C.285, subdivision 3, shall be included in the solicitation document for all projects covered by this section. The solicitation document for any project shall state that any contractor or subcontractor that does not meet the minimum criteria in subdivision 3 is not a responsible contractor and is not eligible to be awarded a construction contract for the project or to perform work on the project. The solicitation document shall provide that a false statement under oath verifying compliance with any of the minimum criteria may result in termination of the contract awarded to the contractor or subcontractor that submits a false statement. The solicitation document shall provide that if a false statement is made under oath in a verification of compliance with knowledge that it is false or with reckless disregard for whether it is true or false, that false statement shall render that contractor or subcontractor not responsible and therefore ineligible to be awarded a construction contract by a contracting authority on projects covered by this section or allowed to perform work on projects covered by this section under a construction contract, as defined in subdivision 1, for a period of three years. The solicitation document shall state that the prime contractor shall submit to the contracting authority upon request copies of the signed verifications of compliance from all subcontractors of any tier pursuant to subdivision 3, clause (8).

Subd. 8. **Effective date.** This section is effective January 1, 2015, and shall apply to all construction contracts entered into based on solicitation documents issued on or after that date."

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

Senator Sparks from the Committee on Jobs, Agriculture and Rural Development, to which was re-referred

S.F. No. 2527: A bill for an act relating to economic development; establishing PIPELINE project (Private Investment/Public Education Labor-Industry Experience) pilot programs to develop competency standards for apprenticeships in advanced manufacturing, health care services, and information technology; requiring reports; appropriating money; amending Minnesota Statutes 2012, section 181A.07, 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 2012, section 181A.07, is amended by adding a subdivision to read:

Subd. 7. **Approved training programs.** The commissioner may grant exemptions from any provisions of sections 181A.01 to 181A.12 for minors participating in training programs approved by the commissioner; or students in a valid apprenticeship program taught by or required by a trade union, the commissioner of education, the commissioner of employment and economic development, the Board of Trustees of the Minnesota State Colleges and Universities, or the Board of Regents of the University of Minnesota.

Sec. 2. COMPETENCY STANDARDS: ADVANCED MANUFACTURING, HEALTH CARE SERVICES, INFORMATION TECHNOLOGY, AND AGRICULTURE.

The commissioner of labor and industry, in collaboration with the commissioner of employment and economic development, shall establish competency standards for PIPELINE programs in advanced manufacturing, health care services, information technology, and agriculture. This initiative shall be administered by the Department of Labor and Industry. In establishing the competency standards, the commissioner shall convene recognized industry experts, representative employers, higher education institutions, and representatives of labor to assist in defining credible competency standards acceptable to the advanced manufacturing, health care services, information technology, and agriculture industries.

Sec. 3. OUTCOMES.

The outcomes expected from the initiatives listed in section 2 include:

(1) establishment of competency standards for entry level and at least two additional higher skill levels in each industry;

(2) verification of competency standards and skill levels and their transferability by representatives of each respective industry;

(3) models of ways for Minnesota educational institutions to engage in providing education and training to meet the competency standards established; and

(4) participation from the identified industry sectors.

Sec. 4. REPORTS.

By January 15, 2015, the commissioner of labor and industry shall report to the legislative committees with jurisdiction over jobs on the progress and success, including outcomes, of the initiatives listed in section 2, recommendations to implement and deliver on the initiatives in section 2, and recommendations on occupations in which similar competency standards should be developed and implemented.

Sec. 5. APPROPRIATION.

\$300,000 in fiscal year 2015 is appropriated from the general fund to the commissioner of labor and industry for the initiatives in section 2. This appropriation is available until June 30, 2017."

Delete the title and insert:

"A bill for an act relating to economic development; establishing PIPELINE project (Private Investment/Public Education Labor-Industry Experience) to develop competency standards in advanced manufacturing, health care services, information technology, and agriculture; requiring reports; appropriating money; amending Minnesota Statutes 2012, section 181A.07, 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 Bakk from the Committee on Rules and Administration, to which was re-referred

S.F. No. 208: A bill for an act relating to veterans; designating the Honor and Remember Flag as an official symbol of the state's commitment to military service members who have lost their lives in service to our country; encouraging display of the flag on certain days in certain public locations; proposing coding for new law in Minnesota Statutes, chapter 197.

