

## EIGHTY-SEVENTH DAY

St. Paul, Minnesota, Monday, April 25, 2016

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

**CALL OF THE SENATE**

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

Prayer was offered by the Chaplain, Rev. David B. Wheeler.

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:

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

The President declared a quorum present.

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

**MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 2503 and 2614.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned April 21, 2016

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2514, 3175, 2478 and 2870.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted April 21, 2016

### FIRST READING OF HOUSE BILLS

The following bills were read the first time.

**H.F. No. 2514:** A bill for an act relating to economic development; modifying host community economic development grants; amending Minnesota Statutes 2014, section 116J.548, subdivisions 2, 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2995, now on General Orders.

**H.F. No. 3175:** A bill for an act relating to public safety; requiring criminal history background checks for driving instructor license applicants; amending Minnesota Statutes 2014, section 171.35.

Referred to the Committee on Finance.

**H.F. No. 2478:** A bill for an act relating to workers' compensation; adopting recommendations of the Workers' Compensation Advisory Council; amending Minnesota Statutes 2014, sections 176.011, subdivision 7a; 176.081, subdivisions 1, 3; 176.137, subdivisions 1, 4, by adding a subdivision; 176.331; 176.361, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 176.471, subdivisions 3, 5; 176.511, subdivisions 2, 3; 176.571, subdivision 1; Minnesota Statutes 2015 Supplement, sections 176.135, subdivision 7a; 176.136, subdivision 1b.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2398, now on General Orders.

**H.F. No. 2870:** A bill for an act relating to corrections; authorizing counties to continue participation in the community corrections subsidy program; amending Minnesota Statutes 2014, section 401.02, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2570, now on General Orders.

### REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Reports at the Desk be now adopted, with the exception of the reports pertaining to appointments. The motion prevailed.

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

**S.F. No. 3327:** A bill for an act relating to impaired driving; requiring ignition interlock for repeat offenders to reinstate driving privileges; extending certain time periods to request reviews in DWI-related proceedings; providing that DWI offenders are not required to take a specified examination as a condition of driver's license reinstatement; prohibiting the application of the DWI

Forfeiture Law to motor vehicles operated by persons who enter the ignition interlock program; modifying the DWI forfeiture laws innocent owner defense; amending Minnesota Statutes 2014, sections 97B.066, subdivision 8; 169A.53, subdivision 2; 169A.55, subdivisions 2, 4; 169A.60, subdivision 10; 169A.63, subdivision 7, by adding a subdivision; 171.29, subdivision 1; Minnesota Statutes 2015 Supplement, section 169A.53, subdivision 3.

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

Page 6, line 9, delete "August 1, 2016" and insert "April 1, 2018"

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

**Senator Bakk, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 2994** for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2994	2740				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

**Senator Bakk, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 3102** for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3102	3034				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

**Senator Bakk, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 3281** for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3281	2742				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

**Senator Bakk, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 3252** for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3252	3085				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3252 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3252, the second engrossment; and insert the language after the enacting clause of S.F. No. 3085, the first engrossment; further, delete the title of H.F. No. 3252, the second engrossment; and insert the title of S.F. No. 3085, the first engrossment.

And when so amended H.F. No. 3252 will be identical to S.F. No. 3085, and further recommends that H.F. No. 3252 be given its second reading and substituted for S.F. No. 3085, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

**Senator Bonoff from the Committee on Higher Education and Workforce Development, to which were referred the following appointments:**

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY  
Kathryn Balstad Brewer  
Gary Benson

Reports the same back with the recommendation that the appointments be confirmed.

Senator Bakk moved that the foregoing committee report be laid on the table. The motion prevailed.

**Senator Bonoff from the Committee on Higher Education and Workforce Development, to which was referred the following appointment:**

BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES  
Elise Ristau

Reports the same back with the recommendation that the appointment be confirmed.

Senator Bakk moved that the foregoing committee report be laid on the table. The motion prevailed.

### **SECOND READING OF SENATE BILLS**

S.F. No. 3327 was read the second time.

### **SECOND READING OF HOUSE BILLS**

H.F. Nos. 2994, 3102, 3281 and 3252 were read the second time.

### **INTRODUCTION AND FIRST READING OF SENATE BILLS**

The following bills were read the first time.

#### **Senators Abeler, Westrom and Hoffman introduced—**

**S.F. No. 3586:** A bill for an act relating to taxation; property tax; providing for supplemental county program aid payment.

Referred to the Committee on Taxes.

#### **Senator Gazelka introduced—**

**S.F. No. 3587:** A bill for an act relating to human services; directing the legislative auditor to conduct financial audits of spending related to refugee resettlement costs; transferring money.

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

#### **Senator Pappas introduced—**

**S.F. No. 3588:** A bill for an act relating to retirement; St. Paul Teachers Retirement Fund Association; implementing a requirement relating to early retirement incentive or severance program.

Referred to the Committee on State and Local Government.

### **MOTIONS AND RESOLUTIONS**

Senator Torres Ray moved that the name of Senator Hawj be added as a co-author to S.F. No. 2865. The motion prevailed.

Senator Rest moved that her name be stricken as a co-author to S.F. No. 3108. The motion prevailed.

Senator Wiger moved that the name of Senator Chamberlain be added as a co-author to S.F. No. 3576. The motion prevailed.

Senator Pederson moved that the names of Senators Weber and Ingebrigtsen be added as co-authors to S.F. No. 3584. The motion prevailed.

Senator Latz moved that S.F. No. 2680 be withdrawn from the Committee on Finance, given a second reading, and placed on General Orders. The motion prevailed.

S.F. No. 2680 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 Latz imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Jensen moved that S.F. No. 2665, No. 86 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

### 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. No. 2613, S.F. Nos. 2539, 2498, 2227, 2869, 2791, 3094, 2542, H.F. Nos. 2956 and 1586.

### SPECIAL ORDER

**H.F. No. 2613:** A bill for an act relating to health; designating certain hospitals as ST segment elevation myocardial infarction receiving centers; requiring ST segment elevation myocardial infarction transport protocols; making technical changes to the Emergency Medical Services Regulatory Board audit and education provisions; amending Minnesota Statutes 2014, sections 144E.16, by adding a subdivision; 144E.50, subdivision 6; Minnesota Statutes 2015 Supplement, section 144E.275, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 144.

Senator Wiklund moved that the amendment made to H.F. No. 2613 by the Committee on Rules and Administration in the report adopted April 7, 2016, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2613 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 58 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Brown	Dahle	Eaton	Goodwin
Anderson	Carlson	Dahms	Eken	Hall
Bakk	Chamberlain	Dibble	Fischbach	Hann
Benson	Clausen	Dziedzic	Gazelka	Hawj

Hayden	Koenen	Nienow	Saxhaug	Tomassoni
Hoffman	Latz	Osmek	Scalze	Torres Ray
Housley	Lourey	Pappas	Schmit	Weber
Ingebrigtsen	Marty	Pederson	Sheran	Westrom
Jensen	Metzen	Pratt	Sieben	Wiger
Johnson	Miller	Rest	Skoe	Wiklund
Kent	Nelson	Rosen	Stumpf	
Kiffmeyer	Newman	Ruud	Thompson	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**S.F. No. 2539:** A bill for an act relating to human services; recodifying nursing facility payment language; making conforming changes; repealing obsolete provisions; amending Minnesota Statutes 2014, sections 144A.071, subdivision 2; 256B.0625, by adding a subdivision; 256B.19, subdivision 1e; 256B.431, subdivision 22; 256B.434, subdivision 10; 256B.48, subdivisions 2, 3a; 256B.50, subdivision 1a; Minnesota Statutes 2015 Supplement, sections 144A.15, subdivision 6; 256I.05, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 256R; repealing Minnesota Statutes 2014, sections 256B.0911, subdivision 7; 256B.25, subdivision 4; 256B.27, subdivision 2a; 256B.41, subdivisions 1, 2, 3; 256B.411, subdivisions 1, 2; 256B.421, subdivisions 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15; 256B.431, subdivisions 1, 2d, 2e, 2n, 2r, 2s, 2t, 3e, 32, 35, 42, 44; 256B.432, subdivisions 1, 2, 3, 4, 4a, 5, 6, 6a, 7, 8; 256B.433, subdivisions 1, 2, 3, 3a; 256B.434, subdivisions 2, 9, 11, 12, 14, 15, 16, 18, 19a, 20, 21; 256B.437, subdivisions 1, 3, 4, 5, 6, 7, 9, 10; 256B.438, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 256B.441, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 15, 18, 20, 22, 23, 24, 25, 27, 28a, 29, 32, 33a, 34, 36, 37, 38, 39, 41, 42a, 43, 46b, 47, 49, 57, 59, 60, 61, 64; 256B.47, subdivisions 1, 2, 3, 4; 256B.48, subdivisions 1, 1a, 1b, 1c, 3, 4, 5, 6a, 7, 8; Minnesota Statutes 2015 Supplement, sections 256B.431, subdivisions 2b, 36; 256B.441, subdivisions 1, 5, 6, 11a, 13, 14, 17, 30, 31, 33, 35, 40, 44, 46c, 46d, 48, 50, 51, 51a, 51b, 53, 54, 55a, 56, 63, 65, 66, 67; 256B.495, subdivisions 1, 5; Minnesota Rules, parts 9549.0035, subparts 1, 3, 7, 8; 9549.0041, subpart 6; 9549.0055, subparts 1, 2, 3; 9549.0070, subparts 2, 3.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Eken	Johnson	Osmek	Skoe
Anderson	Fischbach	Kent	Pappas	Stumpf
Bakk	Franzen	Kiffmeyer	Pederson	Thompson
Benson	Gazelka	Koenen	Pratt	Tomassoni
Brown	Goodwin	Latz	Reinert	Torres Ray
Carlson	Hall	Limmer	Rest	Weber
Chamberlain	Hann	Lourey	Rosen	Westrom
Clausen	Hawj	Marty	Ruud	Wiger
Dahle	Hayden	Metzen	Saxhaug	Wiklund
Dahms	Hoffman	Miller	Scalze	
Dibble	Housley	Nelson	Schmit	
Dziedzic	Ingebrigtsen	Newman	Sheran	
Eaton	Jensen	Nienow	Sieben	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 2498:** A bill for an act relating to human services; modifying screening requirements for co-occurring mental health and chemical dependency disorders; amending Minnesota Statutes 2014, section 245.4863.

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 60 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Eaton	Ingebrigtsen	Newman	Schmit
Anderson	Eken	Jensen	Nienow	Sheran
Bakk	Fischbach	Johnson	Osmek	Sieben
Benson	Franzen	Kent	Pappas	Skoe
Brown	Gazelka	Kiffmeyer	Pederson	Stumpf
Carlson	Goodwin	Koenen	Pratt	Thompson
Chamberlain	Hall	Latz	Reinert	Tomassoni
Clausen	Hann	Limmer	Rest	Torres Ray
Dahle	Hawj	Lourey	Rosen	Weber
Dahms	Hayden	Metzen	Ruud	Westrom
Dibble	Hoffman	Miller	Saxhaug	Wiger
Dziedzic	Housley	Nelson	Scalze	Wiklund

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 2227:** A bill for an act relating to public safety; clarifying the offense of fourth degree assault against a peace officer; amending Minnesota Statutes 2014, section 609.2231, subdivision 1.

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 60 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Eken	Jensen	Newman	Schmit
Anderson	Fischbach	Johnson	Nienow	Sheran
Bakk	Franzen	Kent	Osmek	Sieben
Benson	Gazelka	Kiffmeyer	Pappas	Skoe
Brown	Goodwin	Koenen	Pederson	Stumpf
Carlson	Hall	Latz	Pratt	Thompson
Clausen	Hann	Limmer	Reinert	Tomassoni
Dahle	Hawj	Lourey	Rest	Torres Ray
Dahms	Hayden	Marty	Rosen	Weber
Dibble	Hoffman	Metzen	Ruud	Westrom
Dziedzic	Housley	Miller	Saxhaug	Wiger
Eaton	Ingebrigtsen	Nelson	Scalze	Wiklund

So the bill passed and its title was agreed to.



**SPECIAL ORDER**

**S.F. No. 2869:** A bill for an act relating to commerce; including tax debt as debt that is covered under debt settlement services regulation; amending Minnesota Statutes 2014, sections 332A.02, subdivision 8; 332A.10, subdivision 4; 332B.02, subdivisions 9, 10.

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Eken	Johnson	Osmek	Skoe
Anderson	Fischbach	Kent	Pappas	Stumpf
Bakk	Franzen	Kiffmeyer	Pederson	Thompson
Benson	Gazelka	Koenen	Pratt	Tomassoni
Brown	Goodwin	Latz	Reinert	Torres Ray
Carlson	Hall	Limmer	Rest	Weber
Chamberlain	Hann	Lourey	Rosen	Westrom
Clausen	Hawj	Marty	Ruud	Wiger
Dahle	Hayden	Metzen	Saxhaug	Wiklund
Dahms	Hoffman	Miller	Scalze	
Dibble	Housley	Nelson	Schmit	
Dziedzic	Ingebrigtsen	Newman	Sheran	
Eaton	Jensen	Nienow	Sieben	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 2791:** A bill for an act relating to commerce; clarifying the authority of the Commerce Fraud Bureau to apply for or execute search warrants; amending Minnesota Statutes 2014, section 626.05, subdivision 2.

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 60 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Eaton	Ingebrigtsen	Nelson	Scalze
Anderson	Eken	Jensen	Newman	Schmit
Bakk	Fischbach	Johnson	Nienow	Sheran
Benson	Franzen	Kent	Osmek	Sieben
Brown	Gazelka	Kiffmeyer	Pappas	Skoe
Carlson	Goodwin	Koenen	Pederson	Stumpf
Chamberlain	Hall	Latz	Pratt	Thompson
Clausen	Hann	Limmer	Reinert	Tomassoni
Dahle	Hawj	Lourey	Rest	Weber
Dahms	Hayden	Marty	Rosen	Westrom
Dibble	Hoffman	Metzen	Ruud	Wiger
Dziedzic	Housley	Miller	Saxhaug	Wiklund

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**S.F. No. 3094:** A bill for an act relating to claims against the state; providing for payment of awards under the Imprisonment and Exoneration Remedies Act; providing for payment of injury and medical claims against the Department of Corrections; appropriating money; providing for claims for loss, damage, or destruction of property of patients or inmates of a state institution; establishing a claim limit of \$7,000 for settlement by the commissioners of human services, veterans affairs, or corrections for property claims made by patients or inmates and medical claims made by conditionally released offenders; increasing claims filing fee; amending Minnesota Statutes 2014, sections 3.736, subdivision 3; 3.739, subdivision 2; 3.749; proposing coding for new law in Minnesota Statutes, chapter 3.

**CALL OF THE SENATE**

Senator Osmek imposed a call of the Senate for the balance of the proceedings on S.F. No. 3094. The Sergeant at Arms was instructed to bring in the absent members.

Senator Newman moved that S.F. No. 3094 be re-referred to the Committee on Finance. The motion prevailed.

**SPECIAL ORDER**

**S.F. No. 2542:** A bill for an act relating to transportation; allowing military personnel on active duty outside Minnesota to retake failed road test before termination of practice period; amending Minnesota Statutes 2014, section 171.13, by adding a subdivision.

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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Housley	Nelson	Schmit
Anderson	Eaton	Ingebrigtsen	Newman	Sheran
Bakk	Eken	Jensen	Nienow	Sieben
Benson	Fischbach	Johnson	Osmek	Skoe
Brown	Franzen	Kent	Pappas	Stumpf
Carlson	Gazelka	Kiffmeyer	Pratt	Thompson
Chamberlain	Goodwin	Koenen	Reinert	Tomassoni
Clausen	Hall	Latz	Rest	Torres Ray
Cohen	Hann	Limmer	Rosen	Weber
Dahle	Hawj	Lourey	Ruud	Wiger
Dahms	Hayden	Marty	Saxhaug	Wiklund
Dibble	Hoffman	Miller	Scalze	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

**H.F. No. 2956:** A bill for an act relating to local government; amending the membership of the Dakota County Community Development Agency; deleting obsolete language; amending Minnesota Statutes 2014, section 383D.41, subdivision 5; repealing Minnesota Statutes 2014, section 383D.412.

Senator Sieben moved to amend H.F. No. 2956 as follows:

Page 2, after line 11, insert:

"Sec. 2. Laws 1974, chapter 475, section 1, as amended by Laws 2012, chapter 199, section 3, is amended to read:

**Section 1. WASHINGTON COUNTY; HOUSING AND REDEVELOPMENT AUTHORITY COMMUNITY DEVELOPMENT AGENCY.**

There is created in Washington County a public body corporate and politic, to be known as the Washington County ~~Housing and Redevelopment Authority~~ Community Development Agency, having all the powers and duties of a county authority under the provisions of Minnesota Statutes, sections 469.001 to 469.047, and all powers of a county housing and redevelopment authority under any other provisions of Minnesota law, ~~and~~ Minnesota Statutes, sections 469.001 to 469.047, and 469.090 to 469.1081, apply to the county of Washington. For purposes of applying Minnesota Statutes, sections 469.090 to 469.1081, to Washington County, notwithstanding Minnesota Statutes, section 469.090, subdivision 3, "city" means county and "city council" means county board.

Sec. 3. Laws 1974, chapter 475, section 2, as amended by Laws 1999, chapter 89, section 1, and Laws 2012, chapter 199, section 4, is amended to read:

**Sec. 2. APPLICATION.**

Subdivision 1. **Jurisdiction.** This act shall not limit or restrict any existing housing and redevelopment authority or city economic development authority. The jurisdiction and area of operation of the Washington County ~~Housing and Redevelopment Authority~~ Community Development Agency includes all of the area within the territorial boundaries of the county and includes the areas within the boundaries of every city in the county and the area areas of operation of city housing and redevelopment authorities and city economic development authorities in the county, whenever created, and notwithstanding any provision of Minnesota Statutes, section 469.005, subdivision 1, or 469.008, subject, however, to section 3. The jurisdiction and area of operation of the Washington County ~~Housing and Redevelopment Authority~~ Community Development Agency is not affected by any concurrence by the Washington County ~~Housing and Redevelopment Authority~~ Community Development Agency under Minnesota Statutes, section 469.004, subdivision 5.

Subd. 2. **Request to handle housing duties.** A municipal housing and redevelopment authority may request the Washington County ~~housing and redevelopment authority~~ Community Development Agency to handle the housing duties of the authority and, in such an event, the Washington County ~~housing and redevelopment authority~~ Community Development Agency shall act and have exclusive jurisdiction for housing in the municipality pursuant to the provisions of the Municipal Housing and Redevelopment Act, Minnesota Statutes, sections ~~462.411 to 462.711~~ 469.001 to 469.047, and acts amendatory thereof. A transfer of duties relating to housing shall not transfer any duties relating to redevelopment.

Subd. 2a. **Request to handle economic development, housing, or redevelopment duties.** The governing body of a statutory or home rule charter city or township with an existing municipal economic development authority may request the Washington County Community Development Agency to handle the economic development, housing, or redevelopment duties of the authority and, in such an event, the Washington County Community Development Agency shall act and have

exclusive jurisdiction for economic development, housing, or redevelopment duties in the statutory or home rule charter city or township pursuant to the provisions of the Economic Development Authorities Act, Minnesota Statutes, sections 469.090 to 469.1081.