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

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 2013 Supplement, section 10A.071, subdivision 3, is amended to read:

Subd. 3. **Exceptions.** (a) The prohibitions in this section do not apply if the gift is:

(1) a contribution as defined in section 10A.01, subdivision 11;

(2) services to assist an official in the performance of official duties, including but not limited to providing advice, consultation, information, and communication in connection with legislation, and services to constituents;

(3) services of insignificant monetary value;

(4) a plaque with a resale value of \$5 or less;

(5) a trinket or memento costing \$5 or less;

(6) informational material with a resale value of \$5 or less; or

(7) food or a beverage given at a reception, meal, or meeting if:

(i) the reception, meal, or meeting is held away from the recipient's place of work by an organization before whom the recipient appears to make a speech or answer questions as part of a program; or

(ii) the recipient is a member or employee of the legislature and an invitation to attend the reception, meal, or meeting was provided to all members of the legislature at least five days prior to the date of the event; or

(8) one or more Honor and Remember Flags for the purposes of section 197.987.

(b) The prohibitions in this section do not apply if the gift is given:

(1) because of the recipient's membership in a group, a majority of whose members are not officials, and an equivalent gift is given to the other members of the group; or

(2) by a lobbyist or principal who is a member of the family of the recipient, unless the gift is given on behalf of someone who is not a member of that family."

Page 3, after line 14, insert:

"Sec. 3. Minnesota Statutes 2012, section 471.895, subdivision 3, is amended to read:

Subd. 3. **Exceptions.** (a) The prohibitions in this section do not apply if the gift is:

(1) a contribution as defined in section 211A.01, subdivision 5;

(2) services to assist an official in the performance of official duties, including but not limited to providing advice, consultation, information, and communication in connection with legislation, and services to constituents;

(3) services of insignificant monetary value;

(4) a plaque or similar memento recognizing individual services in a field of specialty or to a charitable cause;

(5) a trinket or memento costing \$5 or less;

(6) informational material of unexceptional value; or

(7) food or a beverage given at a reception, meal, or meeting away from the recipient's place of work by an organization before whom the recipient appears to make a speech or answer questions as part of a program; or

(8) one or more Honor and Remember Flags for the purposes of section 197.987.

(b) The prohibitions in this section do not apply if the gift is given:

(1) because of the recipient's membership in a group, a majority of whose members are not local officials, and an equivalent gift is given or offered to the other members of the group;

(2) by an interested person who is a member of the family of the recipient, unless the gift is given on behalf of someone who is not a member of that family; or

(3) by a national or multistate organization of governmental organizations or public officials, if a majority of the dues to the organization are paid from public funds, to attendees at a conference sponsored by that organization, if the gift is food or a beverage given at a reception or meal and an equivalent gift is given or offered to all other attendees."

Page 3, delete line 15 and insert:

"Sec. 4. **EFFECTIVE DATE.**

This act is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "providing an exception to the gift ban;"

Amend the title numbers accordingly

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

Senator Bakk from the Committee on Rules and Administration, to which was re-referred

S.F. No. 1082: A bill for an act relating to judicial selection; proposing an amendment to the Minnesota Constitution, article VI, sections 7 and 8; establishing retention elections for judges; creating a judicial performance evaluation commission; appropriating money; amending Minnesota Statutes 2012, sections 10A.01, subdivisions 7, 10, 15; 10A.14, subdivision 1; 10A.20, subdivision 2; 204B.06, subdivision 6; 204B.11, by adding a subdivision; 204B.34, subdivision 3; 204B.36, subdivision 4; 480B.01, subdivisions 1, 10, 11; proposing coding for new law in Minnesota Statutes, chapters 204D; 480B; 490A; repealing Minnesota Statutes 2012, sections 204B.36, subdivision 5; 204D.14, 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

CONSTITUTIONAL AMENDMENT

Section 1. **CONSTITUTIONAL AMENDMENT PROPOSED.**

An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, article VI, section 7, will read:

Sec. 7. ~~The term of office of all judges shall be six years and until their successors are qualified. They~~ Following appointment by the governor, each justice or judge shall initially hold office for a term ending the first Monday in January following the next regularly scheduled general election held more than one year after the appointment. A justice's or judge's retention shall be elected determined by the voters from the area which they are to serve the justice or judge serves, in the manner provided by law. The term of office of a justice or judge who is retained shall be six years and until a successor is appointed and qualified. A judicial performance evaluation commission shall evaluate in a nonpartisan manner the performance of justices or judges according to criteria that the commission develops and publishes, and any other criteria established by law.

article VI, section 8, will read:

Sec. 8. Whenever there is a vacancy in the office of justice or judge, the governor shall appoint in the manner provided by law a qualified person to fill the vacancy until a successor is elected and qualified. The successor shall be elected for a six year term at the next general election occurring more than one year after the appointment from a list of candidates nominated by a judicial selection commission, in the manner provided by law.

Sec. 2. **SUBMISSION TO VOTERS.**

(a) The proposed amendment must be submitted to the people at the 2014 general election. The question submitted must be:

"Shall the Minnesota Constitution be amended to establish an independent public performance evaluation commission that would empower voters with nonpartisan information about the performance of justices and judges; restore accountability to voters through judicial retention elections; as well as enhance, protect, and ensure the quality, impartiality, and integrity of our courts by requiring merit selection for all justices and judges?"

Yes

No"

(b) Notwithstanding Minnesota Statutes, section 204D.15, subdivision 1, the title for the question submitted to the people under paragraph (a) shall be "Impartial Election of Judges, Requiring Merit Selection and Public Performance Evaluation of Judges."

Sec. 3. TRANSITION.

A justice or judge currently seated or elected at the time the constitutional amendment provided in section 1 is adopted shall complete the remainder of the justice's or judge's term as it existed before adoption of the amendment. Following completion of their terms, these justices or judges are subject to the retention election process as provided in the constitution and may file for retention following the procedures described in article 2.

ARTICLE 2

STATUTORY PROVISIONS

Section 1. Minnesota Statutes 2012, section 10A.01, subdivision 7, is amended to read:

Subd. 7. **Ballot question.** "Ballot question" means a question or proposition that is placed on the ballot and that may be voted on by all voters of the state. "Promoting or defeating a ballot question" includes activities, other than lobbying activities, related to qualifying the question for placement on the ballot. A ballot question does not include a judicial retention election.

Sec. 2. Minnesota Statutes 2013 Supplement, section 10A.01, subdivision 10, is amended to read:

Subd. 10. **Candidate.** "Candidate" means an individual who seeks nomination or election as a state constitutional officer, or legislator, or ~~judge~~ retention in a judicial office. An individual is deemed to seek nomination or election if the individual has taken the action necessary under the law of this state to qualify for nomination or election, has received contributions or made expenditures in excess of \$100, or has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of \$100, for the purpose of bringing about the individual's nomination or election. A candidate remains a candidate until the candidate's principal campaign committee is dissolved as provided in section 10A.243.

Sec. 3. Minnesota Statutes 2012, section 10A.01, subdivision 15, is amended to read:

Subd. 15. **Election.** "Election" means a primary, special primary, general, ~~or special,~~ or retention election.

Sec. 4. Minnesota Statutes 2013 Supplement, section 10A.14, subdivision 1, is amended to read:

Subdivision 1. **First registration.** The treasurer of a political committee, political fund, principal campaign committee, or party unit must register with the board by filing a registration statement ~~no later than~~ within the earliest of:

(1) 14 days after the committee, fund, or party unit has made a contribution, received contributions, or made expenditures in excess of \$750, ~~or by;~~

(2) three days after the committee, fund, or party unit has made a contribution, received contributions, or made expenditures in excess of \$750, if the contribution or expenditure was made to advocate the retention or defeat of a candidate for judicial office; or

(3) the end of the next business day after it has received a loan or contribution that must be reported under section 10A.20, subdivision 5, ~~whichever is earlier.~~ This subdivision does not apply to ballot question or independent expenditure political committees or funds, which are subject to subdivision 1a.

Sec. 5. Minnesota Statutes 2013 Supplement, section 10A.20, subdivision 2, is amended to read:

Subd. 2. **Time for filing.** (a) The reports must be filed with the board on or before January 31 of each year and additional reports must be filed as required and in accordance with paragraphs (b) to (d).

(b) In each year in which the name of a candidate for legislative ~~or district court~~ ~~judicial~~ office is on the ballot, the report of the principal campaign committee must be filed 15 days before a primary and ten days before a general election, seven days before a special primary and a special election, and ten days after a special election cycle.

(c) In each general election year, a political committee, a political fund, a state party committee, a party unit established by all or a part of the party organization within a house of the legislature, and the principal campaign committee of a candidate for constitutional ~~or appellate court~~ ~~judicial~~ office must file reports on the following schedule:

(1) a first-quarter report covering the calendar year through March 31, which is due April 14;

(2) in a year in which a primary election is held in August, a report covering the calendar year through May 31, which is due June 14;

(3) in a year in which a primary election is held before August, a pre-general-election report covering the calendar year through July 15, which is due July 29;

(4) a pre-primary-election report due 15 days before a primary election;

(5) a pre-general-election report due 42 days before the general election;

(6) a pre-general-election report due ten days before a general election; and

(7) for a special election, a constitutional office candidate whose name is on the ballot must file reports seven days before a special primary and a special election, and ten days after a special election cycle.