Subd. 3. **Three-year terms.** Notwithstanding any other law, at the expiration of the term of the Washington County ~~housing and redevelopment authority~~ Community Development Agency commissioner from each commissioner district, the next and each succeeding term is three years, and until a successor is appointed and qualified.

Subd. 4. **Washington County Community Development Agency.** (a) The Washington County Housing and Redevelopment Authority shall be known as the Washington County Community Development Agency. In addition to the other powers granted in this section, the Washington County Community Development Agency has the powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.1081, that are granted to the agency by resolution adopted by the Washington County Board of Commissioners, except as provided in paragraph (b). The enabling resolution may impose the limits upon the actions of the agency that are listed in paragraph (c). The agency may exercise any of the powers granted to it under Minnesota Statutes, sections 469.001 to 469.047, and any of the powers of an economic development authority granted to it by the Washington County Board of Commissioners, for the purposes described in this section.

(b) The Washington County Community Development Agency may not levy the tax described in Minnesota Statutes, section 469.107, but, with the approval of the Washington County Board of Commissioners, may increase its levy of the special tax described in Minnesota Statutes, section 469.033, subdivision 6, to any higher limit authorized under Minnesota Statutes, section 469.107. The money in the housing and redevelopment project fund under Minnesota Statutes, section 469.033, subdivision 6, may be expended by the Washington County Community Development Agency for the purposes of Minnesota Statutes, sections 469.001 to 469.047 or 469.090 to 469.1081.

(c) The enabling resolution described in paragraph (a) may impose the limits upon the actions of the agency as may be imposed by a municipality under Minnesota Statutes, section 469.092, except that the enabling resolution may not impose any limitations on the agency's powers under Minnesota Statutes, sections 469.001 to 469.047.

(d) Minnesota Statutes, section 469.1082, does not apply to the county of Washington.

Subd. 5. **Offers of tax-forfeited lands.** Notwithstanding any other law, Washington County may offer to the Washington County Community Development Agency, under the conditions and policies established by the county, nonconservation tax-forfeited land prior to making the properties available to cities in Washington County.

Sec. 4. Laws 1974, chapter 475, section 3, as amended by Laws 2012, chapter 199, section 5, is amended to read:

### Sec. 3. MUNICIPAL APPROVAL.

Subdivision 1. **Housing and redevelopment projects.** If any housing or redevelopment project is undertaken in Washington County pursuant to this authorization, and the project is within the boundaries of any statutory or home rule charter city or township, the project and the location of the project shall be subject to approval by the governing body of the city or township. The procedures

in Minnesota Statutes, section 469.007, subdivision 2, shall apply to the governing body project and location approvals required by this section.

Subd. 2. **Economic development projects.** If any development district or economic development project is undertaken in Washington County pursuant to this authorization, and the project is within the boundaries of any statutory or home rule charter city or township, the project shall be subject to the planning, zoning, sanitary, and building laws, ordinances, and regulations applicable to the locality in which the project is situated. Additionally, prior to the exercise of any powers under Minnesota Statutes, sections 469.090 to 469.1081, within the boundaries of the statutory or home rule charter city or township with respect to a proposed development district or economic development project, or proposed development district or economic development project site, the development district or economic development project and the location of the project must be authorized by resolution of the governing body of the statutory or home rule charter city or township with respect to each identified parcel of property, unless the statutory or home rule charter city or township has authorized the Washington County Community Development Agency to exercise exclusive jurisdiction for economic development duties pursuant to section 3, subdivision 2a."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2956 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Housley	Newman	Sheran
Anderson	Eaton	Ingebrigtsen	Nienow	Sieben
Bakk	Eken	Jensen	Osmek	Stumpf
Benson	Fischbach	Kent	Pappas	Thompson
Brown	Franzen	Kiffmeyer	Pratt	Tomassoni
Carlson	Gazelka	Koenen	Reinert	Torres Ray
Chamberlain	Goodwin	Latz	Rest	Weber
Clausen	Hall	Limmer	Rosen	Wiger
Cohen	Hann	Lourey	Ruud	Wiklund
Dahle	Hawj	Marty	Saxhaug	
Dahms	Hayden	Miller	Scalze	
Dibble	Hoffman	Nelson	Schmit	

So the bill, as amended, was passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 1586:** A bill for an act relating to commerce; prohibiting bad faith assertions of patent infringements; providing enforcement; proposing coding for new law in Minnesota Statutes, chapter 325D.

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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Housley	Nelson	Schmit
Anderson	Eaton	Ingebrigtsen	Newman	Sheran
Bakk	Eken	Jensen	Nienow	Sieben
Benson	Fischbach	Johnson	Osmek	Skoe
Brown	Franzen	Kent	Pappas	Stumpf
Carlson	Gazelka	Kiffmeyer	Pratt	Thompson
Chamberlain	Goodwin	Koenen	Reinert	Tomassoni
Clausen	Hall	Latz	Rest	Torres Ray
Cohen	Hann	Limmer	Rosen	Weber
Dahle	Hawj	Lourey	Ruud	Wiger
Dahms	Hayden	Marty	Saxhaug	Wiklund
Dibble	Hoffman	Miller	Scalze	

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

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

### REPORTS OF COMMITTEES

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

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

**S.F. No. 2356:** A bill for an act relating to state finances; conforming buyback level for the budget reserve with the most recent forecast; eliminating obsolete language; amending Minnesota Statutes 2015 Supplement, section 16A.152, subdivision 2.

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

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

#### HIGHER EDUCATION APPROPRIATIONS

##### Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2015, chapter 69, article 1, unless otherwise specified, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.

#### APPROPRIATIONS

		<u>Available for the Year</u>	
		<u>Ending June 30</u>	
		<u>2016</u>	<u>2017</u>
<b>Sec. 2. <u>MINNESOTA OFFICE OF HIGHER EDUCATION</u></b>			
<b>Subdivision 1. <u>Total Appropriations</u></b>	<b>\$</b>	<b>-0-</b>	<b>\$ 17,570,000</b>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>			
<b>Subd. 2. <u>Equity in Postsecondary Education Grants</u></b>		<b>-0-</b>	<b>14,320,000</b>
<u>For equity in postsecondary attainment grants under section 15. This appropriation is available until June 30, 2020. Of this appropriation, \$100,000 may be used for administration expenses to administer the grant program. This is a onetime appropriation.</u>			
<b>Subd. 3. <u>Teacher Diversity Recommendation and Report</u></b>		<b>-0-</b>	<b>80,000</b>
<u>For the teacher diversity recommendation and report under section 19. This is a onetime appropriation.</u>			
<b>Subd. 4. <u>State Grant</u></b>		<b>-0-</b>	<b>1,735,000</b>
<u>For the state grant program under Minnesota Statutes, section 136A.121. This is a onetime appropriation.</u>			
<b>Subd. 5. <u>Dual Credit, Parent Information</u></b>		<b>-0-</b>	<b>25,000</b>
<u>For the purpose of obtaining and providing information under Minnesota Statutes, section 136A.87, paragraph (b). The base for fiscal year 2018 and later is \$20,000.</u>			
<b>Subd. 6. <u>Addiction Medicine Graduate Fellowship Program</u></b>		<b>-0-</b>	<b>210,000</b>
<u>For establishing a grant program used to support up to four physicians who are enrolled each year in an addiction medicine fellowship program. A grant recipient must be enrolled</u>			

in a program that trains fellows in diagnostic interviewing, motivational interviewing, addiction counseling, recognition and care of common acute withdrawal syndromes and complications, pharmacotherapies of addictive disorders, epidemiology and pathophysiology of addiction, addictive disorders in special populations, secondary interventions, use of screening and diagnostic instruments, inpatient care, and working within a multidisciplinary team, and prepares doctors to practice addiction medicine in rural and underserved areas of the state. The base for this program is \$210,000 in fiscal year 2018 and 2019 and is zero in fiscal year 2020.

**Subd. 7. Dual Training** -0- 200,000

For making grants under Minnesota Statutes, section 136A.246, subdivision 8a. This appropriation is available until June 30, 2019.

**Subd. 8. Student and Employer Connection Information System** -0- 1,000,000

For student and employer connection information system under section 18. Up to \$100,000 of this appropriation may be spent for administrative expenses related to the appropriation. This is a onetime appropriation and is available until June 30, 2019.

**Sec. 3. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**Subdivision 1. Total Appropriations** \$ -0- \$ 12,018,000

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

**Subd. 2. Additional Campus Program Support** -0- 10,000,000

Only for campus programs or services that affect students.

**Subd. 3. Principals' Leadership Institute** -0- 200,000



For a grant to the Minnesota State University Mankato Principals' Leadership Institute under Minnesota Statutes, section 136A.89.

**Subd. 4. Early Childhood Online Program** -0- 100,000

To develop a multicampus online program for early childhood teacher preparation. This is a onetime appropriation.

**Subd. 5. MnSCU Open Textbooks** -0- 100,000

(a) For programs on system campuses that promote adoption of open textbooks. Programs must focus on the review, creation, and promotion of new or existing open textbooks and on saving money for students while meeting the academic needs of faculty. This is a onetime appropriation.

(b) By January 15, 2017, the board shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education regarding the progress of the pilot programs. The report shall include a summary of each pilot program and the total savings expected for students as a result of the programs.

**Subd. 6. MnSCU Open Textbook Library** -0- 100,000

To expand and promote the open textbook library to faculty across the state. This is a onetime appropriation.

**Subd. 7. Developmentally Delayed Student Pilot** -0- 750,000

For the pilot program for developmentally delayed students under section 17. The base for fiscal year 2018 and later is \$853,000.

**Subd. 8. Supplemental Instruction and Data Reporting** -0- 768,000

For activities and reporting under Minnesota Statutes, section 136F.33. This is a onetime appropriation.

**Sec. 4. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA**

<u>Subdivision 1. <b>Total Appropriation</b></u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>18,100,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. <b>Health Restoration</b></u>		<u>-0-</u>		<u>5,000,000</u>
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This appropriation is for the following activities:

\$3,000,000 is for support for faculty physicians who teach at eight residency program sites, including medical resident and student training programs in the Department of Family Medicine.

\$1,000,000 is for the Mobile Dental Clinic, in which dental students provide patient care as part of their clinical education and training under the supervision of faculty dentists.

\$1,000,000 is for expansion of geriatric education and family programs.

<u>Subd. 3. <b>Tuition Relief</b></u>		<u>-0-</u>		<u>13,000,000</u>
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For undergraduate student tuition relief for Minnesota residents. The Board of Regents is requested not to offset the tuition relief by increases in mandatory fees, charges, or other assessments to the student.

<u>Subd. 4. <b>Rochester Campus, Collegiate Recovery Program</b></u>		<u>-0-</u>		<u>100,000</u>
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(a) To design and implement a collegiate recovery program at its Rochester campus. This is a onetime appropriation and is available until June 30, 2019.

(b) The purpose of the collegiate recovery program is to provide structured support for students in recovery from alcohol, chemical, or other addictive behaviors. Program activities may include, but are not limited to, specialized professional support through academic, career, and financial advising; establishment of on-campus or residential peer support communities; and

opportunities for personal growth through leadership development and other community engagement activities.

(c) No later than January 15, 2020, the Board of Regents must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy on campus recovery program outcomes. Based on available data, the report must describe, in summary form, the number of students participating in the program and the success rate of participants, including retention and graduation rates, and long-term recovery and relapse rates.

**Sec. 5. MNSCU TWO-YEAR COLLEGE PROGRAM; ADMINISTRATIVE COSTS.**

The appropriation made by Laws 2015, chapter 69, article 1, section 3, subdivision 18, paragraph (c), for fiscal year 2017 for information technology and administrative costs is available on the effective date of this section and until June 30, 2017.

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

Sec. 6. Minnesota Statutes 2014, section 122A.74, is amended to read:

**122A.74 PRINCIPALS' LEADERSHIP INSTITUTE, UNIVERSITY OF MINNESOTA.**

~~Subdivision 1.~~ **Establishment.** (a) The commissioner of education may contract with the ~~Minnesota State University Mankato~~ or the regents of the University of Minnesota to establish a Principals' Leadership Institute to provide professional development to school principals by:

(1) creating a network of leaders in the educational and business communities to communicate current and future trends in leadership techniques;

(2) helping to create a vision for the school that is aligned with the community and district priorities;

(3) developing strategies to retain highly qualified teachers and ensure that diverse student populations, including at-risk students, children with disabilities, English learners, and gifted students, among others, have equal access to these highly qualified teachers; and

(4) providing training to analyze data using culturally competent tools.

(b) The University of Minnesota must cooperate with participating members of the business community to provide funding and content for the institute.

(c) Participants must agree to attend the Principals' Leadership Institute for four weeks during the academic summer.

(d) The Principals' Leadership Institute must incorporate program elements offered by leadership programs at the University of Minnesota and program elements used by the participating members of the business community to enhance leadership within their businesses.

(e) The board of each school district in the state may select a principal, upon the recommendation of the district's superintendent and based on the principal's leadership potential, to attend the institute.

(f) The school board annually shall forward its list of recommended participants to the commissioner by February 1. In addition, a principal may submit an application directly to the commissioner by February 1. The commissioner shall notify the school board, the principal candidates, and the University of Minnesota of the principals selected to participate in the Principals' Leadership Institute each year.

~~Subd. 2. **Method of selection and requirements.** (a) The board of each school district in the state may select a principal, upon the recommendation of the district's superintendent and based on the principal's leadership potential, to attend the institute.~~

~~(b) The school board annually shall forward its list of recommended participants to the commissioner by February 1. In addition, a principal may submit an application directly to the commissioner by February 1. The commissioner shall notify the school board, the principal candidates, and the University of Minnesota of the principals selected to participate in the Principals' Leadership Institute each year.~~

Sec. 7. Minnesota Statutes 2014, section 136A.101, subdivision 5a, is amended to read:

Subd. 5a. **Assigned family responsibility.** "Assigned family responsibility" means the amount of a family's contribution to a student's cost of attendance, as determined by a federal need analysis. For dependent students, the assigned family responsibility is ~~96~~ 94 percent of the parental contribution. For independent students with dependents other than a spouse, the assigned family responsibility is ~~86~~ 85 percent of the student contribution. For independent students without dependents other than a spouse, the assigned family responsibility is ~~50~~ 49 percent of the student contribution.

Sec. 8. Minnesota Statutes 2014, section 136A.101, subdivision 10, is amended to read:

Subd. 10. **Satisfactory academic progress.** "Satisfactory academic progress" means satisfactory academic progress as defined under Code of Federal Regulations, title 34, sections 668.16(e), 668.32(f), and 668.34, except that a student with an intellectual disability as defined in Code of Federal Regulations, title 34, section 668.231, enrolled in an approved comprehensive transition and postsecondary program under that section is subject to the institution's published satisfactory academic process standards for that program as approved by the Office of Higher Education.

Sec. 9. Minnesota Statutes 2015 Supplement, section 136A.246, is amended by adding a subdivision to read:

Subd. 8a. **Support grants.** The commissioner, from appropriations specifically made for the purposes of this subdivision, may provide grants to school districts and community colleges for the purpose of providing exposure and connection to teachers and staff, students, and employers regarding industry occupational pathways and employment with employers in the region.

Sec. 10. Minnesota Statutes 2015 Supplement, section 136A.246, is amended by adding a subdivision to read:

Subd. 10. **Dual training account.** A dual training account is created in the special revenue fund in the state treasury. The commissioner shall deposit into the account appropriations made for the purposes of this section. Money in the account is appropriated to the commissioner for the purposes for which it was appropriated.

Sec. 11. Minnesota Statutes 2015 Supplement, section 136A.246, is amended by adding a subdivision to read:

Subd. 11. **Administration expenses.** The commissioner may expend up to five percent of the appropriation made for the purposes of this section for administration of this section.

Sec. 12. Minnesota Statutes 2015 Supplement, section 136A.87, is amended to read:

**136A.87 PLANNING INFORMATION FOR POSTSECONDARY EDUCATION.**

(a) The office shall make available to all residents beginning in 7th grade through adulthood information about planning and preparing for postsecondary opportunities. Information must be provided to all 7th grade students and their parents annually by September 30 about planning for their postsecondary education. The office may also provide information to high school students and their parents, to adults, and to out-of-school youth.

(b) The office must make reasonable efforts to obtain publicly available information about the dual credit acceptance policies of each Minnesota, Wisconsin, South Dakota, and North Dakota public and private college and university. This information must be shared on the office's Web site and included in the information under paragraph (a).

(c) The information provided under paragraph (a) may include the following:

- (1) the need to start planning early;
- (2) the availability of assistance in educational planning from educational institutions and other organizations;
- (3) suggestions for studying effectively during high school;
- (4) high school courses necessary to be adequately prepared for postsecondary education;
- (5) encouragement to involve parents actively in planning for all phases of education;
- (6) information about postsecondary education and training opportunities existing in the state, their respective missions and expectations for students, their preparation requirements, admission requirements, and student placement;
- (7) ways to evaluate and select postsecondary institutions;
- (8) the process of transferring credits among Minnesota postsecondary institutions and systems;
- (9) the costs of postsecondary education and the availability of financial assistance in meeting these costs, including specific information about the Minnesota Promise;
- (10) the interrelationship of assistance from student financial aid, public assistance, and job training programs; and

(11) financial planning for postsecondary education.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 13. **[136A.89] PRINCIPAL LEADERSHIP INSTITUTE.**

(a) The commissioner may contract with the Minnesota State University Mankato to establish a Principals' Leadership Institute to provide licensed principals in Minnesota with a research-based and evaluated professional development experience focused on instructional and organizational leadership by:

(1) creating a network of educational leaders who demonstrate strong instructional leadership, racial equity leadership, and the skills to lead for all students;

(2) advancing student achievement in school districts through the continuous development of courageous and results-driven principal leaders;

(3) developing leaders who cultivate a school culture where every student is fully engaged, educated, and included; and

(4) developing principal leaders who create a culture of high standards for all students and demonstrate the ability to build teacher development so that culturally responsive practices occur in all classrooms.

(b) Minnesota State University Mankato must partner with participating district or charter school leadership to bridge professional development learning from the Principals' Leadership Institute to the district at large.

(c) Participants must agree to attend all sessions of the Principals' Leadership Institute.

(d) The Principals' Leadership Institute must base the program content and curriculum on current research-based best practices in educational leadership that lead to accelerated achievement growth for all students.

(e) School district or charter school leadership in the state may recommend a licensed principal for participation in the program based on the principal's leadership potential.

(f) The school board or charter school board must submit the list of recommended participants to the Principals' Leadership Institute by July 1 each year. Principals from a school district or charter school whose leadership is engaged in intentional work focused on eliminating the predictable racial achievement disparities within their district or school must receive priority selection for attending the Principals' Leadership Institute.

Sec. 14. **[136F.33] SUPPLEMENTAL AND DEVELOPMENTAL EDUCATION.**

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

(b) "Academic weakness" means an academic skill determined to be below college ready according to a formalized assessment.

(c) "Corequisite" means a course or other requirement that is taken simultaneously with a credit-bearing course for the purpose of providing targeted support.

(d) "Credit-bearing course" means a college entry-level course that meets the requirements for a diploma, certificate, or degree.

(e) "Developmental education" means the building of foundational skills in noncredit courses or programs to promote academic success in college-level coursework.

(f) "Gateway course" means an initial credit-bearing course in a subject.

(g) "Supplemental instruction" means a targeted support model for students with academic weaknesses to promote academic success in credit-bearing courses.

(h) "Targeted support" means academic support, including but not limited to tutoring and directed group study time, related to increasing a student's understanding of a credit-bearing course.

Subd. 2. **Program requirements.** (a) The board shall develop and implement varied research-grounded tiered approaches to supplemental instruction and developmental education based on student academic readiness. The tiered approach must minimize the placement of students in developmental education under subdivision 5 by providing a supplemental instruction course structure that results in earning the equivalent of credit in a credit-bearing course while providing targeted support to a student who:

(1) did not meet the minimum course placement criteria for a credit-bearing course; and

(2) using multiple measures of assessment, is identified as likely to succeed in a credit-bearing course if targeted support is provided.

(b) The board shall establish campus-specific tiered approaches including strategies under subdivision 3 that are:

(1) focused on the skills and competencies essential for success in the math and English college-level courses; and

(2) based on the nature of individual campus academic programming and the needs of specific campus student populations.

(c) To facilitate the transfer of credits, the transcript record for a supplemental instruction course must include a credit-bearing course or a designation of equivalency to a specific credit-bearing course.

(d) The board shall make available to students on its Web site, in course catalogs, and by other methods at the discretion of the board, the supplemental instruction, developmental education, and corequisite courses offered at a particular college or university.

Subd. 3. **Support strategies.** (a) The board shall continuously monitor and adopt strategies that have the potential or that have proven to increase the placement and success of students in credit-bearing courses. If the board finds that strategies are successful at one campus or program, the board must assess whether the strategies would be beneficial campuswide or systemwide and, if it determines that it would, must implement the strategy for all campus or system programs in which the strategy is predicted to be successful. The board may discontinue the strategy for those programs where it does not prove beneficial.

(b) Consistent with subdivision 2, strategies may include, but are not limited to:

(1) replacing developmental or remedial courses, when appropriate, with corequisite courses in which students with academic weaknesses are placed into introductory credit-bearing courses while receiving supplemental academic instruction on the same subject and during the same term;

(2) expanding proactive advising, including the use of early alert systems or requiring the approval of an adviser or counselor to register for certain classes;

(3) developing meta-majors in broad academic disciplines as an alternative to undecided majors;

(4) making available alternative mathematics curriculum, including curriculum most relevant to the student's chosen area of study;

(5) implementing "opt-out scheduling" by automatically enrolling students in a schedule of courses chosen by the student's department but allowing students to disenroll from those courses if they meet with an academic adviser and cosign a change of enrollment form; and

(6) facilitating the transfer of credits between state colleges and universities.

Subd. 4. **Assessments and advising.** (a) Common student placement assessments must provide information identifying academic weaknesses that must be provided to the student. A student assessed below college ready must be provided:

(1) materials designed to address identified academic weaknesses;

(2) support to prepare for and retake placement assessments;

(3) postassessment advising to assist in making informed decisions on identifying academic weaknesses and targeting supplemental instruction options; and

(4) additional targeted support while enrolled in college-level math and English courses.

(b) Intrusive advising must be provided to a student who participates in supplemental instruction programs but has been unsuccessful in achieving academic success. Advising must include career and employment options, alternative career pathways, and related educational opportunities.

Subd. 5. **Developmental education.** (a) The board shall create a framework to redesign developmental education to provide a student who does not meet the criteria for inclusion in a supplemental instruction course the opportunity to complete gateway math and English courses within one academic year. The board must provide developmental education to a student or advise the student to enroll in adult basic education.

(b) The board shall not require a student who has successfully taken a developmental course under section 124D.09, subdivision 10, to participate in a developmental education course in the same subject area.

Subd. 6. **Report.** Annually by January 15, the board shall report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education finance on the goal of increasing the placement and success of students in credit-bearing courses. The report must, at a minimum, include:

(1) the following information on board activities:

(i) strategies the board has adopted at each campus under subdivision 2, paragraph (b);

(ii) strategies that have been discontinued at each campus; and



- (iii) strategies being considered for systemwide implementation; and
  - (2) the following information on students:
    - (i) the number and percent of students placed in developmental education;
    - (ii) the number and percent of students who complete developmental education within one academic year;
    - (iii) the number and percent of students that complete gateway courses in math and English in one academic year;
    - (iv) the student retention rate;
    - (v) time to complete a degree or certificate; and
    - (vi) credits earned by those completing a degree, certificate, or other program.
- The report must disaggregate student data by race, ethnicity, Pell Grant eligibility, and age and provide aggregate data.

**Sec. 15. EQUITY IN EDUCATION AND JOB CONNECTION GRANT PROGRAM.**

Subdivision 1. **Grants.** (a) The commissioner of the Office of Higher Education shall award grants to improve postsecondary attendance, completion, and retention and the obtaining of well-paying jobs for which the postsecondary education provides training by providing services to historically underrepresented college students. Grants must be awarded to Minnesota state colleges and universities and private organization programs that help the state reach the attainment goals under Minnesota Statutes, section 135A.012. Programs must provide services targeted to make the improvements including, but not limited to:

- (1) academic and nonacademic counseling or advising;
  - (2) mentoring in education and career opportunities;
  - (3) structured tutoring;
  - (4) career awareness and exploration including internships and post graduation job placements;
  - (5) orientation to college life;
  - (6) financial aid counseling;
  - (7) academic instruction programs in core curricular areas of mathematics and language arts;
  - (8) supplemental instruction programs for college courses with high failure and withdrawal rates;
- and
- (9) co-requisite college course models for delivery of academic support.
- (b) The office shall structure the grants for sustainability of programs funded by a grant.
- (c) To the extent there are sufficient qualified applicants, approximately 50 percent of grant dollars must be awarded to private organization programs.

Subd. 2. **Application process.** (a) The commissioner shall develop a grant application process. The commissioner shall attempt to support projects in a manner that ensures that eligible students throughout the state have access to program services.

(b) The grant application must include, at a minimum, the following information:

(1) a description of the characteristics of the students to be served reflective of the need for services listed in subdivision 1;

(2) a description of the services to be provided and a timeline for implementation of the service activities;

(3) a description of how the services provided will foster postsecondary retention and completion;

(4) a description of how the services will be evaluated to determine whether the program goals were met;

(5) the history of the applicant in achieving successful improvements using the services for which a grant is sought;

(6) the assumed cost per student of achieving successful outcomes;

(7) the effect of the grant on assisting students to obtain well-paying jobs;

(8) the proposed grant match;

(9) the organizational commitment to program sustainability; and

(10) other information as identified by the commissioner.

Grant recipients must specify both program and student outcome goals, and performance measures for each goal.

Subd. 3. **Advisory committee.** The commissioner may establish and convene an advisory committee to assist the commissioner in reviewing applications and advise the commissioner on grantees and grant amounts. The members of the committee may include representatives of postsecondary institutions, organizations providing postsecondary academic and career services, and others deemed appropriate by the commissioner.

Subd. 4. **Outcome report.** Each grant recipient must annually submit a report to the Office of Higher Education identifying its program and student goals and activities implemented. A report must include, but not be limited to, information on:

(1) number of students served;

(2) course taking and grade point average of participating students;

(3) persistence and retention rates of participating students;

(4) postsecondary graduation rates of participating students;

(5) the number of students who required postsecondary academic remediation and number of remedial courses for each of those students and in the aggregate; and

(6) jobs and wage rates of students after postsecondary graduation.

To the extent possible, the report must breakdown outcomes by Pell grant qualification, race, and ethnicity.

Subd. 5. **Legislative report.** By January 15 of each year through 2021, the office shall submit a report to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over higher education finance regarding the grant recipients and their activities. The report shall include information about the students served, the organizations providing services, program activities, program goals and outcomes, and program revenue sources and funding levels.

Sec. 16. **STATE GRANT TUITION CAPS.**

For the purposes of the state grant program under Minnesota Statutes, section 136A.121, for the fiscal year ending June 30, 2017, the tuition maximum is \$5,736 for students in two-year programs and the tuition maximum is \$14,186 for students in four-year programs.

Sec. 17. **STATE UNIVERSITIES; PILOT PROGRAM FOR STUDENTS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES.**

Subdivision 1. **Pilot program created.** (a) The Board of Trustees of the Minnesota State Colleges and Universities must offer a pilot academic program as described in this section for students with intellectual and developmental disabilities. The pilot is for students entering the program in the 2017-2018 academic year. The program must be offered at a total of four state university or college campuses that have the ability to offer a robust program using existing facilities, including residential facilities. The campuses selected must, to the extent possible, be located in different geographic regions of the state.

(b) In designing the pilot program, the Board of Trustees must consult with PACER Center, Inc., the Minnesota Governor's Council on Developmental Disabilities, Arc Minnesota, and other interested stakeholder groups. The board must also consult with administrators of similar programs at other postsecondary institutions.

Subd. 2. **Program enrollment and admission.** The enrollment goal for each campus's pilot program must be at least ten incoming students per academic year. Students must be admitted based on an application process that includes an in-person interview; an independent assessment of an applicant's interest, motivation, and likelihood of success in the program; and any other eligibility requirements established by the board. Upon successful completion, a student must be awarded a certificate, diploma, or other appropriate academic credential.

Subd. 3. **Program curriculum and activities.** (a) The pilot program must provide an inclusive, two-year full-time residential college experience for students with intellectual and developmental disabilities. The required curriculum must include core courses that develop life skills, financial literacy, and the ability to live independently; rigorous academic work in a student's chosen field of study; and an internship, apprenticeship, or other skills-based experience to prepare for meaningful employment upon completion of the program.

(b) In addition to academic requirements, the program must offer participating students the opportunity to engage fully in campus life. Program activities must include but are not limited to (1) the establishment of on-campus mentoring and peer support communities and (2) opportunities for personal growth through leadership development and other community engagement activities.

(c) A participating campus may tailor its program curriculum and activities to highlight academic programs, student and community life experiences, and employment opportunities unique to that campus or the region of the state where the campus is located.

Subd. 4. **Progress reports to legislature.** The board must submit progress reports on the pilot program required by this section to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over higher education finance and policy and human services finance and policy as follows:

(1) no later than January 15, 2017, a report describing plans for implementation of the program and recruitment of applicants, including identification of anticipated program needs that cannot be filled using existing campus or system resources; and

(2) no later than January 15, 2019, a report describing program operations, including information on participation and expected completion rates, the feasibility of program expansion to other state university campuses, and detail on any unmet program needs.

**Sec. 18. STUDENT AND EMPLOYER CONNECTION INFORMATION SYSTEM.**

The commissioner of the Office of Higher Education shall issue a request for proposal no later than July 1, 2016, for a Web-based job and intern-seeking software tool that matches the needs of employers located in Minnesota with the individual profiles of high school seniors and postsecondary students attending Minnesota high schools and postsecondary institutions. The commissioner shall no later than October 1, 2016, select a provider. The selected provider must have experience that demonstrates both prior similar software development ability and implementation outcomes of successful blind matching of job candidates and employers in furtherance of Minnesota's workforce diversity and inclusion objectives. The commissioner shall contract for the development of the system.

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

**Sec. 19. COMMISSIONER OF THE OFFICE OF HIGHER EDUCATION; TEACHER DIVERSITY RECOMMENDATIONS AND REPORT.**

(a) The commissioner of the Office of Higher Education, in consultation with the Board of Teaching, the Office of Educator Licensing at the Minnesota Department of Education, and other interested stakeholders, including councils and other local organizations serving communities of color or American Indian communities, diverse K-12 educator candidates and licensed educators, human resources personnel, parent representatives, urban, suburban, and rural school district and school board associations and organizations, teacher representatives, other organizations focused on teacher diversity in education, public and nonpublic higher education systems and institutions, and local ethnic-focused media, shall prepare and submit a report to the legislature recommending how best to realize the goal of providing all students, including low-income students, American Indian students, and students of color with improved and equitable access to effective, more diverse teachers, consistent with state policy. The commissioner must consider the substance of state policy and paragraphs (b) and (c) in developing the recommendations in the report.

(b) The commissioner's recommendations must address at least the following:

(1) ensuring transparency and accountability by requiring traditional and alternative teacher preparation programs to publicly report enrollment and completion data for diverse teacher licensure

candidates and by requiring districts to publicly report data on the demographic disparities between enrolled students and licensed teachers employed in the district and its school;

(2) expanding pathways to licensure by encouraging districts to develop programs with two- and four-year institutions and with community-based organizations to recruit and support diverse populations of enrolled students, nonlicensed district employees, and local community members in becoming licensed teachers in the district, facilitating the ability of diverse, nontraditional teacher candidates to change careers and pursue licensure through community college pathways, bachelor's degree programs or postbaccalaureate teacher preparation programs, and creating statewide campaigns to encourage diverse candidates to become licensed teachers;

(3) providing diverse teacher licensure candidates with the preparation and skills needed to become effective teachers, removing inequitable barriers to licensure presented by licensure exams, and for purposes of attaining a full professional license, allowing candidates to demonstrate their skills proficiency through alternatives to teacher skills and college entrance exams;

(4) providing financial assistance and incentives such as scholarships, student teaching stipends, and loan forgiveness programs to encourage diverse individuals to attain a teaching, counseling, or social work license or advanced degree, otherwise improve their professional practice, or become school administrators, and using a hiring bonus to recruit more diverse teachers into a district or school; and

(5) supporting induction and retention programs by funding teacher residency and mentoring programs that support the retention and professional development of diverse teachers and focusing teachers' professional development opportunities on cultural fluency and competency.

(c) The commissioner must include in the report, as appropriate, any recommendations for amendments to the following statutes and any related statutes:

(1) the world's best work force under Minnesota Statutes, section 120B.11;

(2) regional centers of excellence under Minnesota Statutes, section 120B.115;

(3) Board of Teaching duties under Minnesota Statutes, section 122A.09, subdivisions 4 and 4a;

(4) teacher continuing or employment contracts and peer review and mentorship under Minnesota Statutes, sections 122A.40 and 122A.41;

(5) the alternative teacher professional pay system agreement under Minnesota Statutes, section 122A.414, subdivision 2;

(6) staff development programs under Minnesota Statutes, section 122A.60;

(7) American Indian grants, scholarships, and loan programs under Minnesota Statutes, section 122A.63;

(8) teacher residency programs under Minnesota Statutes, section 122A.68;

(9) the ability of the Board of Teaching to arrange for student teachers under Minnesota Statutes, section 122A.69;

(10) the ability of school districts to develop mentoring programs for teachers of color under Minnesota Statutes, section 122A.70;

(11) the legislature's support of research on the effectiveness of teacher preparation programs under Minnesota Statutes, section 122A.71;

(12) teacher centers to help teachers learn, experiment, assess, and improve to meet students' needs under Minnesota Statutes, section 122A.72; and

(13) the teacher shortage loan forgiveness program under Minnesota Statutes, section 136A.1791.

(d) The commissioner must submit the report to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over education by February 1, 2017.

## ARTICLE 2

### ECONOMIC DEVELOPMENT

#### Section 1. APPROPRIATIONS.

The sums shown in the columns under "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2015, First Special Session chapter 1, article 1, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figure "2017" used in this article means that the appropriations listed under it are available for the fiscal year ending June 30, 2017.

	<u>APPROPRIATIONS</u>		
	<u>Available for the Year</u>		
	<u>Ending June 30</u>		
	<u>2016</u>	<u>2017</u>	
<b>Sec. 2. <u>DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT</u></b>			
<b>Subdivision 1. <u>Total Appropriation</u></b>	<b>\$</b>	<b>-0- \$</b>	<b><u>34,445,000</u></b>
<u>Appropriations by Fund</u>			
<u>General</u>	<u>-0-</u>		<u>33,445,000</u>
<u>Workforce Development</u>	<u>-0-</u>		<u>1,000,000</u>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>			
<b>Subd. 2. <u>Business and Community Development</u></b>		<b>-0-</b>	<b><u>30,595,000</u></b>

\$2,000,000 in fiscal year 2017 is for the redevelopment program under Minnesota Statutes, section 116J.571. This is a onetime appropriation.

\$1,220,000 in fiscal year 2017 is for a grant to the Duluth North Shore Sanitary District to retire debt of the district in order to bring the district's monthly wastewater rates in line with those of similarly situated facilities across the state. This is a onetime appropriation.

\$275,000 in fiscal year 2017 is for a grant to the Community and Economic Development Associates (CEDA) for an economic development study and analysis of the effects of current and projected economic growth in southeast Minnesota. This is a onetime appropriation and is available until June 30, 2019.

\$300,000 in fiscal year 2017 is for expansion of business assistance services provided by business development specialists located in the Northwest Region, Northeast Region, West Central Region, Southwest Region, Southeast Region, and Twin Cities Metro Region offices established throughout the state. Funds under this section may be used to provide services including, but not limited to, business start-ups; expansion; location or relocation; finance; regulatory and permitting assistance; and other services determined by the commissioner. The commissioner may also use funds under this section to increase the number of business development specialists in each region of the state, increase and expand the services provided through each regional office, and publicize the services available and provide outreach to communities in each region regarding services and assistance available through the business development specialist program. This is a onetime appropriation.

\$50,000 in fiscal year 2017 is to enhance the outreach and public awareness activities of the Bureau of Small Business under Minnesota Statutes, section 116J.68. This is a onetime appropriation.

\$750,000 in fiscal year 2017 is for a grant to Enterprise Minnesota, Inc. Of this amount,

\$375,000 is for the small business growth acceleration program under Minnesota Statutes, section 116O.115, and \$375,000 is for operations under Minnesota Statutes, sections 116O.01 to 116O.061. This is a onetime appropriation.

\$2,000,000 in fiscal year 2017 is for the Minnesota Initiative program under Minnesota Statutes, section 116M.18. Of this amount, up to five percent is for administration, outreach, and monitoring of the program. This is a onetime appropriation.

\$500,000 in fiscal year 2017 is for making capacity building grants under Minnesota Statutes, section 116M.18, subdivision 9. This is a onetime appropriation.

\$3,500,000 in fiscal year 2017 is for grants to initiative foundations to provide financing for business startups, expansions, and maintenance; and for business ownership transition and succession. This is a onetime appropriation. Of the amount appropriated:

(1) \$500,000 is for a grant to the Southwest Initiative Foundation;

(2) \$500,000 is for a grant to the West Central Initiative Foundation;

(3) \$500,000 is for a grant to the Southern Minnesota Initiative Foundation;

(4) \$500,000 is for a grant to the Northwest Minnesota Foundation;

(5) \$500,000 is for a grant to the Initiative Foundation;

(6) \$500,000 is for a grant to the Northland Foundation; and

(7) \$500,000 is for a grant to the Minnesota Initiative Board under Minnesota Statutes, chapter 116M. Funds available under this clause must be allocated as follows:

(i) 50 percent of the funds must be allocated for projects in the counties of Dakota, Ramsey, and Washington; and



(ii) 50 percent of the funds must be allocated for projects in the counties of Anoka, Carver, Hennepin, and Scott.