(d) In each general election year in which a political committee, political fund, or party unit makes expenditures that, in the aggregate, exceed \$750 to advocate the retention or defeat of a candidate for judicial office, reports must be filed 42 days and ten days before the retention election.

(e) In each general election year, a party unit not included in ~~paragraph~~ paragraphs (c) or (d) must file reports 15 days before a primary election and ten days before a general election.

(f) Notwithstanding paragraphs (a) to (d) (e), the principal campaign committee of a candidate whose name will not be on the general election ballot is not required to file the report due ten days before a general election or seven days before a special election.

Sec. 6. Minnesota Statutes 2012, section 204B.06, subdivision 6, is amended to read:

Subd. 6. **Judicial retention candidates; designation of term office.** ~~An individual~~ A justice or judge who files as a retention candidate for the office of chief justice or associate justice of the Supreme Court, judge of the Court of Appeals, or judge of the district court shall state in the affidavit of candidacy the office of the particular justice or judge for which the individual is a retention candidate. The individual shall be a retention candidate only for the office identified in the affidavit. Each justice of the Supreme Court and each Court of Appeals and district court judge is deemed to hold a separate nonpartisan office.

Sec. 7. Minnesota Statutes 2012, section 204B.34, subdivision 3, is amended to read:

Subd. 3. **Judicial elections.** When one or more justices of the Supreme Court or judges of the Court of Appeals or of a district court ~~are to be nominated at the same primary or elected at the same general election~~ have filed for retention election, the notice of election shall state the name of each justice or judge ~~whose successor is to be nominated or elected~~ seeking retention.

Sec. 8. Minnesota Statutes 2012, section 204B.36, subdivision 4, is amended to read:

Subd. 4. **Judicial retention candidates.** ~~The official ballot shall contain the names of all candidates for each judicial office and shall state the number of those candidates for whom a voter may vote.~~ The official ballot shall contain the names of all justices or judges seeking to retain their offices. Each seat for an associate justice, associate judge, or judge of the district court must be numbered. The words "SUPREME COURT," "COURT OF APPEALS," and "(number) DISTRICT COURT" must be printed above the respective judicial office groups on the ballot. The title of each judicial office shall be printed on the official primary and general election ballot as follows:

(a) (1) In the case of the Supreme Court:

"Chief justice";

"Associate justice (number)";

(b) (2) In the case of the Court of Appeals:

"Judge (number)"; or

(c) (3) In the case of the district court:

"Judge (number)."

Sec. 9. [204D.30] RETENTION OF JUSTICES AND JUDGES.

(a) Within the time period established by section 204B.09, a justice or judge seeking to retain judicial office shall file an affidavit of candidacy with the secretary of state. Justices or judges who have filed an affidavit of candidacy as provided in this section must be placed on the appropriate official ballot at the next regular general election under a nonpartisan designation in the form provided in section 204B.36, subdivision 4.

(b) If a majority of those voting on a judicial retention question votes "No," then upon the expiration of the term for which the justice or judge was serving, a vacancy exists which must be filled as provided by law. A justice or judge who loses a retention election may not be appointed to fill the resulting vacancy. If a majority of those voting on the question votes "Yes," the justice or judge shall be retained in office for a six-year term, beginning the first Monday in January following the retention election and subject to removal as provided by the Minnesota Constitution.

(c) A justice or judge seeking to retain judicial office is considered a candidate for election to that office. A judicial retention election is not a ballot question for the purposes of the Minnesota Election Law.

Sec. 10. Minnesota Statutes 2012, section 480B.01, subdivision 1, is amended to read:

Subdivision 1. **Judicial vacancies.** If a judge justice of the Supreme Court, or judge of the Court of Appeals, district court, or Workers' Compensation Court of Appeals dies, resigns, retires, does not file a timely affidavit of candidacy for election to continue in office, or is removed during the judge's justice's term of office, or if a new Supreme Court, Court of Appeals, district, or Workers' Compensation Court of Appeals judgeship is created, the resulting vacancy must be filled by the governor as provided in this section.

Sec. 11. Minnesota Statutes 2012, section 480B.01, subdivision 10, is amended to read:

Subd. 10. **Judicial selection commission; notice to public.** Upon receiving notice from the governor that a judicial vacancy has occurred or will occur on a specified date, the chair shall provide notice of the following information:

- (1) the office that is or will be vacant;
- (2) that applications from qualified persons or on behalf of qualified persons are being accepted by the commission;
- (3) that application forms may be obtained from the governor or the commission at a named address; and
- (4) that application forms must be returned to the commission by a named date.