\$600,000 in fiscal year 2017 is for a grant to a city of the second class that is designated as an economically depressed area by the United States Department of Commerce for economic development, redevelopment, and job creation programs and projects. This is a onetime appropriation and is available until June 30, 2019.

\$5,500,000 in fiscal year 2017 is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is in addition to the appropriation in Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 2. This is a onetime appropriation. Of this amount, \$250,000 is for grants to Hmong-American filmmakers that have directed or produced prior feature-length stories to produce projects within Minnesota.

\$150,000 in fiscal year 2017 is for a grant to the city of Edina to conduct a feasibility study of constructing Grandview Green over Highway 100 in Edina. This is a onetime appropriation.

\$10,000,000 in fiscal year 2017 is for deposit in the Minnesota 21st century fund. This is a onetime appropriation.

\$400,000 in fiscal year 2017 is for grants to small business development centers under Minnesota Statutes, section 116J.68. Funds made available under this section may be used to match funds under the federal Small Business Development Center (SBDC) program under United States Code, title 15, section 648, provide consulting and technical services, or to build additional SBDC network capacity to serve entrepreneurs and small businesses. The commissioner shall allocate funds equally among the nine regional centers and lead center. This is a onetime appropriation.

\$3,100,000 in fiscal year 2017 is for a transfer to the Board of Regents of the University of Minnesota for academic and applied research through MnDRIVE at the Natural Resources Research Institute to develop new technologies that enhance the long-term viability of the Minnesota mining industry. The research must be done in consultation with the Mineral Coordinating Committee established by Minnesota Statutes, section 93.0015. This is a onetime transfer.

\$250,000 in fiscal year 2017 is for a grant to the city of Kelliher for water infrastructure upgrades. This is a onetime appropriation and is available until June 30, 2019.

Subd. 3. **Workforce Development** -0- 2,300,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
General	<u>-0-</u>	<u>1,300,000</u>
<u>Workforce Development</u>	<u>-0-</u>	<u>1,000,000</u>

\$100,000 in fiscal year 2017 is for a grant to Ramsey County for a study of the workforce-based mass transit needs of the north metro area. Ramsey County may work in collaboration with officials in other counties including, but not limited to, Anoka and Washington Counties in producing the study. By December 1, 2017, Ramsey County must submit the report to the commissioner. By January 1, 2018, the commissioner must report to the chairs of the standing committees of the legislature having jurisdiction over workforce development and transportation. This is a onetime appropriation and is available until June 30, 2018.

\$500,000 in fiscal year 2017 is from the workforce development fund for rural career counseling coordinators in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. This appropriation is for increases to existing

applicants who were awarded grants in fiscal years 2016 and 2017.

\$500,000 in fiscal year 2017 is for a grant to Occupational Development Corporation, Inc. in the city of Buhl to provide training and employment opportunities for people with disabilities and disadvantaged workers. This is a onetime appropriation.

\$400,000 in fiscal year 2017 is for a grant to Northern Bedrock Historic Preservation Corps for the pathway to the preservation trades program for recruitment of corps members, engagement of technical specialists, development of a certificate program, and skill development in historic preservation for youth ages 18 to 25. This is a onetime appropriation.

\$300,000 in fiscal year 2017 is for the "Getting to Work" grant program. This is a onetime appropriation and is available until June 30, 2019.

\$500,000 in fiscal year 2017 is from the workforce development fund for a grant to the North East Higher Education District to purchase equipment for training programs due to increased demand for job training under the state dislocated worker program. This is a onetime appropriation and is available until June 30, 2018.

**Subd. 4. Vocational rehabilitation**

-0-

1,550,000

\$800,000 in fiscal year 2017 is for grants to centers for independent living under Minnesota Statutes, section 268A.11. This is a onetime appropriation and is in addition to the appropriation in Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 6.

\$750,000 in fiscal year 2017 is for grants to day training and habilitation providers to provide innovative employment options and to advance community integration for persons with disabilities as required under the Minnesota Olmstead Plan. Of this

amount, \$250,000 is for a pilot program for home-based, technology-enhanced monitoring of persons with disabilities. This is a onetime appropriation and is available until June 30, 2018.

**Sec. 3. DEPARTMENT OF LABOR AND INDUSTRY**

\$                      -0- \$                      350,000

\$250,000 in fiscal year 2017 is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178. This amount is added to the base appropriation for this purpose.

\$100,000 in fiscal year 2017 is to provide outreach and education concerning requirements under state or federal law governing removal of architectural barriers that limit access to public accommodations by persons with disabilities and resources that are available to comply with those requirements. This is a onetime appropriation.

**Sec. 4. EXPLORE MINNESOTA TOURISM**

\$                      -0- \$                      1,250,000

\$300,000 in fiscal year 2017 is for a grant to the Mille Lacs Tourism Council to enhance marketing activities related to tourism promotion in the Mille Lacs Lake area. This is a onetime appropriation.

\$950,000 in fiscal year 2017 is to establish a pilot project to assist in funding and securing major events benefiting communities throughout the state. The pilot project must measure the economic impact of visitors on state and local economies, increased lodging and nonlodging sales taxes in addition to visitor spending, and increased media awareness of the state as an event destination. This is a onetime appropriation. Of this amount, \$100,000 is for a grant to the St. Louis County Historical Society for a project, in collaboration with the Erie Mining history book project team, to research, document, publish, preserve, and exhibit the history of taconite mining in Minnesota.

Sec. 5. **PUBLIC EMPLOYMENT RELATIONS****BOARD****\$****-0-** **\$****525,000**

\$525,000 in fiscal year 2017 is for the Public Employment Relations Board under Minnesota Statutes, section 179A.041. The base appropriation for this purpose is \$525,000 in fiscal year 2018 and \$525,000 in fiscal year 2019.

Sec. 6. **HOUSING FINANCE AGENCY****\$****-0-** **\$****2,500,000**

\$1,000,000 in fiscal year 2017 is to establish a grant program within the housing trust fund for the exploited families rental assistance program. This is a onetime appropriation and is available until June 30, 2019.

\$500,000 in fiscal year 2017 is for a competitive grant program to fund a housing project or projects in a community or communities: (1) that have low housing vacancy rates; and (2) that have an education and training center for jobs in agriculture, farm business management, health care fields, or other fields with anticipated significant job growth potential. A grant or grants must be no more than 50 percent of the total development costs for the project. Funds for a grant or grants made in this section must be to a housing project or projects that have financial and in-kind contributions from nonagency sources that when combined with a grant under this section are sufficient to complete the housing project. Funds must be used to create new housing units either through new construction or through acquisition and rehabilitation of a building or buildings not currently used for housing. If funds remain uncommitted at the end of fiscal year 2017, the agency may transfer the uncommitted funds to the housing development fund and use the funds for the economic development and housing challenge program under Minnesota Statutes, section 462A.33. This is a onetime appropriation.

\$1,000,000 in fiscal year 2017 is for the Workforce and Affordable Homeownership Development Program under Minnesota Statutes, section 462A.38. This is a onetime appropriation and is available until June 30, 2019.

Sec. 7. COMMERCE

\$

-0- \$

1,006,000

\$500,000 in fiscal year 2017 is for increased civil insurance fraud investigation. This is a onetime appropriation.

\$290,000 in fiscal year 2017 is to fund two positions to return abandoned property to owners, newspaper publication, and related technology upgrades under Minnesota Statutes, section 345.42. This is a onetime appropriation.

\$66,000 in fiscal year 2017 is for the commissioner of commerce to seek any necessary federal approvals to modify the boundaries of and reduce the number of the state's designated geographic rating areas for purposes of setting health plan premiums in the individual health insurance market. This is a onetime appropriation.

\$150,000 in fiscal year 2017 is for the commissioner of commerce to:

(1) study and create models of potential Minnesota-tailored rate-stability mechanisms for the individual marketplace, such as a reinsurance program;

(2) study and create models merging the state's individual and small group markets; and

(3) study options for making the state's rate review process more transparent utilizing public information and hearings.

The commissioner may seek other private funds or grants to supplement the costs of the studies. The commissioner shall issue a report on the preliminary findings of the studies to the chairs and ranking minority members of the committees in the house of representatives

and the senate with jurisdiction over health and marketplace premiums by January 15, 2017.

Sec. 8. Laws 2015, First Special Session chapter 1, article 1, section 4, is amended to read:

Sec. 4. **EXPLORE MINNESOTA TOURISM**           \$           **14,118,000** \$           **14,248,000**

(a) To develop maximum private sector involvement in tourism, \$500,000 in fiscal year 2016 and \$500,000 in fiscal year 2017 must be matched by Explore Minnesota Tourism from nonstate sources. Each \$1 of state incentive must be matched with \$6 of private sector funding. Cash match is defined as revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in fiscal year 2016 shall be based on fiscal year 2015 private sector contributions. The incentive in fiscal year 2017 shall be based on fiscal year 2016 private sector contributions. This incentive is ongoing. Of this amount, \$100,000 is for a grant to the Northern Lights International Music festival.

(b) Funding for the marketing grants is available either year of the biennium. Unexpended grant funds from the first year are available in the second year.

(c) \$30,000 in fiscal year 2016 is for Mille Lacs Lake tourism promotion. This is a onetime appropriation.

Sec. 9. Laws 2015, First Special Session chapter 1, article 1, section 6, is amended to read:

Sec. 6. **BUREAU OF MEDIATION SERVICES**           \$           **2,208,000** \$           ~~2,234,000~~  
2,497,000

(a) \$68,000 each year is for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(b) \$125,000 each year in fiscal year 2016 is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041. This is a onetime appropriation.

(c) \$256,000 each year is in fiscal year 2016 and \$394,000 in fiscal year 2017 are for the Office of Collaboration and Dispute Resolution under Minnesota Statutes, section 179.90. The base appropriation for this purpose is \$394,000 in fiscal year 2018 and \$394,000 in fiscal year 2019. Of this amount, \$160,000 each year is for grants under Minnesota Statutes, section 179.91, and \$96,000 each year is for intergovernmental and public policy collaboration and operation of the office.

(d) \$250,000 is to complete the Case Management System-Database Project Phase II. This is a onetime appropriation.

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

Sec. 10. Minnesota Statutes 2014, section 13.43, subdivision 6, is amended to read:

Subd. 6. **Access by labor organizations, the Bureau of Mediation Services, and the Public Employment Relations Board.** Personnel data may be disseminated to labor organizations and the Public Employment Relations Board to the extent that the responsible authority determines that the dissemination is necessary to conduct elections, notify employees of fair share fee assessments, and implement the provisions of chapters 179 and 179A. Personnel data shall be disseminated to labor organizations, the Public Employment Relations Board, and to the Bureau of Mediation Services to the extent the dissemination is ordered or authorized by the commissioner of the Bureau of Mediation Services, or the Public Employment Relations Board or its designee.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 11. **[13.7909] PUBLIC EMPLOYMENT RELATIONS BOARD DATA.**

Subdivision 1. **Definition.** For purposes of this section, "board" means the Public Employment Relations Board.

Subd. 2. **Not public data.** (a) Except as provided in this subdivision, all data maintained by the board about a charge or complaint of unfair labor practices and appeals of determinations of the commissioner under section 179A.12, subdivision 11, are classified as protected nonpublic data or confidential data, and become public when admitted into evidence at a hearing conducted pursuant to section 179A.13. The data may be subject to a protective order as determined by the board or a hearing officer.

(b) Notwithstanding sections 13.43 and 181.932, the following data are public:



- (1) the filing date of unfair labor practice charges;
  - (2) the status of unfair labor practice charges as an original or amended charge;
  - (3) the names and job classifications of charging parties and charged parties;
  - (4) the provisions of law alleged to have been violated in unfair labor practice charges;
  - (5) the complaint issued by the board and all data in the complaint;
  - (6) the full and complete record of an evidentiary hearing before a hearing officer, including the hearing transcript, exhibits admitted into evidence, and posthearing briefs, unless subject to a protective order;
  - (7) recommended decisions and orders of hearing officers pursuant to section 179A.13, subdivision 1, paragraph (i);
  - (8) exceptions to the hearing officer's recommended decision and order filed with the board pursuant to section 179A.13, subdivision 1, paragraph (k);
  - (9) briefs filed with the board; and
  - (10) decisions and orders issued by the board.
- (c) Notwithstanding paragraph (a), individuals have access to their own statements provided to the board under paragraph (a).
- (d) The board may make any data classified as protected nonpublic or confidential pursuant to this subdivision accessible to any person or party if the access will aid the implementation of chapters 179 and 179A or ensure due process protection of the parties.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 12. Minnesota Statutes 2014, section 116J.423, is amended to read:

**116J.423 MINNESOTA MINERALS 21ST CENTURY FUND.**

Subdivision 1. **Created.** The Minnesota ~~minerals~~ 21st century fund is created as a separate account in the treasury. Money in the account is appropriated to the commissioner of employment and economic development for the purposes of this section. All money earned by the account, loan repayments of principal and interest, and earnings on investments must be credited to the account. For the purpose of this section, "fund" means the Minnesota ~~minerals~~ 21st century fund. The commissioner shall operate the account as a revolving account.

Subd. 2. **Use of fund.** The commissioner shall use money in the fund to make loans or equity investments in mineral, steel, or taconite ~~any other industry processing facilities, steel production facilities, facilities for the manufacturing of renewable energy products, or facilities for the manufacturing of biobased or biomass products,~~ manufacturing, or technology project that would enhance the economic diversification and that are is located within the taconite relief tax area as defined under section 273.134. The commissioner must, prior to making any loans or equity investments and after consultation with industry and public officials, develop a strategy for making loans and equity investments that assists the ~~Minnesota mineral industry in becoming globally competitive~~ taconite relief area in retaining and enhancing its economic competitiveness. Money

in the fund may also be used to pay for the costs of carrying out the commissioner's due diligence duties under this section.

Subd. 2a. **Grants authorized.** Notwithstanding subdivision 2, the commissioner may use money in the fund to make grants to a municipality or county, or to a county regional rail authority as appropriate, for public infrastructure needed to support an eligible project under this section. Grant money may be used by the municipality, county, or regional rail authority to acquire right-of-way and mitigate loss of wetlands and runoff of storm water; to predesign, design, construct, and equip roads and rail lines; and, in cooperation with municipal utilities, to predesign, design, construct, and equip natural gas pipelines, electric infrastructure, water supply systems, and wastewater collection and treatment systems. Grants made under this subdivision are available until expended.

Subd. 3. **Requirements prior to committing funds.** The commissioner, prior to making a commitment for a loan or equity investment must, at a minimum, conduct due diligence research regarding the proposed loan or equity investment, including contracting with professionals as needed to assist in the due diligence.

Subd. 4. **Requirements for fund disbursements.** The commissioner may make conditional commitments for loans or equity investments but disbursements of funds pursuant to a commitment may not be made until commitments for the remainder of a project's funding are made that are satisfactory to the commissioner and disbursements made from the other commitments sufficient to protect the interests of the state in its loan or investment.

Subd. 5. **Company contribution.** The commissioner may provide loans or equity investments that match, in a proportion determined by the commissioner, an investment made by the owner of a facility.

Sec. 13. Minnesota Statutes 2014, section 116J.424, is amended to read:

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

The commissioner of the Iron Range Resources and Rehabilitation Board with approval by the board, ~~shall~~ may provide an equal match for any loan or equity investment made for a ~~facility~~ project located in the tax relief area defined in section 273.134, paragraph (b), by the Minnesota ~~minerals~~ 21st century fund created by section 116J.423. The match may be in the form of a loan or equity investment, notwithstanding whether the fund makes a loan or equity investment. The state shall not acquire an equity interest because of an equity investment or loan by the board and the board at its sole discretion shall decide what interest it acquires in a project. The commissioner of employment and economic development may require a commitment from the board to make the match prior to disbursing money from the fund.

Sec. 14. Minnesota Statutes 2014, section 116J.68, is amended to read:

**116J.68 BUREAU OF SMALL BUSINESS.**

Subdivision 1. **Generally.** The Bureau of Small Business within the business assistance center shall serve as a clearinghouse, technical assistance center, and referral service for information and other assistance needed by small businesses including small targeted group businesses and small businesses located in an economically disadvantaged area.

Subd. 2. **Duties.** The bureau shall:

(1) provide information and assistance with respect to all aspects of business planning, business finance, and business management related to the start-up, operation, or expansion of a small business in Minnesota;

(2) refer persons interested in the start-up, operation, or expansion of a small business in Minnesota to assistance programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, private industry associations, and other organizations;

(3) plan, develop, and implement a master file of information on small business assistance programs of federal, state, and local governments, and other public and private organizations so as to provide comprehensive, timely information to the bureau's clients;

(4) employ staff with adequate and appropriate skills and education and training for the delivery of information and assistance;

(5) seek out and utilize, to the extent practicable, contributed expertise and services of federal, state, and local governments, educational institutions, and other public and private organizations;

(6) maintain a close and continued relationship with the director of the procurement program within the Department of Administration so as to facilitate the department's duties and responsibilities under sections 16C.16 to 16C.19 relating to the small targeted group business and economically disadvantaged business program of the state;

(7) develop an information system which will enable the commissioner and other state agencies to efficiently store, retrieve, analyze, and exchange data regarding small business development and growth in the state. All executive branch agencies of state government and the secretary of state shall to the extent practicable, assist the bureau in the development and implementation of the information system;

(8) establish and maintain a toll-free telephone number, e-mail account, and other electronic contact mediums determined by the commissioner so that all small business persons anywhere in the state can call may contact the bureau office for assistance. An outreach program shall be established to make the existence of the bureau and the assistance and services the bureau may provide to small businesses well known to its potential clientele throughout the state. If the small business person requires a referral to another provider the bureau may use the business assistance referral system established by the Minnesota Project Outreach Corporation;

(9) conduct research and provide data as required by the state legislature;

(10) develop and publish material on all aspects of the start-up, operation, or expansion of a small business in Minnesota;

(11) collect and disseminate information on state procurement opportunities, including information on the procurement process;

(12) develop a public awareness program ~~through the use of~~ regarding state assistance programs for small businesses, including those programs specifically for socially disadvantaged small business persons. The commissioner may utilize print and electronic newsletters, personal contacts, and advertising devices as defined in section 173.02, subdivision 16, social media, other electronic and print news media advertising about state assistance programs for small businesses, including

those programs specifically for socially disadvantaged small business persons, and any other means determined by the commissioner;

(13) enter into agreements with the federal government and other public and private entities to serve as the statewide coordinator or host agency for the federal small business development center program under United States Code, title 15, section 648; and

(14) assist providers in the evaluation of their programs and the assessment of their service area needs. The bureau may establish model evaluation techniques and performance standards for providers to use.

Sec. 15. Minnesota Statutes 2014, section 116M.14, subdivision 2, is amended to read:

Subd. 2. **Board.** "Board" means the Urban Minnesota Initiative Board.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 16. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 3a. **Department.** "Department" means the Department of Employment and Economic Development.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 17. Minnesota Statutes 2014, section 116M.14, subdivision 4, is amended to read:

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

(1) Minneapolis, St. Paul;

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

~~(3) (2) those cities in the metropolitan area, which contain two or more contiguous census tracts in which the average family income is less than 80 percent of the median family income for the Twin Cities metropolitan area as of the latest report by the United States Census Bureau.~~

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 18. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 4a. **Low-income person.** "Low-income person" means a person who has an annual income, adjusted for family size, of not more than 80 percent of the area median family income for the Twin Cities metropolitan area as of the latest report by the United States Census Bureau.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 19. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 4b. **Metropolitan area.** "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 20. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 6. **Minority person.** "Minority person" means a person belonging to a racial or ethnic minority as defined in Code of Federal Regulations, title 49, section 23.5.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 21. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 7. **Program.** "Program" means the Minnesota Initiative program created by this chapter.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 22. Minnesota Statutes 2014, section 116M.15, subdivision 1, is amended to read:

Subdivision 1. ~~Creation; membership~~ **Membership.** The Urban Minnesota Initiative Board is created and consists of the commissioner of employment and economic development, the chair of the Metropolitan Council, and eight 12 members from the general public appointed by the governor. Six Nine of the public members must be representatives from minority business enterprises. No more than four six of the public members may be of one gender. Appointments must ensure balanced geographic representation. At least half of the public members must have experience working to address racial income disparities. All public members must be experienced in business or economic development.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 23. Minnesota Statutes 2014, section 116M.17, subdivision 2, is amended to read:

Subd. 2. **Technical assistance.** The board through the department; shall provide technical assistance and development information services to state agencies, regional agencies, special districts, local governments, and the public, with special emphasis on minority communities informational outreach about the program to lenders, nonprofit corporations, and low-income and minority communities throughout the state that support the development of business enterprises and entrepreneurs.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 24. Minnesota Statutes 2014, section 116M.17, subdivision 4, is amended to read:

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

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 25. Minnesota Statutes 2014, section 116M.18, is amended to read:

**116M.18 URBAN CHALLENGE GRANTS MINNESOTA INITIATIVE PROGRAM.**

Subdivision 1. **Establishment.** The Minnesota Initiative program is established to award grants to nonprofit corporations to fund loans to businesses owned by minority or low-income persons or women or veterans.

Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall be made so that an approximately equal dollar amount of loans are made to businesses in the metropolitan

area as in the nonmetropolitan area. If funds remain after the ninth month of the fiscal year, those funds shall revert to the general loan pool and may be lent in any part of the state.

~~Subdivision 1~~ **Subd. 1b. Eligibility rules Grants.** The board shall make ~~urban-challenge~~ grants ~~for use in low-income areas~~ to nonprofit corporations ~~to fund loans to businesses owned by minority or low-income persons or women or veterans~~ to encourage private investment, to provide jobs for minority and low-income persons and others in low-income areas, to create and strengthen minority business enterprises, and to promote economic development in a low-income area. ~~The board shall adopt rules to establish criteria for determining loan eligibility.~~

**Subd. 2. Challenge Grant eligibility; nonprofit corporation.** (a) The board may enter into agreements with nonprofit corporations to fund ~~and guarantee~~ loans the nonprofit corporation makes ~~in low-income areas under subdivision 4. A corporation must demonstrate that to businesses owned by minority or low-income persons or women or veterans.~~ The board shall evaluate applications from nonprofit corporations. In evaluating applications, the board must consider, among other things, whether the nonprofit corporation:

(1) ~~its has~~ a board of directors that includes citizens experienced in business and community development, minority business enterprises, addressing racial income disparities, and creating jobs ~~in low-income areas~~ for low-income and minority persons;

(2) it has the technical skills to analyze projects;

(3) it is familiar with other available public and private funding sources and economic development programs;

(4) it can initiate and implement economic development projects;

(5) it can establish and administer a revolving loan account or has operated a revolving loan account; and

(6) it can work with job referral networks which assist minority and ~~other persons in low-income areas~~ low-income persons; and

(7) has established relationships with minority communities.

(b) The department shall review existing agreements with nonprofit corporations every five years and may renew or terminate the agreement based on the review. In making its review, the department shall consider, among other criteria, the criteria in paragraph (a).

**Subd. 3. Revolving loan fund.** (a) The board shall establish a revolving loan fund to make grants to nonprofit corporations for the purpose of making loans ~~and loan guarantees to new and expanding businesses in a low-income area to promote~~ owned by minority or low-income persons or women or veterans and to support minority business enterprises and job creation for minority and ~~other persons in low-income areas~~ low-income persons.

(b) Nonprofit corporations that receive grants from the department under the program must establish a commissioner-certified revolving loan fund for the purpose of making eligible loans.

(c) Eligible business enterprises include, but are not limited to, technologically innovative industries, value-added manufacturing, and information industries. Loan applications given preliminary approval by the nonprofit corporation must be forwarded to the board for approval. The commissioner must give final approval for each loan ~~or loan guarantee~~ made by the nonprofit

corporation. The amount of the state funds contributed to any loan ~~or loan guarantee~~ may not exceed 50 percent of each loan.

Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made ~~or guaranteed~~ by nonprofit corporations under the ~~urban challenge grant~~ program.

(b) Loans ~~or guarantees~~ must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the ~~urban challenge grant~~ program.

(c) A loan ~~or guarantee~~ must be used ~~for a project designed to benefit persons in low-income areas through the creation of job or business opportunities for them~~ to support a business owned by a minority or a low-income person or woman or veteran. Priority must be given for loans to the lowest income areas.

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

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

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

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

Subd. 4a. **Microenterprise loan.** ~~Urban challenge Program~~ grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

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

(2) they may be made for a minimum of ~~\$1,000~~ \$5,000 and a maximum of ~~\$25,000~~ \$35,000; and

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

~~(3)~~ (4) they do not require a match.

Subd. 5. **Revolving fund administration; rules.** (a) The board shall establish a minimum interest rate for loans or guarantees to ensure that necessary loan administration costs are covered.

(b) Loan repayment ~~amounts equal to one-half of the principal and interest~~ must be deposited ~~in a revolving fund created by the board for challenge grants. The remaining amount of the loan repayment may be paid to the department for deposit in the revolving loan fund.~~ Loan interest payments must be deposited in a revolving loan fund created by the nonprofit corporation originating the loan being repaid for further distribution, consistent with the loan criteria specified in subdivision 4 of this section.

(c) Administrative expenses of the ~~board and~~ nonprofit corporations with whom the board enters into agreements ~~under subdivision 2~~, including expenses incurred by a nonprofit corporation in providing financial, technical, managerial, and marketing assistance to a business enterprise receiving a loan under subdivision 4, may be paid out of the interest earned on loans and out of interest earned on money invested by the state Board of Investment under section 116M.16, subdivision 2, as may be provided by the board.

Subd. 6. **Rules.** ~~The board shall adopt rules to implement this section.~~

Subd. 6a. **Nonprofit corporation loans.** The board may make loans to a nonprofit corporation with which it has entered into an agreement under subdivision ~~† 2~~. ~~These loans must be used to support a new or expanding business.~~ This support may include such forms of financing as the sale of goods to the business on installment or deferred payments, lease purchase agreements, or royalty investments in the business. The interest rate charged by a nonprofit corporation for a loan under this subdivision must not exceed the Wall Street Journal prime rate plus four percent. For a loan under this subdivision, the nonprofit corporation may charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit corporation may retain the amount of the origination fee. The nonprofit corporation must provide at least an equal match to the loan received by the board. The maximum loan available to the nonprofit corporation under this subdivision is \$50,000. Loans made to the nonprofit corporation under this subdivision may be made without interest. Repayments made by the nonprofit corporation must be deposited in the revolving fund created for ~~urban initiative program grants~~.

Subd. 7. **Cooperation.** A nonprofit corporation that receives ~~an urban challenge~~ a program grant shall cooperate with other organizations, including but not limited to, community development corporations, community action agencies, and the Minnesota small business development centers.

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

(1) submit an annual report to the board by ~~September~~ March 30 of each year that includes a description of projects businesses supported by the ~~urban challenge~~ grant program, an account of loans made during the calendar year, the program's impact on minority business enterprises and job creation for minority persons and low-income persons in low-income areas, the source and amount of money collected and distributed by the ~~urban challenge~~ grant program, the program's assets and liabilities, and an explanation of administrative expenses; and

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

Subd. 9. **Capacity building grants.** The department may make grants to nonprofit corporations for the purpose of building their capacity to meet the eligibility criteria for the grant program under subdivision 2, or in applying for the Department of Employment and Economic Development's business development competitive grant program. Funding priority must be given to those applicants that can demonstrate that they have established relationships with minority communities and have provided small business-related services primarily to low-income and minority business enterprises.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 26. Minnesota Statutes 2014, section 179A.041, is amended by adding a subdivision to read:

Subd. 10. **Open meetings.** Chapter 13D does not apply to meetings of the board when it is deliberating on the merits of unfair labor practice charges under sections 179.11, 179.12, and 179A.13; reviewing a recommended decision and order of a hearing officer under section 179A.13; reviewing decisions of the commissioner of the Bureau of Mediation Services relating to unfair



labor practices under section 179A.12, subdivision 11; or exercising its hiring authority under section 179A.041.

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

Sec. 27. Minnesota Statutes 2014, section 179A.041, is amended by adding a subdivision to read:

Subd. 11. **Report.** The board shall prepare and submit a report to the governor and the chairs and ranking minority members of the committees with jurisdiction over the board by November 15, 2017. The report shall summarize the nature, number, and resolution of charges filed with the board. The report shall cover the period of July 1, 2016, through June 30, 2017.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 28. **[462A.38] WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT PROGRAM.**

Subdivision 1. **Establishment.** A workforce and affordable homeownership development program is established to award homeownership development grants to nonprofit organizations, cooperatives created under chapter 308A or 308B, and community land trusts created for the purposes outlined in section 462A.31, subdivision 1, for development of workforce and affordable homeownership projects. The purpose of the program is to increase the supply of workforce and affordable, owner-occupied multifamily or single-family housing throughout Minnesota.

Subd. 2. **Use of funds.** (a) Grant funds awarded under this program may be used for:

(1) development costs;

(2) rehabilitation;

(3) land development; and

(4) residential housing, including storm shelters and related community facilities.

(b) A project funded through the grant program shall serve households that meet the income limits as provided in section 462A.33, subdivision 5, unless a project is intended for the purpose outlined in section 462A.02, subdivision 6.

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing applications for grants under this section. The commissioner shall consult with interested stakeholders when developing the guidelines and procedures for the program. In making grants, the commissioner shall establish semiannual application deadlines in which grants will be authorized from all or part of the available appropriations.

Subd. 4. **Awarding grants.** Among comparable proposals, preference must be given to proposals that include contributions from nonstate resources for the greatest portion of the total development cost.

Subd. 5. **Statewide program.** The agency shall attempt to make grants in approximately equal amounts to applicants outside and within the metropolitan area.

Subd. 6. **Report.** Beginning January 15, 2018, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees

having jurisdiction over housing and workforce development specifying the projects that received grants under this section and the specific purposes for which the grant funds were used.

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

Sec. 29. Minnesota Statutes 2014, section 473.121, subdivision 2, is amended to read:

Subd. 2. **Metropolitan area or area.** "Metropolitan area" or "area" means the area over which the Metropolitan Council has jurisdiction, including only the counties of Anoka; Carver; Dakota excluding the city cities of Northfield and Cannon Falls; Hennepin excluding the cities of Hanover and Rockford; Ramsey; Scott excluding the city of New Prague; and Washington.

Sec. 30. **DAY TRAINING AND HABILITATION GRANT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish a day training and habilitation grant program in fulfillment of the Olmstead Plan purpose of ensuring that people with disabilities have choices for competitive, meaningful, and sustained employment in the most integrated setting.

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

(b) "Day training and habilitation providers" means those organizations whose names are listed as Department of Human Services providers in the Minnesota Department of Administration, Materials Management Division, ALP Manual, Appendix J, without regard to whether they are listed as approved vendors with the Minnesota Department of Employment and Economic Development, Division of Rehabilitation Services as a community rehabilitation provider, limited-use vendor, or center for independent living, and irrespective as to whether they are accredited by CARF International.

(c) "Competitive employment" means full-time or part-time employment, with or without support, in an integrated setting in the community that pays at least minimum wage, as defined by the Fair Labor Standards Act, but not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by workers without a disability.

(d) "Olmstead Plan" means Minnesota's 2013 Olmstead Plan, dated November 1, 2013, and all subsequent modifications approved by the United States District Court.

Subd. 3. **Competitive process.** The commissioner shall issue a request for proposals to day training and habilitation providers seeking proposals to assist the Department of Employment and Economic Development in achieving its goals as provided in the Olmstead Plan. Grant funds shall be used to improve individual employment outcomes by aligning programs, funding, and policies to support people with disabilities to choose, secure, and maintain competitive employment and self-employment, including, but not limited to, the following activities:

(1) implementing policies and initiating processes that improve the employment outcomes of working adults with disabilities;

(2) offering incentives for innovation that increase competitive employment in the general work force;

(3) expanding the flexibility in current funding and services to increase competitive employment outcomes;

(4) providing evidence of partnerships with private sector businesses and public sector employment; and

(5) submitting outcome data, required by the department, according to the stipulations of the Olmstead Plan.

Subd. 4. **Eligibility.** Any person who has a disability as determined by the Social Security Administration or state medical review team is eligible to receive services provided with grant funds.

Subd. 5. **Consultation required.** The commissioner shall consult with the governor's Workforce Development Council, the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans, the governor's Council on Developmental Disabilities, and other governor-appointed disability councils in designing, implementing, and evaluating the competitive grant program.

Subd. 6. **Report.** On or before February 1, 2017, and annually thereafter, the commissioner shall report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over employment and economic development policy and finance on the amount of funds awarded and the outcomes reported by grantees.

Sec. 31. **EXPLOITED FAMILIES RENTAL ASSISTANCE PROGRAM.**

Subdivision 1. **Rental assistance program.** (a) The commissioner of housing finance shall establish a grant program within the housing trust fund to serve families from emerging communities at risk of being homeless and who have been victims of gender-based violence, including, but not limited to domestic violence, sexual assault, trafficking, international abusive marriage, or forced marriage. For the purposes of this section the term "gender-based violence" is defined as violence that is directed against a woman because she is a woman or that affects women disproportionately; and the term "emerging communities" is defined as refugee and immigrant communities who are less established, who are unfamiliar with mainstream government services, or who have limited English proficiency. The commissioner shall award grants to organizations that can provide linguistically and culturally appropriate services and that have the capacity to serve families who have experienced gender-based violence from emerging communities.

(b) The program must:

(1) provide rental assistance to individuals with a minor child at risk of being homeless and who have been victims of domestic violence, sexual assault, trafficking, international abusive marriage, or forced marriage;

(2) require the participants to pay at least 30 percent of the participant's income toward the rent;

(3) allow the families to choose their own housing, including single-family homes, townhomes, and apartments;

(4) give priority to large families who experience barriers in accessing housing, including having limited English proficiency, lack of positive rental history, employment history, and financial history; and

(5) require the program participants to be employed, or actively seeking employment, or be engaged in activities that will assist them in gaining employment.

Subd. 2. **Program evaluation.** All grant recipients must collect and make available to the commissioner, aggregate data to assist the agency in the evaluation of the program. The commissioner shall evaluate the program effectiveness and measure the number of families served from emerging communities, the support services provided for families in seeking employment and achieving economic-stability, and the employment and housing status of the participants.

Sec. 32. **"GETTING TO WORK" GRANT PROGRAM.**

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

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

- (1) qualify under section 501(c)(3) of the Internal Revenue Code; and
- (2) at the time of application offer, or have the demonstrated capacity to offer, a motor vehicle program that provides the services required under subdivision 3.

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

- (1) provision of new or used motor vehicles by gift, sale, or lease;
- (2) motor vehicle repair and maintenance services; or
- (3) motor vehicle loans.

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

- (1) financial literacy education;
- (2) education on budgeting for vehicle ownership;
- (3) car maintenance and repair instruction;
- (4) credit counseling; or
- (5) job training related to motor vehicle maintenance and repair.

(c) A program may also offer other transportation-related support services.

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

- (1) a detailed description of all services to be offered;
- (2) the area to be served;
- (3) the estimated number of program participants to be served by the grant; and
- (4) a plan for leveraging resources from partners that may include, but are not limited to:
  - (i) automobile dealers;

- (ii) automobile parts dealers;
- (iii) independent local mechanics and automobile repair facilities;
- (iv) banks and credit unions;
- (v) employers;
- (vi) employment and training agencies;
- (vii) insurance companies and agents;
- (viii) local workforce centers; and
- (ix) educational institutions including vocational institutions and jobs or skills training programs.

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

- (1) have a household income at or below 200 percent of the federal poverty level;
- (2) be at least 18 years of age;
- (3) have a valid driver's license;
- (4) provide the grantee with proof of motor vehicle insurance; and
- (5) demonstrate to the grantee that a motor vehicle is required by the person to obtain or maintain employment.

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

Subd. 6. **Allocation of grants.** The commissioner shall allocate grants to up to 15 grantees so that, to the extent feasible, program services are available in every county of the state.

Subd. 7. **Report to legislature.** By February 15, 2018, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over workforce and economic development on program outcomes. At a minimum, the report must include:

- (1) the total number of program participants;
- (2) the number of program participants who received each of the following:
  - (i) provision of a motor vehicle;
  - (ii) motor vehicle repair services; and
  - (iii) motor vehicle loan; and
- (3) an analysis of the impact of the "Getting to Work" grant program on the employment rate and wages of program participants.

**Sec. 33. REVISOR'S INSTRUCTION.**

In the next editions of Minnesota Statutes and Minnesota Rules, the Revisor of Statutes shall change the term "Urban Initiative Board" to "Minnesota Initiative Board," "board," or similar terms as the context requires.

**ARTICLE 3**  
**AGRICULTURE**

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2015, First Special Session chapter 4, or appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2016" and "2017" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. Appropriations for fiscal year 2016 are effective the day following final enactment.

	<b><u>APPROPRIATIONS</u></b>	
	<b><u>Available for the Year</u></b>	
	<b><u>Ending June 30</u></b>	
	<b><u>2016</u></b>	<b><u>2017</u></b>
Sec. 2. <b><u>DEPARTMENT OF AGRICULTURE</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b> <b><u>\$</u></b> <b><u>3,500,000</u></b>

\$350,000 the second year is for deposit in the noxious weed and invasive plant species assistance account established under Minnesota Statutes, section 18.89, to be used to implement the noxious weed grant program under Minnesota Statutes, section 18.90. This is a onetime appropriation.

\$1,000,000 the second year is for the tractor rollover protection pilot program under Minnesota Statutes, section 17.119. This is a onetime appropriation.

\$300,000 the second year is for the pollinator investment grant program under Minnesota Statutes, section 17.1195. This is a onetime appropriation.

\$200,000 the second year is for a grant to the city of Duluth to design and construct the Deep Winter Greenhouse. This is a onetime appropriation.