For a district court vacancy, the notice must be made available to attorney associations in the judicial district where the vacancy has occurred or will occur and to at least one newspaper of general circulation in each county in the district. For a Supreme Court, Court of Appeals, or Workers' Compensation Court of Appeals vacancy, the notice must be given to state attorney associations and all forms of the public media.

Sec. 12. Minnesota Statutes 2012, section 480B.01, subdivision 11, is amended to read:

Subd. 11. **Nominees to governor.** Within 60 days after the receipt of a notice of a judicial vacancy, the ~~committee~~ commission shall recommend ~~submit~~ to the governor no fewer than three and no more than five nominees for each judicial vacancy. The names of the nominees must be made public. The governor ~~may~~ shall fill the vacancy from the nominees recommended by the commission. ~~If the governor declines to select a nominee to fill the vacancy from the list of nominees, or if no list is submitted to the governor under this subdivision, the governor may select a person to fill the vacancy without regard to the commission's recommendation. If fewer than 60 days remain in the term of office of a governor who will not succeed to another term, the governor may fill a vacancy without waiting for the commission to recommend a list of nominees.~~

Sec. 13. **[480B.03] JUDICIAL RETENTION ELECTIONS.**

Judicial retention elections must be conducted consistent with the procedures established by law for the administration of state general elections. Justices or judges standing for retention must be placed on the ballot as provided in section 204D.30.

Sec. 14. **[490A.04] JUDICIAL PERFORMANCE EVALUATION COMMISSION.**

Subdivision 1. **Establishment.** A Judicial Performance Evaluation Commission is established and shall be an independent body not subject to the direct control of any branch of government.

Subd. 2. **Duties of commission.** After public hearings, the commission shall adopt and administer for all justices or judges a process for evaluating judicial performance. The performance review process must be designed to assist voters in evaluating the performance of justices or judges standing for retention, facilitate self-improvement of all justices and judges, and promote public accountability of the judiciary.

Subd. 3. **Composition; appointment of commission members.** (a)(1) The commission is composed of 24 members. Each member of the commission must be a citizen of the United States and reside in Minnesota at the time of their appointment and for the duration of their term.

(2) Sitting justices, judges, and public officials, as defined in section 10A.01, subdivision 35, may not be appointed or serve on the commission. A person may not simultaneously serve as either a member of the Commission on Judicial Selection established in section 480B.01 or the Board on Judicial Standards established in section 490A.01 while also serving as a member of the Judicial Performance Evaluation Commission established in this section. Members of the commission who are attorneys at the time of their appointment must have been admitted to practice before the Minnesota Supreme Court for not less than five years.

(b) Members of the commission must be appointed and serve as follows:

(1) the governor shall appoint a total of eight members, no more than three of whom may be attorneys at the time of their appointment. gubernatorial appointees serve on the commission until the governor who made the appointment leaves office or for a four-year term, whichever comes first;

(2) the Supreme Court shall appoint a total of eight members. The chief justice shall designate one of the appointees to serve as chair of the commission. No more than four of the appointees may be attorneys at the time of the appointment. The Supreme Court's appointees serve on the commission for a four-year term; and

(3) the legislature shall appoint a total of eight members, no more than four of whom may be attorneys at the time of the appointment. Legislative appointments must be made sequentially as follows: the speaker of the house shall appoint one member, the minority leader of the house of representatives shall appoint one member, the senate majority leader shall appoint one member, and the senate minority leader shall appoint one member. After each appointing authority has made the appointments as provided in this clause, a second round of appointments must be made in the same sequence. Legislative appointees serve on the commission for a two-year term.

Members of the commission are eligible for reappointment up to two additional full terms. Upon expiration of a member's term, the member shall continue to serve until a successor is appointed and qualified. In the case of a vacancy on the commission, the authority who appointed the member whose seat has become vacant shall appoint a person to fill the vacancy for the remainder of the unexpired term.

(c) In making appointments, the governor, Supreme Court, and the legislature shall include qualified members of minority groups as well as consider the importance of balanced geographic representation, and appoint individuals of outstanding competence and reputation. The governor, Supreme Court, and the legislature are encouraged to consult with each other to ensure the requirements of this paragraph are met.

(d) Members shall perform commission duties in an impartial and objective manner and shall base their recommendations solely upon matters that are in the record developed by the commission. Members of the commission are subject to section 10A.07. Notwithstanding paragraph (e), a member who violates this paragraph may be removed from the commission by majority vote of the commission's membership.

(e) A member may be removed by the appointing authority at any time for cause, after notice and hearing, or after missing three consecutive meetings. After a member misses two consecutive meetings and before the next meeting, the executive secretary of the commission shall notify the member in writing that the member may be removed if the member misses the next meeting. The executive secretary of the commission shall inform the appointing authority if a member misses three consecutive meetings.

(f) A commission member shall serve without compensation but may be reimbursed for expenses associated with the member's work on the commission.

(g) The commission shall appoint an executive secretary to provide administrative assistance and coordinate the work of the commission.

Subd. 4. **Meetings and data.** Meetings of the Judicial Performance Evaluation Commission must be open to the public, except that a meeting held to evaluate the performance of a justice or judge may be closed to discuss issues related to the justice's or judge's health or allegations against the justice or judge that may be defamatory. The commission is subject to chapter 13D. Data collected by the commission must be made available to the public, except where otherwise provided in this section.

Subd. 5. **Standards and procedures.** (a) The Judicial Performance Evaluation Commission shall develop written standards, subject to approval of the Supreme Court in its entirety, by which judicial performance is to be evaluated. The standards must be periodically reviewed and updated

and must include knowledge of the law, legal procedure, integrity, impartiality, temperament, respect for litigants, respect for the rule of law, administrative skill, punctuality, and communication skills. The commission must not evaluate judicial performance based on substantive legal issues or opinions that are subject to standard appellate processes.

(b) The commission shall adopt procedures for collecting information and conducting reviews and shall create and implement a program of periodic review of the performance of each justice or judge. The commission must request public comment on these procedures before adoption. The request for public comment shall be made in the same manner provided for in section 480B.01, subdivision 10.

Subd. 6. **Surveys.** (a) Midway through a justice's or judge's six-year term and again no fewer than nine months before the date of a justice's or judge's retention election, the commission must distribute anonymous survey forms eliciting performance evaluations of the justice or judge to a representative sampling of attorneys, litigants, other justices or judges, and other persons who have been in direct contact with the justice or judge being evaluated and who have direct knowledge of the justice's or judge's judicial performance during the evaluation period.

(b) The commission must employ or contract with qualified individuals to prepare survey forms, process responses, and compile the statistical reports of the survey results in a manner that ensures confidentiality and accuracy.

(c) Each survey conducted must seek evaluations in accordance with the written performance standards adopted as provided in paragraph (a) and must solicit narrative comments regarding the justice's or judge's performance. Narrative comments contained in a survey response and data on an individual who completes or responds to a survey form must not be made available to the public.

Subd. 7. **Midterm evaluation.** The commission shall evaluate each justice or judge halfway through the or justice's or judge's 6-year term, as nearly as practicable, to provide feedback to the justice or judge about the justice's or judge's performance and to give the justice or judge an opportunity for improvement. The commission shall adopt procedures for conducting the midterm evaluation. Midterm evaluations must not be made available to the public.

Subd. 8. **Retention-year evaluation.** (a) In each year in which a justice or judge has the opportunity to file as a candidate for retention, the Judicial Performance Evaluation Commission must conduct an evaluation of the justice or judge and determine whether the justice or judge meets or does not meet judicial performance standards. Upon completion of the evaluation, the commission must rate the justice or judge "well-qualified," "qualified," or "unqualified" for office. A rating of "unqualified" does not prohibit a justice or judge from seeking retention by the voters.

(b) The evaluation of a justice or judge must include a public hearing and an opportunity for submission of written public comments on the performance of a justice or judge standing for retention. Before accepting public comment and conducting a hearing, the executive secretary must notify each justice or judge to be evaluated of the process for conducting the evaluation and the justice's or judge's right to submit written comments and appear in person at the hearing. The hearing and evaluation may be conducted by a panel of commission members, as provided in subdivision 9.

(c) A justice or judge who does not intend to seek retention may waive the evaluation process by providing written notice to the commission affirming the justice's or judge's intention to not file as a retention candidate for the justice's or judge's current office. If a justice or judge waives the evaluation under this paragraph, the justice or judge is not eligible to file an affidavit of candidacy for the office and is not eligible to be appointed to fill the resulting vacancy.