\$500,000 the second year is to administer the industrial hemp pilot program under Minnesota Statutes, section 18K.09. This is a onetime appropriation.

\$150,000 the second year is for grants of up to \$750 to farmers who demonstrate financial hardship due to the three-year transition period required under federal law for organic certification. This is a onetime appropriation and is in addition to funds appropriated to the commissioner of agriculture and available for organic certification cost-share grants under Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 3. The commissioner may award both a transition grant and a certification cost-share grant to a farmer in the same fiscal year.

\$1,000,000 the second year is for grants to the Board of Regents of the University of Minnesota to fund the Forever Green Agriculture Initiative and to protect the state's natural resources while increasing the efficiency, profitability, and productivity of Minnesota farmers by incorporating perennial and winter annual crops into existing agricultural practices. This is a onetime appropriation and is available until June 30, 2019. The appropriation in Laws 2015, First Special Session chapter 2, article 2, section 3, paragraph (i), is available until June 30, 2018.

Sec. 3. Minnesota Statutes 2014, section 17.117, subdivision 4, is amended to read:

Subd. 4. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Agricultural and environmental revolving accounts" means accounts in the agricultural fund, controlled by the commissioner, which hold funds available to the program.

(c) "Agriculture supply business" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that provides materials, equipment, or services to farmers or agriculture-related enterprises.

(d) "Allocation" means the funds awarded to an applicant for implementation of best management practices through a competitive or noncompetitive application process.

(e) "Applicant" means a local unit of government eligible to participate in this program that requests an allocation of funds as provided in subdivision 6b.

(f) "Best management practices" has the meaning given in sections 103F.711, subdivision 3, and 103H.151, subdivision 2, ~~or~~. Best management practices also means other practices, techniques, and measures that have been demonstrated to the satisfaction of the commissioner: (1) to prevent or reduce adverse environmental impacts by using the most effective and practicable means of

achieving environmental goals; or (2) to achieve drinking water quality standards under chapter 103H or under Code of Federal Regulations, title 40, parts 141 and 143, as amended.

(g) "Borrower" means a farmer, an agriculture supply business, or a rural landowner applying for a low-interest loan.

(h) "Commissioner" means the commissioner of agriculture, including when the commissioner is acting in the capacity of chair of the Rural Finance Authority, or the designee of the commissioner.

(i) "Committed project" means an eligible project scheduled to be implemented at a future date:

(1) that has been approved and certified by the local government unit; and

(2) for which a local lender has obligated itself to offer a loan.

(j) "Comprehensive water management plan" means a state approved and locally adopted plan authorized under section 103B.231, 103B.255, 103B.311, 103C.331, 103D.401, or 103D.405.

(k) "Cost incurred" means expenses for implementation of a project accrued because the borrower has agreed to purchase equipment or is obligated to pay for services or materials already provided as a result of implementing an approved eligible project.

(l) "Farmer" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that regularly participates in physical labor or operations management of farming and files a Schedule F as part of filing United States Internal Revenue Service Form 1040 or indicates farming as the primary business activity under Schedule C, K, or S, or any other applicable report to the United States Internal Revenue Service.

(m) "Lender agreement" means an agreement entered into between the commissioner and a local lender which contains terms and conditions of participation in the program.

(n) "Local government unit" means a county, soil and water conservation district, or an organization formed for the joint exercise of powers under section 471.59 with the authority to participate in the program.

(o) "Local lender" means a local government unit as defined in paragraph (n), a state or federally chartered bank, a savings association, a state or federal credit union, Agribank and its affiliated organizations, or a nonprofit economic development organization or other financial lending institution approved by the commissioner.

(p) "Local revolving loan account" means the account held by a local government unit and a local lender into which principal repayments from borrowers are deposited and new loans are issued in accordance with the requirements of the program and lender agreements.

(q) "Nonpoint source" has the meaning given in section 103F.711, subdivision 6.

(r) "Program" means the agriculture best management practices loan program in this section.

(s) "Project" means one or more components or activities located within Minnesota that are required by the local government unit to be implemented for satisfactory completion of an eligible best management practice.

(t) "Rural landowner" means the owner of record of Minnesota real estate located in an area determined by the local government unit to be rural after consideration of local land use patterns,



zoning regulations, jurisdictional boundaries, local community definitions, historical uses, and other pertinent local factors.

(u) "Water-quality cooperative" has the meaning given in section 115.58, paragraph (d), except as expressly limited in this section.

Sec. 4. Minnesota Statutes 2014, section 17.117, subdivision 11a, is amended to read:

Subd. 11a. **Eligible projects.** (a) All projects that remediate or mitigate adverse environmental impacts are eligible if:

~~(1) the project is eligible under the an allocation agreement and funding sources designated by the local government unit to finance the project; and.~~

~~(2) (b) A manure management projects remediate project is eligible if the project remediates or mitigate mitigates impacts from facilities with less than 1,000 animal units as defined in Minnesota Rules, chapter 7020, and otherwise meets the requirements of this section.~~

(c) A drinking water project is eligible if the project:

(1) remediates the adverse environmental impacts or presence of contaminants in private well water;

(2) implements best management practices to achieve drinking water standards; and

(3) otherwise meets the requirements of this section.

Sec. 5. **[17.119] TRACTOR ROLLOVER PROTECTION PILOT GRANT PROGRAM.**

Subdivision 1. **Grants; eligibility.** (a) The commissioner must award cost-share grants to Minnesota farmers who retrofit eligible tractors and Minnesota schools that retrofit eligible tractors with eligible rollover protective structures. Grants are limited to 70 percent of the farmer's or school's documented cost to purchase, ship, and install an eligible rollover protective structure. The commissioner must increase the grant award amount over the 70 percent grant limitation requirement if necessary to limit a farmer's or school's cost per tractor to no more than \$500.

(b) A rollover protective structure is eligible if it meets or exceeds SAE International standard J2194.

(c) A tractor is eligible if the tractor was built before 1987.

Subd. 2. **Promotion; administration.** The commissioner may spend up to 20 percent of total program dollars each fiscal year to promote and administer the program to Minnesota farmers and schools.

Subd. 3. **Nonstate sources; appropriation.** The commissioner must accept contributions from nonstate sources to supplement state appropriations for this program. Contributions received under this subdivision are appropriated to the commissioner for purposes of this section.

Subd. 4. **Expiration.** This section expires on June 30, 2019.

Sec. 6. **[17.1195] POLLINATOR INVESTMENT GRANT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner may award a pollinator investment grant to a person who implements best management practices to protect wild and managed insect pollinators

in this state equal to ten percent of the first \$100,000 of qualifying expenditures, provided the person makes qualifying expenditures of at least \$25,000. The commissioner may award multiple pollinator investment grants to a person over the life of the program as long as the cumulative amount does not exceed \$30,000.

Subd. 2. **Definition.** For the purposes of this section, "qualified expenditures" means the amount spent for:

(1) in conventional farming systems, planting neonicotinoid-free seeds, implementing integrated pest management practices, and not using a pesticide class labeled by the United States Environmental Protection Agency as toxic to bees; or

(2) creating new pollinator habitat, and not using a pesticide class labeled by the United States Environmental Protection Agency as toxic to bees; by:

(i) seeding native flowering plants as prairie strips within productive cropland to provide forage for pollinators;

(ii) renovating a pasture system by overseeding a pasture with high-diversity native forb or native or non-native legume mixtures;

(iii) interseeding legumes, brassicas, buckwheat, or other pollinator forage plants with corn or soybean, or planting these as cover crops before or after corn or soybean;

(iv) planting or seeding riparian and wetland areas and vegetative buffer strips with native perennial cover that provides forage for pollinators;

(v) planting a native hedgerow; or

(vi) increasing plant diversity in nonproductive areas by adding native flowering forbs, trees, or shrubs, or by introducing pollinator-friendly plant species into existing strands of grasses.

Subd. 3. **Eligibility.** (a) To be eligible for a pollinator investment grant, a person must:

(1) be a resident of Minnesota or an entity specifically defined in section 500.24, subdivision 2, that is eligible to own farmland and operate a farm in this state under section 500.24;

(2) be the principal operator of the farm; and

(3) apply to the commissioner on forms prescribed by the commissioner, including a statement of the qualifying expenditures made during the qualifying period along with any proof or other documentation the commissioner may require.

(b) The \$10,000 maximum grant applies at the entity level for partnerships, S corporations, C corporations, trusts, and estates as well as at the individual level. In the case of married individuals, the grant is limited to \$10,000 for a married couple.

Sec. 7. Minnesota Statutes 2014, section 41A.12, subdivision 2, is amended to read:

Subd. 2. **Activities authorized.** For the purposes of this program, the commissioner may issue grants, loans, or other forms of financial assistance. Eligible activities include, but are not limited to, grants to livestock producers under the livestock investment grant program under section 17.118, bioenergy awards made by the NextGen Energy Board under section 41A.105, cost-share grants for

the installation of biofuel blender pumps, and financial assistance to support other rural economic infrastructure activities.

Sec. 8. Minnesota Statutes 2015 Supplement, section 41A.14, subdivision 1, is amended to read:

Subdivision 1. **Duties; grants.** The agriculture research, education, extension, and technology transfer grant program is created. The purpose of the grant program is to provide investments that will most efficiently achieve long-term agricultural productivity increases through improved infrastructure, vision, and accountability. The scope and intent of the grants, to the extent possible, shall provide for a long-term base funding that allows the research grantee to continue the functions of the research, education, ~~and extension,~~ and technology transfer efforts to a practical conclusion. Priority for grants shall be given to human infrastructure. The commissioner shall provide grants for:

(1) ~~agricultural research, extension, and technology transfer needs and recipients including agricultural research and extension~~ at the University of Minnesota, research and outreach centers, the College of Food, Agricultural and Natural Resource Sciences, the Minnesota Agricultural Experiment Station, University of Minnesota Extension Service, the University of Minnesota Veterinary School, the Veterinary Diagnostic Laboratory, the Stakman-Borlaug Center, and the Minnesota Agriculture Fertilizer Research and Education Council;

(2) agriculture rapid response for plant and animal diseases and pests; and

(3) agriculture education including but not limited to the Minnesota Agriculture Education Leadership Council, farm business management, mentoring programs, graduate debt forgiveness, and high school programs.

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

Sec. 9. Minnesota Statutes 2015 Supplement, section 41A.14, subdivision 2, is amended to read:

Subd. 2. **Advisory panel.** (a) In awarding grants under this section, the commissioner and a representative of the College of Food, Agricultural, and Natural Resource Sciences at the University of Minnesota must consult with an advisory panel consisting of the following stakeholders:

(1) ~~a representative of the College of Food, Agricultural and Natural Resource Sciences at the University of Minnesota;~~

(2) a representative of the Minnesota State Colleges and Universities system;

(3) ~~(2)~~ a representative of the Minnesota Farm Bureau;

(4) ~~(3)~~ a representative of the Minnesota Farmers Union;

(5) ~~(4)~~ a person representing agriculture industry statewide;

(6) ~~(5)~~ a representative of each of the state commodity councils organized under section 17.54 and the Minnesota Pork Board;

(7) ~~(6)~~ a person representing an association of primary manufacturers of forest products;

(8) ~~(7)~~ a person representing organic or sustainable agriculture; and

(9) ~~(8)~~ a person representing statewide environment and natural resource conservation organizations.

(b) Members under paragraph (a), clauses (1) to (3) and (5), shall be chosen by their respective organizations.

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

Sec. 10. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2a. **Biobased content.** "Biobased content" means a chemical, polymer, monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a biobased percentage of at least 51 percent as determined by testing representative samples using American Society for Testing and Materials specification D6866.

Sec. 11. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2b. **Biobased formulated product.** "Biobased formulated product" means a product that is not sold primarily for use as food, feed, or fuel and that has a biobased content percentage of at least ten percent as determined by testing representative samples using American Society for Testing and Materials specification D6866, or that contains a biobased chemical constituent that displaces a known hazardous or toxic constituent previously used in the product formulation.

Sec. 12. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2c. **Biobutanol.** "Biobutanol" means fermentation isobutyl alcohol that is derived from agricultural products, including potatoes, cereal grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources.

Sec. 13. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2d. **Biobutanol facility.** "Biobutanol facility" means a facility at which biobutanol is produced.

Sec. 14. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 9a. **Quarterly.** "Quarterly" means any of the following three-month intervals in a calendar year: January through March, April through June, July through September, or October through December.

Sec. 15. Minnesota Statutes 2015 Supplement, section 41A.15, subdivision 10, is amended to read:

Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical with biobased content as defined in section 41A.105, subdivision 1a.

Sec. 16. Minnesota Statutes 2015 Supplement, section 41A.16, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the

state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin operating above ~~95,000~~ 23,750 MMbtu of ~~annual~~ quarterly biofuel production before July 1, 2015. Eligible facilities include ~~existing~~ companies and facilities that are adding advanced biofuel production capacity, or retrofitting existing capacity, as well as new companies and facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at least ~~95,000~~ 23,750 MMbtu ~~a year~~ of biofuel quarterly.

(b) No payments shall be made for advanced biofuel production that occurs after June 30, 2035, for those eligible biofuel producers under paragraph (a).

(c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility for payments under this section to an advanced biofuel facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Renewable chemical production for which payment has been received under section 41A.17, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

(f) Biobutanol is eligible under this section.

Sec. 17. Minnesota Statutes 2015 Supplement, section 41A.17, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this program must source at least 80 percent biobased content, ~~as defined in section 41A.105, subdivision 1a, clause (1),~~ from Minnesota. If a facility is sited 50 miles or less from the state border, biobased content must be sourced from within a 100-mile radius. Biobased content must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin production of ~~3,000,000~~ 750,000 pounds of chemicals ~~annually~~ quarterly before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible renewable chemical facilities must produce at least ~~3,000,000~~ 750,000 pounds ~~per year~~ of renewable chemicals quarterly. Renewable chemicals produced through processes that are fully commercial before January 1, 2000, are not eligible.

(b) No payments shall be made for renewable chemical production that occurs after June 30, 2035, for those eligible renewable chemical producers under paragraph (a).

(c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility for payments under this section to a renewable chemical facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Advanced biofuel production for which payment has been received under section 41A.16, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

Sec. 18. Minnesota Statutes 2015 Supplement, section 41A.17, subdivision 2, is amended to read:

Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make payments to eligible producers of renewable chemicals located in the state. The amount of the payment for each producer's annual production is \$0.03 per pound of sugar-derived renewable chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of cellulosic-derived renewable chemical produced at a specific location for ten years after the start of production.

(b) An eligible facility producing renewable chemicals using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each ~~MMbtu~~ pound produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible renewable chemical producer in a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable chemical production. Total payments under this section to all eligible renewable chemical producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of renewable chemical production. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(d) For purposes of this section, an entity that holds a controlling interest in more than one renewable chemical production facility is considered a single eligible producer.

Sec. 19. Minnesota Statutes 2015 Supplement, section 41A.18, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials should be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources. The facility must be located in Minnesota, must have begun production at a specific location by June 30, 2025, and must not begin before July 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible biomass thermal production facilities must produce at least ~~1,000~~ 250 MMbtu per year of biomass thermal quarterly.

(b) No payments shall be made for biomass thermal production that occurs after June 30, 2035, for those eligible biomass thermal producers under paragraph (a).

(c) An eligible producer of biomass thermal production shall not transfer the producer's eligibility for payments under this section to a biomass thermal production facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Biofuel production for which payment has been received under section 41A.16, and renewable chemical production for which payment has been received under section 41A.17, are not eligible for payment under this section.

Sec. 20. [41A.20] SIDING PRODUCTION INCENTIVE.

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

(b) "Commissioner" means the commissioner of agriculture.

(c) "Forest resources" means raw wood logs and material primarily made up of cellulose, hemicellulose, or lignin, or a combination of those ingredients.

Subd. 2. Eligibility. (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from forest resources. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin operating before July 1, 2017. Eligible facilities include existing companies and facilities that are adding siding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible siding production facilities must produce at least 200,000,000 siding square feet on a 3/8 inch nominal basis of siding each year.

(b) No payments shall be made for siding production that occurs after June 30, 2035, for those eligible producers under paragraph (a).

(c) An eligible producer of siding shall not transfer the producer's eligibility for payments under this section to a facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

Subd. 3. Payment amounts; limits. (a) The commissioner shall make payments to eligible producers of siding. The amount of the payment for each eligible producer's annual production is \$7.50 per 1,000 siding square feet on a 3/8 inch nominal basis of siding produced at a specific location for ten years after the start of production.

(b) Total payments under this section to an eligible siding producer in a fiscal year may not exceed the amount necessary for 400,000,000 siding square feet on a 3/8 inch nominal basis of siding produced. Total payments under this section to all eligible siding producers in a fiscal year may not exceed the amount necessary for 400,000,000 siding square feet on a 3/8 inch nominal basis of siding produced. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(c) For purposes of this section, an entity that holds a controlling interest in more than one siding facility is considered a single eligible producer.

Subd. 4. Forest resources requirements. Forest resources that come from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training from the Minnesota logger education program or the equivalent, and have a forest stewardship plan.

Subd. 5. Claims. (a) By the last day of October, January, April, and July, each eligible siding producer shall file a claim for payment for siding production during the preceding three calendar months. An eligible siding producer that files a claim under this subdivision shall include a statement

of the eligible producer's total board feet of siding produced during the quarter covered by the claim. For each claim and statement of total board feet of siding filed under this subdivision, the board feet of siding produced must be examined by a certified public accounting firm with a valid permit to practice under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(b) The commissioner must issue payments by November 15, February 15, May 15, and August 15. A separate payment must be made for each claim filed.

Subd. 6. **Appropriation.** A sum sufficient to make the payments required by this section, not to exceed \$3,000,000 in a fiscal year, is annually appropriated from the general fund to the commissioner.

Sec. 21. Minnesota Statutes 2015 Supplement, section 116D.04, subdivision 2a, is amended to read:

Subd. 2a. **When prepared.** Where there is potential for significant environmental effects resulting from any major governmental action, the action shall be preceded by a detailed environmental impact statement prepared by the responsible governmental unit. The environmental impact statement shall be an analytical rather than an encyclopedic document which describes the proposed action in detail, analyzes its significant environmental impacts, discusses appropriate alternatives to the proposed action and their impacts, and explores methods by which adverse environmental impacts of an action could be mitigated. The environmental impact statement shall also analyze those economic, employment, and sociological effects that cannot be avoided should the action be implemented. To ensure its use in the decision-making process, the environmental impact statement shall be prepared as early as practical in the formulation of an action.

(a) The board shall by rule establish categories of actions for which environmental impact statements and for which environmental assessment worksheets shall be prepared as well as categories of actions for which no environmental review is required under this section. A mandatory environmental assessment worksheet shall not be required for the expansion of an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b), or the conversion of an ethanol plant to a biobutanol facility or the expansion of a biobutanol facility as defined in section ~~41A.105~~ 41A.15, subdivision ~~1a~~ 2d, based on the capacity of the expanded or converted facility to produce alcohol fuel, but must be required if the ethanol plant or biobutanol facility meets or exceeds thresholds of other categories of actions for which environmental assessment worksheets must be prepared. The responsible governmental unit for an ethanol plant or biobutanol facility project for which an environmental assessment worksheet is prepared shall be the state agency with the greatest responsibility for supervising or approving the project as a whole.