Subd. 9. **Evaluation panels; review by full commission.** (a) The evaluation of a justice or judge may be conducted by an evaluation panel. An evaluation panel is composed of five members, including at least one member appointed by each branch of government, but otherwise chosen randomly. All five members of the panel must cast a vote in determining the rating of a justice or judge. If a member of the panel has a conflict of interest, that member shall be removed from the panel and the entity that made the initial appointment shall appoint a new member. A panel must report its results to the full commission. The full commission shall review a panel's evaluation if the panel rates a justice or judge unqualified, or if one panelist or three members of the commission request a review within 15 days after the panel makes its report. The commission may overturn a panel's rating. When reviewing a panel decision, if there is a tie vote by the full commission, the commission must reconvene no sooner than seven days and no later than 14 days from the date of the tie vote. The justice or judge may submit additional information to the panel during this time. When the commission reconvenes, it must vote again on the justice's or judge's rating. If there is a tie vote, the panel's determination is final. If a panel's report and rating is not reviewed, the panel's determination is final. Decisions of an evaluation panel or the full commission regarding a justice's or judge's performance are not subject to judicial review.

(b) If an evaluation is reviewed by the full commission, the executive secretary shall provide written notice to the affected justice or judge. The justice or judge has the right to submit written comments to the commission and to appear before and be heard by the commission prior to a final vote of the commission members regarding the justice's or judge's performance.

Subd. 10. **Publication of evaluation results.** Following the evaluation of a justice or judge, the commission shall compile a factual report on the judicial performance of the justice or judge, including the final rating assigned to the justice's or judge's performance. The report must be made available to the public at least one month before the time period established in section 204B.09 for filing an affidavit of candidacy with the secretary of state. The report must be made in the same manner as provided for in section 480B.01, subdivision 10.

Subd. 11. **Appropriation.** (a) The amount necessary to fund the Judicial Performance Evaluation Commission is annually appropriated from the general fund to the Judicial Performance Evaluation Fund. Money in this fund shall only be used for purposes of the commission.

(b) The appropriation 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.

Sec. 15. **JUDICIAL PERFORMANCE EVALUATION COMMISSION; FIRST MEETING; TRANSITION.**

(a) Initial appointments must be made to the Judicial Performance Evaluation Commission on July 1, 2015.

(b) Initial appointees shall serve for a term ending January 15, 2017, and may be considered for reappointment as provided in Minnesota Statutes, section 480B.04, at that time. The chair of the commission must convene the first full meeting of the commission no later than August 1, 2015, and appoint an acting executive secretary to serve the commission until an executive secretary is appointed at the first meeting.

Sec. 16. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall replace "judge" with either "justice or judge" or "justice and judge" in Minnesota Statutes wherever a specific office is not being referenced.

Sec. 17. **REPEALER.**

Minnesota Statutes 2012, sections 204B.36, subdivision 5; and 204D.14, subdivision 3, are repealed.

Sec. 18. **EFFECTIVE DATE.**

If the constitutional amendment in article 1 is adopted, this article is effective July 1, 2015, except that the governor, legislature, and Supreme Court may immediately undertake any procedure necessary to consider and select potential appointees to the Judicial Performance Evaluation Commission."

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on State and Local Government. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 2706, 2516, 2438, 1919 and 208 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Jensen moved that S.F. No. 2181 be withdrawn from the Committee on Health, Human Services and Housing and re-referred to the Committee on Finance. The motion prevailed.

CALL OF THE SENATE

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

SUSPENSION OF RULES

Senator Bakk moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1777 and that the rules of the Senate be so far suspended as to give H.F. No. 1777, now on General Orders, its third reading and place it on its final passage.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 38 and nays 28, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Johnson	Reinert	Sparks
Bonoff	Eken	Kent	Rest	Stumpf
Carlson	Franzen	Koenen	Saxhaug	Tomassoni
Champion	Goodwin	Latz	Scalze	Torres Ray
Clausen	Hawj	Lourey	Schmit	Wiger
Cohen	Hayden	Marty	Sheran	Wiklund
Dahle	Hoffman	Metzen	Sieben	
Dibble	Jensen	Pappas	Skoe	

Those who voted in the negative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Thompson
Brown	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	Westrom
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

The motion did not prevail.

MOTIONS AND RESOLUTIONS - CONTINUED

SPECIAL ORDERS

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

H.F. Nos. 1455 and 2647.