A mandatory environmental impact statement shall not be required for a facility or plant located outside the seven-county metropolitan area that produces less than 125,000,000 gallons of ethanol, biobutanol, or cellulosic biofuel annually, or produces less than 400,000 tons of chemicals annually, if the facility or plant is: an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b); a biobutanol facility, as defined in section ~~41A.105~~ 41A.15, subdivision ~~1a~~, clause ~~(1)~~ 2d; or a cellulosic biofuel facility. A facility or plant that only uses a cellulosic feedstock to produce chemical products for use by another facility as a feedstock shall not be considered a fuel conversion facility as used in rules adopted under this chapter.



(b) The responsible governmental unit shall promptly publish notice of the completion of an environmental assessment worksheet by publishing the notice in at least one newspaper of general circulation in the geographic area where the project is proposed, by posting the notice on a Web site that has been designated as the official publication site for publication of proceedings, public notices, and summaries of a political subdivision in which the project is proposed, or in any other manner determined by the board and shall provide copies of the environmental assessment worksheet to the board and its member agencies. Comments on the need for an environmental impact statement may be submitted to the responsible governmental unit during a 30-day period following publication of the notice that an environmental assessment worksheet has been completed. The responsible governmental unit's decision on the need for an environmental impact statement shall be based on the environmental assessment worksheet and the comments received during the comment period, and shall be made within 15 days after the close of the comment period. The board's chair may extend the 15-day period by not more than 15 additional days upon the request of the responsible governmental unit.

(c) An environmental assessment worksheet shall also be prepared for a proposed action whenever material evidence accompanying a petition by not less than 100 individuals who reside or own property in the state, submitted before the proposed project has received final approval by the appropriate governmental units, demonstrates that, because of the nature or location of a proposed action, there may be potential for significant environmental effects. Petitions requesting the preparation of an environmental assessment worksheet shall be submitted to the board. The chair of the board shall determine the appropriate responsible governmental unit and forward the petition to it. A decision on the need for an environmental assessment worksheet shall be made by the responsible governmental unit within 15 days after the petition is received by the responsible governmental unit. The board's chair may extend the 15-day period by not more than 15 additional days upon request of the responsible governmental unit.

(d) Except in an environmentally sensitive location where Minnesota Rules, part 4410.4300, subpart 29, item B, applies, the proposed action is exempt from environmental review under this chapter and rules of the board, if:

(1) the proposed action is:

- (i) an animal feedlot facility with a capacity of less than 1,000 animal units; or
- (ii) an expansion of an existing animal feedlot facility with a total cumulative capacity of less than 1,000 animal units;

(2) the application for the animal feedlot facility includes a written commitment by the proposer to design, construct, and operate the facility in full compliance with Pollution Control Agency feedlot rules; and

(3) the county board holds a public meeting for citizen input at least ten business days prior to the Pollution Control Agency or county issuing a feedlot permit for the animal feedlot facility unless another public meeting for citizen input has been held with regard to the feedlot facility to be permitted. The exemption in this paragraph is in addition to other exemptions provided under other law and rules of the board.

(e) The board may, prior to final approval of a proposed project, require preparation of an environmental assessment worksheet by a responsible governmental unit selected by the board for

any action where environmental review under this section has not been specifically provided for by rule or otherwise initiated.

(f) An early and open process shall be utilized to limit the scope of the environmental impact statement to a discussion of those impacts, which, because of the nature or location of the project, have the potential for significant environmental effects. The same process shall be utilized to determine the form, content and level of detail of the statement as well as the alternatives which are appropriate for consideration in the statement. In addition, the permits which will be required for the proposed action shall be identified during the scoping process. Further, the process shall identify those permits for which information will be developed concurrently with the environmental impact statement. The board shall provide in its rules for the expeditious completion of the scoping process. The determinations reached in the process shall be incorporated into the order requiring the preparation of an environmental impact statement.

(g) The responsible governmental unit shall, to the extent practicable, avoid duplication and ensure coordination between state and federal environmental review and between environmental review and environmental permitting. Whenever practical, information needed by a governmental unit for making final decisions on permits or other actions required for a proposed project shall be developed in conjunction with the preparation of an environmental impact statement. When an environmental impact statement is prepared for a project requiring multiple permits for which two or more agencies' decision processes include either mandatory or discretionary hearings before a hearing officer prior to the agencies' decision on the permit, the agencies may, notwithstanding any law or rule to the contrary, conduct the hearings in a single consolidated hearing process if requested by the proposer. All agencies having jurisdiction over a permit that is included in the consolidated hearing shall participate. The responsible governmental unit shall establish appropriate procedures for the consolidated hearing process, including procedures to ensure that the consolidated hearing process is consistent with the applicable requirements for each permit regarding the rights and duties of parties to the hearing, and shall utilize the earliest applicable hearing procedure to initiate the hearing.

(h) An environmental impact statement shall be prepared and its adequacy determined within 280 days after notice of its preparation unless the time is extended by consent of the parties or by the governor for good cause. The responsible governmental unit shall determine the adequacy of an environmental impact statement, unless within 60 days after notice is published that an environmental impact statement will be prepared, the board chooses to determine the adequacy of an environmental impact statement. If an environmental impact statement is found to be inadequate, the responsible governmental unit shall have 60 days to prepare an adequate environmental impact statement.

(i) The proposer of a specific action may include in the information submitted to the responsible governmental unit a preliminary draft environmental impact statement under this section on that action for review, modification, and determination of completeness and adequacy by the responsible governmental unit. A preliminary draft environmental impact statement prepared by the project proposer and submitted to the responsible governmental unit shall identify or include as an appendix all studies and other sources of information used to substantiate the analysis contained in the preliminary draft environmental impact statement. The responsible governmental unit shall require additional studies, if needed, and obtain from the project proposer all additional studies and information necessary for the responsible governmental unit to perform its responsibility to review, modify, and determine the completeness and adequacy of the environmental impact statement.

Sec. 22. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, is amended to read:

**Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement**

14,993,000

19,010,000

\$4,483,000 the first year and \$8,500,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. The transfer in this paragraph includes money for plant breeders at the University of Minnesota for cultivated wild rice, potatoes, and grapes. Of the amount appropriated in this paragraph, at least \$450,000 the second year is for transfer to the Board of Regents of the University of Minnesota for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder. Of the amount appropriated in this paragraph, at least \$350,000 the second year is for transfer to the Board of Regents of the University of Minnesota for potato breeding. Of these amounts, at least \$600,000 each year is for agriculture rapid response the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2). Of the amount appropriated in this paragraph, \$1,000,000 each year is for transfer to the Board of Regents of the University of Minnesota for research to determine (1) what is causing avian influenza, (2) why some fowl are more susceptible, and (3) prevention measures that can be taken. Of the amount appropriated in this paragraph, \$2,000,000 each year is for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants. The commissioner shall transfer the remaining grant funds in this appropriation each year to the Board of Regents of the University of Minnesota

for purposes of Minnesota Statutes, section 41A.14, subdivision 1, clause (1), and subject to Minnesota Statutes, section 41A.14, subdivision 2.

To the extent practicable, funds expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants are available until June 30, 2019.

\$10,235,000 the first year and \$10,235,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. No later than February 1, 2016, and February 1, 2017, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance regarding the commissioner's accomplishments and anticipated accomplishments in the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify products; developing urban agriculture; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including loans under Minnesota Statutes, section 41B.056; sustainable agriculture on farm research and demonstration; development or expansion of food hubs and other alternative

community-based food distribution systems; and research on bioenergy, biobased content, or biobased formulated products and other renewable energy development. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants are available until June 30, 2019.

The commissioner may use funds appropriated for the agricultural growth, research, and innovation program as provided in this paragraph. The commissioner may award grants to owners of Minnesota facilities producing bioenergy, biobased content, or a biobased formulated product; to organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse strands of prairie plants and other perennials for bioenergy systems; or to certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material, as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic materials via gasification or other processes. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy, biobased content, or biobased formulated product production or \$500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The commissioner shall make a good-faith effort to select projects that have merit and, when taken together, represent a variety of bioenergy

technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer provide certification on the technology and fuel source. Grantees must provide reports at the request of the commissioner.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$500,000 in fiscal year 2016 and \$1,500,000 in fiscal year 2017 are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available to the commissioner for the agricultural growth, research, and innovation program. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2017, and the second year appropriation is available until June 30, 2018. The commissioner may use up to 4.5 percent of the appropriation for administration of the incentive payment programs.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$250,000 the first year is for grants to communities to develop or expand food hubs and other alternative community-based food distribution systems. Of this amount, \$50,000 is for the commissioner to consult with existing food hubs, alternative community-based food distribution systems, and University of Minnesota Extension to identify best practices for use by other Minnesota

communities. No later than December 15, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture and health regarding the status of emerging alternative community-based food distribution systems in the state along with recommendations to eliminate any barriers to success. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. This is a onetime appropriation.

\$250,000 the first year and \$250,000 the second year are for grants that enable retail petroleum dispensers to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this paragraph if the retail petroleum dispenser has no more than 15 retail petroleum dispensing sites and each site is located in Minnesota. The grant money received under this paragraph must be used for the installation of appropriate technology that uses fuel dispensing equipment appropriate for at least one fuel dispensing site to dispense gasoline that is blended with 15 percent of agriculturally derived, denatured ethanol, by volume, and appropriate technical assistance related to the installation. A grant award must not exceed 85 percent of the cost of the technical assistance and appropriate technology, including remetering of and retrofits for retail petroleum dispensers and replacement of petroleum dispenser projects. The commissioner may use up to \$35,000 of this appropriation for administrative expenses. The commissioner shall cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance by February 1 each year, detailing

the number of grants awarded under this paragraph and the projected effect of the grant program on meeting the biofuel replacement goals under Minnesota Statutes, section 239.7911. These are onetime appropriations.

\$25,000 the first year and \$25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

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

Sec. 23. Laws 2015, First Special Session chapter 4, article 1, section 5, is amended to read:

**Sec. 5. AVIAN INFLUENZA RESPONSE ACTIVITIES; APPROPRIATIONS AND TRANSFERS.**

(a) ~~\$3,619,000~~ \$619,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of agriculture for avian influenza emergency response activities. The commissioner may use money appropriated under this paragraph to purchase necessary euthanasia and composting equipment and to reimburse costs incurred by local units of government directly related to avian influenza emergency response activities that are not eligible for federal reimbursement. This appropriation is available the day following final enactment until June 30, 2017.

(b) \$1,853,000 is appropriated from the general fund in fiscal year 2016 to the Board of Animal Health for avian influenza emergency response activities. The Board may use money appropriated under this paragraph to purchase necessary euthanasia and composting equipment and to retain trained staff. This appropriation is available the day following final enactment until June 30, 2017.

(c) \$103,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of health for avian influenza emergency response activities. This appropriation is available the day following final enactment until June 30, 2017.

(d) \$350,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of natural resources for sampling wild animals to detect and monitor the avian influenza virus. This appropriation may also be used to conduct serology sampling, in consultation with the Board of Animal Health and the University of Minnesota Pomeroy Chair in Avian Health, from birds within a control zone and outside of a control zone. This appropriation is available the day following final enactment until June 30, 2017.

(e) \$544,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of public safety to operate the State Emergency Operation Center in coordination with the statewide avian influenza response activities. Appropriations under this paragraph may also be used to support a staff person at the state's agricultural incident command post in Willmar. This appropriation is available the day following final enactment until June 30, 2017.



(f) The commissioner of management and budget may transfer unexpended balances from the appropriations in this section to any state agency for operating expenses related to avian influenza emergency response activities. The commissioner of management and budget must report each transfer to the chairs and ranking minority members of the senate Committee on Finance and the house of representatives Committee on Ways and Means.

(g) In addition to the transfers required under Laws 2015, chapter 65, article 1, section 17, no later than September 30, 2015, the commissioner of management and budget must transfer \$4,400,000 from the fiscal year 2015 closing balance in the general fund to the disaster assistance contingency account in Minnesota Statutes, section 12.221, subdivision 6. This amount is available for avian influenza emergency response activities as provided in Laws 2015, chapter 65, article 1, section 18.

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

#### ARTICLE 4

#### NATURAL RESOURCES

##### Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2015, First Special Session chapter 4, or appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2016" and "2017" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. Appropriations for fiscal year 2016 are effective the day following final enactment.

<b><u>APPROPRIATIONS</u></b>	
<b><u>Available for the Year</u></b>	
<b><u>Ending June 30</u></b>	
<b><u>2016</u></b>	<b><u>2017</u></b>

##### Sec. 2. NATURAL RESOURCES

<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>2,269,000</u></b>	<b><u>\$</u></b>	<b><u>14,885,000</u></b>
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##### Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	1,599,000	12,386,000
<u>Natural Resources</u>	-0-	2,320,000
<u>Game and Fish</u>	670,000	110,000
<u>Permanent School</u>	-0-	69,000

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

**Subd. 2. Lands and Minerals Management** -0- 500,000

\$500,000 the second year is for transfer to the school trust lands director to initiate the private sale of surplus school trust lands identified according to Minnesota Statutes, section 92.82, paragraph (d), including, but not limited to, valuation expenses, legal fees, and transactional staff costs. This appropriation must not be used to extinguish school trust interests in school trust lands. This is a onetime appropriation.

**Subd. 3. Ecological and Water Resources** -0- 1,637,000

\$187,000 the second year is for a grant to the Middle-Snake-Tamarac Rivers Watershed District to match equal funds from the North Dakota State Water Commission and North Dakota water boards to conduct hydraulic modeling of alternative floodway options for the reach including and upstream and downstream of the Minnesota and North Dakota agricultural levies in the vicinity of Oslo, Minnesota. The modeling must include evaluating removal of floodway flow obstructions, channel obstructions, transportation access, and equalization of agricultural levy protection. The project must be conducted in partnership with the border township association group representing four Minnesota townships and the city of Oslo and the three adjacent townships in North Dakota. This is a onetime appropriation and is available until June 30, 2018.

\$1,200,000 the second year is for an impact study of irrigation on the Pineland Sands aquifer. This is a onetime appropriation and is available until June 30, 2019.

\$250,000 the second year is for maintenance of the Little Stone Lake Dam. St. Louis County shall transfer to the state of Minnesota maintenance and control of the Little Stone

Lake Dam that is described as: DAM ID MN00373. This is a onetime appropriation.

**Subd. 4. Forest Management**

-0-                      3,100,000

\$600,000 the second year is for a pilot program to increase forest road maintenance. The commissioner shall use the money to perform needed maintenance on forest roads in conjunction with timber sales. Optional forest road maintenance contracts may be offered to successful purchasers of state timber sales at the commissioner's discretion. This is a onetime appropriation.

\$2,500,000 the second year is for private forest management assistance. The agency base is increased by \$2,028,000 in fiscal year 2018 and thereafter.

**Subd. 5. Parks and Trails Management**

-0-                      5,668,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>-0-</u>	<u>3,279,000</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>2,320,000</u>
<u>Permanent School</u>	<u>-0-</u>	<u>69,000</u>

\$3,000,000 the second year is a onetime appropriation.

\$2,300,000 the second year is from the state parks account in the natural resources fund. Of this amount, \$1,300,000 is onetime. In fiscal year 2017, the level of service and hours at all state parks and recreation areas must be maintained at fiscal year 2015 levels.

\$20,000 the second year is from the natural resources fund to design and erect signs marking the David K. Dill trail designated in this act. Of this amount, \$10,000 is from the snowmobile trails and enforcement account and \$10,000 is from the all-terrain vehicle account. This is a onetime appropriation.

\$69,000 the second year is from the state forest suspense account in the permanent

school fund for the improvement of the infrastructure for sanitary sewer service at the Woodenfrog Campground in Kabetogama State Forest. This is a onetime appropriation.

\$250,000 the second year is for a grant to Douglas County to acquire land, including a ski area, for use as a regional park. The grant must be matched by other state or nonstate sources. This is a onetime appropriation and is available until June 30, 2019.

\$29,000 the second year is for computer programming related to the transfer-on-death title changes for watercraft. This is a onetime appropriation.

<u>Subd. 6. Fish and Wildlife Management</u>	<u>-0-</u>	<u>50,000</u>
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\$50,000 the second year is from the game and fish fund for fish virus surveillance, including fish testing in high-risk waters used for bait production, to ensure the availability of safe bait. This is a onetime appropriation.

<u>Subd. 7. Enforcement</u>	<u>670,000</u>	<u>-0-</u>
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\$670,000 the first year is from the game and fish fund for aviation services. This is a onetime appropriation.

<u>Subd. 8. Operations Support</u>	<u>1,599,000</u>	<u>3,930,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>1,599,000</u>	<u>3,870,000</u>
<u>Game and Fish</u>	<u>-0-</u>	<u>60,000</u>

\$1,599,000 the first year and \$2,370,000 the second year are for legal costs related to the NorthMet mining project. This is a onetime appropriation and is available until June 30, 2019.

\$1,500,000 the second year is for a grant to Wolf Ridge Environmental Learning Center to construct a new dormitory, renovate an old dormitory, construct a maintenance building, and construct a small classroom building

with parking. The grant is not available until the commissioner of management and budget determines that an amount sufficient to complete the project is available from nonstate sources. This is a onetime appropriation and is available until June 30, 2019.

\$60,000 the second year is from the heritage enhancement account for the department's Southeast Asian unit to conduct outreach efforts to the Southeast Asian community in Minnesota, including outreach efforts to refugees from Burma, to encourage participation in outdoor education opportunities and activities. This is a onetime appropriation.

Sec. 3. Minnesota Statutes 2014, section 84.091, subdivision 2, is amended to read:

Subd. 2. **License required; exception exemptions.** (a) Except as provided in ~~paragraph (b)~~ this subdivision, a person may not harvest, buy, sell, transport, or possess aquatic plants without a license required under this chapter. A license shall be issued in the same manner as provided under the game and fish laws.

(b) A resident under the age of 18 years may harvest wild rice without a license, if accompanied by a person with a wild rice license.

(c) Tribal band members who possess a valid tribal identification card may harvest wild rice without a license under this section.

Sec. 4. Minnesota Statutes 2014, section 84.798, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** Registration is not required for an off-road vehicle that is:

(1) owned and used by the United States, an Indian tribal government, the state, another state, or a political subdivision; ~~or~~

(2) registered in another state or country and has not been in this state for more than 30 consecutive days; or

(3) operated with a valid state trail pass according to section 84.8035.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 5. Minnesota Statutes 2014, section 84.8035, is amended to read:

**84.8035 ~~NONRESIDENT OFF-ROAD VEHICLE STATE TRAIL PASS.~~**

Subdivision 1. **Pass required; fee.** (a) Except as provided under paragraph (c), a nonresident person may not operate an off-road vehicle on a state or grant-in-aid off-road vehicle trail or use area unless the vehicle displays a nonresident an off-road vehicle state trail pass sticker issued according

to this section. The pass must be viewable by a peace officer, a conservation officer, or an employee designated under section 84.0835.

(b) ~~The fee for an annual pass is \$20. The pass is valid from January 1 through December 31. The fee for a three-year pass is \$30.~~ The commissioner of natural resources shall issue a pass upon application and payment of the fee. Fees collected under this section, except for the issuing fee for licensing agents, shall be deposited in the state treasury and credited to the off-road vehicle account in the natural resources fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, must be used for grants-in-aid to counties and municipalities for off-road vehicle organizations to construct and maintain off-road vehicle trails and use areas.

(c) ~~A nonresident~~ An off-road vehicle state trail pass is not required for:

(1) an off-road vehicle that is owned and used by the United States, another state, or a political subdivision thereof that is exempt from registration under section 84.798, subdivision 2;

(2) a person operating an off-road vehicle only on the portion of a trail that is owned by the person or the person's spouse, child, or parent; or

(3) a ~~nonresident~~ person operating an off-road vehicle that is registered according to section 84.798.

(d) The fee for an annual nonresident off-road vehicle state trail pass is \$20. The nonresident pass is valid from January 1 through December 31. The fee for a nonresident three-year pass is \$30.

(e) The fee for a resident off-road vehicle state trail pass is \$20. The resident pass is valid for 30 consecutive days after the date of issuance.

Subd. 2. **License agents.** The commissioner may appoint agents to issue and sell ~~nonresident~~ off-road vehicle state trail passes. The commissioner may revoke the appointment of an agent at any time. The commissioner may adopt additional rules as provided in section 97A.485, subdivision 11. An agent shall observe all rules adopted by the commissioner for accounting and handling of passes pursuant to section 97A.485, subdivision 11. An agent shall promptly deposit and remit all money received from the sale of the passes, exclusive of the issuing fee, to the commissioner.

Subd. 3. **Issuance of passes.** The commissioner and agents shall issue and sell ~~nonresident~~ off-road vehicle state trail passes. The commissioner shall also make the passes available through the electronic licensing system established under section 84.027, subdivision 15.

Subd. 4. **Agent's fee.** In addition to the fee for a pass, an issuing fee of \$1 per pass shall be charged. The issuing fee may be retained by the seller of the pass. Issuing fees for passes issued by the commissioner shall be deposited in the off-road vehicle account in the natural resources fund and retained for the operation of the electronic licensing system.

Subd. 5. **Duplicate passes.** The commissioner and agents shall issue a duplicate pass to persons whose pass is lost or destroyed using the process established under section 97A.405, subdivision 3, and rules adopted thereunder. The fee for a duplicate ~~nonresident~~ off-road vehicle state trail pass is \$4, with an issuing fee of 50 cents.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 6. Minnesota Statutes 2014, section 85.015, subdivision 13, is amended to read:

Subd. 13. **Arrowhead Region Trails, Cook, Lake, St. Louis, Pine, Carlton, Koochiching, and Itasca Counties.** (a)(1) The Taconite Trail shall originate at Ely in St. Louis County and extend southwesterly to Tower in St. Louis County, thence westerly to McCarthy Beach State Park in St. Louis County, thence southwesterly to Grand Rapids in Itasca County and there terminate;

(2) the C. J. Ramstad/Northshore Trail shall originate in Duluth in St. Louis County and extend northeasterly to Two Harbors in Lake County, thence northeasterly to Grand Marais in Cook County, thence northeasterly to the international boundary in the vicinity of the north shore of Lake Superior, and there terminate;

~~(3) The Grand Marais to International Falls Trail shall originate in Grand Marais in Cook County and extend northwesterly, outside of the Boundary Waters Canoe Area, to Ely in St. Louis County, thence southwesterly along the route of the Taconite Trail to Tower in St. Louis County, thence northwesterly through the Pelican Lake area in St. Louis County to International Falls in Koochiching County, and there terminate~~ the David K. Dill/Arrowhead Trail shall originate at International Falls in Koochiching County and extend southeasterly through the Pelican Lake area in St. Louis County, intersecting with the Taconite Trail west of Tower; then the David K. Dill/Taconite Trail continues easterly to Ely in St. Louis County; then the David K. Dill/Tomahawk Trail extends southeasterly, outside the Boundary Waters Canoe Area, to the area of Little Marais in Lake County and there terminates at the intersection with the C. J. Ramstad/Northshore Trail; and

(4) the Matthew Lourey Trail shall originate in Duluth in St. Louis County and extend southerly to Chengwatana State Forest in Pine County.

(b) The trails shall be developed primarily for riding and hiking.

(c) In addition to the authority granted in subdivision 1, lands and interests in lands for the Arrowhead Region trails may be acquired by eminent domain. Before acquiring any land or interest in land by eminent domain the commissioner of administration shall obtain the approval of the governor. The governor shall consult with the Legislative Advisory Commission before granting approval. Recommendations of the Legislative Advisory Commission shall be advisory only. Failure or refusal of the commission to make a recommendation shall be deemed a negative recommendation.

Sec. 7. **[86B.841] TRANSFER-ON-DEATH TITLE TO WATERCRAFT.**

Subdivision 1. **Titled as transfer-on-death.** A natural person who is the owner of a watercraft may have the watercraft titled in transfer-on-death or TOD form by including in the application for the certificate of title a designation of a beneficiary or beneficiaries to whom the watercraft must be transferred on death of the owner or the last survivor of joint owners with rights of survivorship, subject to the rights of secured parties.

Subd. 2. **Designation of beneficiary.** A watercraft is registered in transfer-on-death form by designating on the certificate of title the name of the owner and the names of joint owners with identification of rights of survivorship, followed by the words "transfer-on-death to (name of beneficiary or beneficiaries)." The designation "TOD" may be used instead of "transfer-on-death." A title in transfer-on-death form is not required to be supported by consideration, and the certificate of title in which the designation is made is not required to be delivered to the beneficiary or beneficiaries in order for the designation to be effective.

Subd. 3. **Interest of beneficiary.** The transfer-on-death beneficiary or beneficiaries have no interest in the watercraft until the death of the owner or the last survivor of joint owners with rights of survivorship. A beneficiary designation may be changed at any time by the owner or by all joint owners with rights of survivorship, without the consent of the beneficiary or beneficiaries, by filing an application for a new certificate of title.

Subd. 4. **Vesting of ownership in beneficiary.** Ownership of a watercraft titled in transfer-on-death form vests in the designated beneficiary or beneficiaries on the death of the owner or the last of the joint owners with rights of survivorship, subject to the rights of secured parties. The transfer-on-death beneficiary or beneficiaries who survive the owner may apply for a new certificate of title to the watercraft upon submitting a certified death record of the owner of the watercraft. If no transfer-on-death beneficiary or beneficiaries survive the owner of a watercraft, the watercraft must be included in the probate estate of the deceased owner. A transfer of a watercraft to a transfer-on-death beneficiary or beneficiaries is not a testamentary transfer.

Subd. 5. **Rights of creditors.** (a) This section does not limit the rights of any secured party or creditor of the owner of a watercraft against a transfer-on-death beneficiary or beneficiaries.

(b) The state or a county agency with a claim or lien authorized by section 246.53, 256B.15, 261.04, or 270C.63, is a creditor for purposes of this subdivision. A claim or lien under those sections continues to apply against the designated beneficiary or beneficiaries after the transfer under this section if other assets of the deceased owner's estate are insufficient to pay the amount of the claim. The claim or lien continues to apply to the watercraft until the designated beneficiary sells or transfers it to a person against whom the claim or lien does not apply and who did not have actual notice or knowledge of the claim or lien.

Sec. 8. Minnesota Statutes 2014, section 89.0385, is amended to read:

**89.0385 FOREST MANAGEMENT INVESTMENT ACCOUNT; COST CERTIFICATION.**

(a) The commissioner shall certify the total costs incurred for forest management, forest improvement, and road improvement on state-managed lands during each fiscal year. The commissioner shall distribute forest management receipts credited to various accounts according to this section.

(b) The amount of the certified costs incurred for forest management activities on state lands shall be transferred from the account where receipts are deposited to the forest management investment account in the natural resources fund, except for those costs certified under section 16A.125. Transfers may occur quarterly, based on quarterly cost and revenue reports, throughout the fiscal year, with final certification and reconciliation after each fiscal year. Transfers in a fiscal year cannot exceed receipts credited to the account.

(c) The amount of the certified costs incurred for forest management activities on nonstate lands managed under a good neighbor or joint powers agreement must be transferred from the account where receipts are deposited to the forest management investment account in the natural resources fund. Transfers for costs incurred may occur after projects or timber permits are finalized.

Sec. 9. Minnesota Statutes 2014, section 93.0015, subdivision 3, is amended to read:

Subd. 3. **Expiration.** The committee expires June 30, ~~2016~~ 2026.



Sec. 10. Minnesota Statutes 2014, section 93.2236, is amended to read:

**93.2236 MINERALS MANAGEMENT ACCOUNT.**

(a) The minerals management account is created as an account in the natural resources fund. Interest earned on money in the account accrues to the account. Money in the account may be spent or distributed only as provided in paragraphs (b) and (c).

(b) If the balance in the minerals management account exceeds \$3,000,000 on March 31, June 30, September 30, or December 31, the amount exceeding \$3,000,000 must be distributed to the permanent school fund, the permanent university fund, and taxing districts as provided in section 93.22, subdivision 1, paragraph (c). The amount distributed to each fund must be in the same proportion as the total mineral lease revenue received in the previous biennium from school trust lands, university lands, and lands held by the state in trust for taxing districts.

(c) Subject to appropriation by the legislature, money in the minerals management account may be spent by the commissioner of natural resources for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities.

Sec. 11. Minnesota Statutes 2014, section 94.3495, subdivision 2, is amended to read:

Subd. 2. **Classes of land; definitions.** (a) The classes of public land that may be involved in an expedited exchange under this section are:

(1) Class 1 land, which for the purpose of this section is Class A land as defined in section 94.342, subdivision 1, ~~except for:~~

~~(i) school trust land as defined in section 92.025; and~~

~~(ii) university land granted to the state by acts of Congress;~~

(2) Class 2 land, which for the purpose of this section is Class B land as defined in section 94.342, subdivision 2; and

(3) Class 3 land, which for the purpose of this section is all land owned in fee by a governmental subdivision of the state.

(b) "School trust land" has the meaning given in section 92.025.

(c) "University land" means land granted to the state by acts of Congress for university purposes.

Sec. 12. Minnesota Statutes 2014, section 94.3495, subdivision 3, is amended to read:

Subd. 3. **Valuation of land.** (a) In an exchange of Class 1 land for Class 2 or 3 land, the value of all the land shall be determined by the commissioner of natural resources, but the county board must approve the value determined for the Class 2 land, and the governmental subdivision of the state must approve the value determined for the Class 3 land. In an exchange of Class 2 land for Class 3 land, the value of all the land shall be determined by the county board of the county in which the land lies, but the governmental subdivision of the state must approve the value determined for the Class 3 land.

(b) To determine the value of the land, the parties to the exchange may either (1) cause the land to be appraised, utilize the valuation process provided under section 84.0272, subdivision 3, or obtain a market analysis from a qualified real estate broker or (2) determine the value for each 40-acre tract or

lot, or a portion thereof, using the most current township or county assessment schedules for similar land types from the county assessor of the county in which the lands are located. Merchantable timber value ~~must~~ should be determined and considered in finalizing valuation of the lands.

~~(b) All~~ (c) Except for school trust lands and university lands, the lands exchanged under this section shall be exchanged only for lands of at least substantially equal value. For the purposes of this subdivision, "substantially equal value" has the meaning given under section 94.343, subdivision 3, paragraph (b). No payment is due either party if the lands, other than school trust lands or university lands, are of substantially equal value but are not of the same value.

(d) School trust lands and university lands exchanged under this section must be exchanged only for lands of equal or greater value.

Sec. 13. Minnesota Statutes 2014, section 94.3495, subdivision 7, is amended to read:

Subd. 7. **Reversionary interest; Mineral and water power rights and other reservations.** (a) ~~All deeds conveying land given in an expedited land exchange under this section shall include a reverter that provides that title to the land automatically reverts to the conveying governmental unit if:~~

~~(1) the receiving governmental unit sells, exchanges, or otherwise transfers title of the land within 40 years of the date of the deed conveying ownership; and~~

~~(2) there is no prior written approval for the transfer from the conveying governmental unit. The authority for granting approval is the commissioner of natural resources for former Class 1 land, the county board for former Class 2 land, and the governing body for former Class 3 land.~~

~~(b) Class 1 land given in exchange is subject to the reservation provisions of section 94.343, subdivision 4. Class 2 land given in exchange is subject to the reservation provisions of section 94.344, subdivision 4. County fee land given in exchange is subject to the reservation provisions of section 373.01, subdivision 1, paragraph (g).~~

Sec. 14. Minnesota Statutes 2014, section 97A.405, subdivision 2, is amended to read:

Subd. 2. **Personal possession.** (a) A person acting under a license or traveling from an area where a licensed activity was performed must have in personal possession ~~either~~: (1) the proper license, if the license has been issued to and received by the person; (2) a driver's license or Minnesota identification card issued under section 171.07, subdivision 19, that has a valid written designation of the proper lifetime license; ~~or (2) (3) the proper license identification number or stamp validation,~~ if the license has been sold to the person by electronic means but the actual license has not been issued and received.

(b) If possession of a license or a license identification number is required, a person must exhibit, as requested by a conservation officer or peace officer, ~~either~~: (1) the proper license if the license has been issued to and received by the person; (2) a driver's license or Minnesota identification card issued under section 171.07, subdivision 19, that has a valid written designation of the proper lifetime license; ~~or (2) (3) the proper license identification number or stamp validation~~ and a valid state driver's license, state identification card, or other form of identification provided by the commissioner, if the license has been sold to the person by electronic means but the actual license has not been issued and received. A person charged with violating the license possession requirement shall not be convicted if the person produces in court or the office of the arresting

officer, the actual license previously issued to that person, which was valid at the time of arrest, or satisfactory proof that at the time of the arrest the person was validly licensed. Upon request of a conservation officer or peace officer, a licensee shall write the licensee's name in the presence of the officer to determine the identity of the licensee.

(c) Except as provided in paragraph (a), clause (2), if the actual license has been issued and received, a receipt for license fees, a copy of a license, or evidence showing the issuance of a license, including the license identification number or stamp validation, does not entitle a licensee to exercise the rights or privileges conferred by a license.

(d) A license issued electronically and not immediately provided to the licensee shall be mailed to the licensee within 30 days of purchase of the license. A pictorial migratory waterfowl, pheasant, trout and salmon, or walleye stamp shall be provided to the licensee after purchase of a stamp validation only if the licensee pays an additional fee that covers the costs of producing and mailing a pictorial stamp. A pictorial turkey stamp may be purchased for a fee that covers the costs of producing and mailing the pictorial stamp. Notwithstanding section 16A.1283, the commissioner may, by written order published in the State Register, establish fees for providing the pictorial stamps. The fees must be set in an amount that does not recover significantly more or less than the cost of producing and mailing the stamps. The fees are not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply.

**EFFECTIVE DATE.** This section is effective January 1, 2018, or on the date the Department of Public Safety implements the Minnesota Licensing and Registration System (MNLARS), whichever occurs first.

Sec. 15. Minnesota Statutes 2014, section 97A.465, is amended by adding a subdivision to read:

Subd. 8. **Nonresident members of National Guard.** A nonresident that is a member of the state's National Guard may obtain a resident license to take fish or game. This subdivision does not apply to the taking of moose or elk.

Sec. 16. Minnesota Statutes 2014, section 171.07, is amended by adding a subdivision to read:

Subd. 19. **Resident lifetime game and fish license.** (a) The department shall maintain in its records information transmitted electronically from the commissioner of natural resources identifying each person to whom the commissioner has issued a resident lifetime license under section 97A.473. The records transmitted from the Department of Natural Resources must contain:

- (1) the full name and date of birth as required for the driver's license or identification card;
- (2) the category of lifetime license issued under section 97A.473; and
- (3) the Department of Natural Resources lifetime license number.

Records that are not matched to a driver's license or identification card record may be deleted after seven years.

(b) After receiving information under paragraph (a) that a person has received a lifetime license, the department shall include, on all drivers' licenses or Minnesota identification cards subsequently issued to the person, a written designation that the person has a lifetime license, the category of the lifetime license issued, and the Department of Natural Resources lifetime license number.

(c) If a person who has received a lifetime license under section 97A.473 applies for a driver's license or Minnesota identification card before that information has been transmitted to the department, the department may accept a copy of the license issued under section 97A.473 as proof of its issuance and shall then follow the procedures in paragraph (b).

**EFFECTIVE DATE.** This section is effective January 1, 2018, or on the date the Department of Public Safety implements the Minnesota Licensing and Registration System (MNLARS), whichever occurs first.

Sec. 17. Laws 2000, chapter 486, section 4, as amended by Laws 2001, chapter 182, section 2, is amended to read:

Sec. 4. **[BOATHOUSE LEASES; SOUDAN UNDERGROUND MINE STATE PARK.]**

(a) In 1965, United States Steel Corporation conveyed land to the state of Minnesota that was included in the Soudan underground mine state park, with certain lands at Stuntz Bay subject to leases outstanding for employee boathouse sites.

(b) Notwithstanding Minnesota Statutes, sections 85.011, 85.012, subdivision 1, and 86A.05, subdivision 2, upon the expiration of a boathouse lease described under paragraph (a), the commissioner of natural resources shall offer a new lease to the party in possession at the time of lease expiration, or, if there has been a miscellaneous lease issued by the Department of Natural Resources due to expiration of a lease described under paragraph (a), upon its expiration to the lessee. The new lease shall be issued under the terms and conditions of Minnesota Statutes, section 92.50, with the following limitations:

(1) the term of the lease shall be for the lifetime of the party being issued a renewed lease and, if transferred, for the lifetime of the party to whom the lease is transferred;

(2) the new lease shall provide that the lease may be transferred only once and the transfer must be to a person within the third degree of kindred or first cousin according to civil law; ~~and~~

(3) the commissioner shall limit the number of lessees per lease to no more than two persons who have attained legal age; and

(4) the lease amount must not exceed 50 percent of the average market rate, based on comparable private lease rates adjusted every five years.

At the time of the new lease, the commissioner may offer, and after agreement with the leaseholder, lease equivalent alternative sites to the leaseholder.

(c) The commissioner shall not cancel a boathouse lease described under paragraphs (a) and (b) except for noncompliance with the lease agreement.

(d) The commissioner must issue a written receipt to the lessee for each lease payment.

~~(d)~~ (e) By January 15, 2001, the commissioner of natural resources shall report to the senate and house environment and natural resources policy and finance committees on boathouse leases in state parks. The report shall include information on:

(1) the number of boathouse leases;

(2) the number of leases that have forfeited;

- (3) the expiration dates of the leases;
- (4) the historical significance of the boathouses;
- (5) recommendations on the inclusion of the land described in paragraph (d) within the park boundary; and
- (6) any other relevant information on the leases.

(e)(f) The commissioner of natural resources shall contact U.S.X. Corporation and local units of government regarding the inclusion of the following lands within Soudan underground mine state park:

- (1) all lands located South of Vermillion Lake shoreline in Section 13