SPECIAL ORDER

H.F. No. 1455: A bill for an act relating to local government; making the Blue Earth County library board advisory to the county board.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dziedzic	Johnson	Osmek	Sheran
Bakk	Eken	Kent	Pappas	Sieben
Benson	Fischbach	Kiffmeyer	Pederson, J.	Skoe
Bonoff	Franzen	Koenen	Petersen, B.	Sparks
Brown	Gazelka	Limmer	Pratt	Stumpf
Carlson	Goodwin	Lourey	Reinert	Thompson
Chamberlain	Hall	Marty	Rest	Tomassoni
Champion	Hann	Metzen	Rosen	Torres Ray
Clausen	Hawj	Miller	Ruud	Weber
Cohen	Hayden	Nelson	Saxhaug	Westrom
Dahle	Housley	Newman	Scalze	Wiger
Dahms	Ingebrigtsen	Nienow	Schmit	Wiklund
Dibble	Jensen	Ortman	Senjem	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2647: A bill for an act relating to higher education; modernizing, streamlining, and clarifying various statutes; eliminating unnecessary or redundant laws and rules; deleting obsolete language and unnecessary verbiage; amending Minnesota Statutes 2012, sections 135A.051, subdivision 3; 135A.14, subdivision 6a; 136A.002; 136A.01, as amended; 136A.05, subdivision 1; 136A.06; 136A.08, subdivisions 2, 7; 136A.101, subdivisions 7, 7a, 7b, by adding a subdivision; 136A.121, subdivisions 2, 9; 136A.125, subdivision 1; 136A.126, subdivisions 2, 4; 136A.1311; 136A.15, subdivision 8; 136A.16, subdivisions 1, 5; 136A.162; 136A.1701, subdivision 1; 136A.171; 136A.232; 136A.233, subdivisions 1, 4; 136A.65, subdivision 6; 136A.685; 136A.861, subdivision 6; 136F.01; 136F.02, subdivision 1; 136F.03, subdivision 1; 136F.04, subdivision 2; 136F.045; 136F.05; 136F.10; 136F.12; 136F.14; 136F.18; 136F.23; 136F.28, subdivision 1; 136F.48; 136F.482; 136F.581, subdivision 1; 136F.60, subdivision 1; 136F.65; 136F.705; 136F.90, subdivision 1; 136F.92; 136F.93; 136F.94; 136F.95; 136F.96; 136F.97; 136F.98, subdivisions 1, 3; 136G.09, subdivision 8; 137.52; Minnesota Statutes 2013 Supplement, sections 136A.03; 136A.125, subdivision 2; 136A.126, subdivision 1; 136A.129, subdivision 2; 136A.1795, subdivisions 2, 3, 4, 5; 136A.1796, subdivisions 2, 3, 4; 136A.233, subdivision 2; 136A.861, subdivisions 1, 3; repealing Minnesota Statutes 2012, sections 135A.14, subdivision 6; 136A.05, subdivision 2; 136A.101, subdivision 2; 136A.15, subdivisions 3, 5; 136A.16, subdivisions 3, 4, 6, 7; 136A.17; 136A.62, subdivision 2; 136F.11; 136F.44, subdivision 2; 136F.49; 136F.90, subdivision 6; 137.02, subdivision 1; 137.59; Minnesota Statutes 2013 Supplement, sections 136A.101, subdivision 3; 136A.15, subdivision 4; 136A.16, subdivision 10; Minnesota Rules, parts 4810.2100; 4810.2200; 4810.2300; 4810.2400; 4810.2500; 4810.2600; 4810.2700; 4810.2800; 4830.5000; 4830.5100; 4830.5200, subparts 1, 3; 4830.5300; 4830.5400.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dziedzic	Johnson	Ortman	Senjem
Bakk	Eken	Kent	Osmek	Sheran
Benson	Fischbach	Kiffmeyer	Pappas	Sieben
Bonoff	Franzen	Koenen	Pederson, J.	Skoe
Brown	Gazelka	Latz	Petersen, B.	Sparks
Carlson	Goodwin	Limmer	Pratt	Stumpf
Chamberlain	Hall	Lourey	Reinert	Thompson
Champion	Hann	Marty	Rest	Tomassoni
Clausen	Hawj	Metzen	Rosen	Torres Ray
Cohen	Hayden	Miller	Ruud	Weber
Dahle	Housley	Nelson	Saxhaug	Westrom
Dahms	Ingebrigtsen	Newman	Scalze	Wiger
Dibble	Jensen	Nienow	Schmit	Wiklund

So the bill passed and its title was agreed to.

MEMBERS EXCUSED

Senator Eaton was excused from the Session of today. Senator Latz was excused from the Session of today from 3:00 to 3:05 p.m.

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 9:30 a.m., Friday, March 21, 2014. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate

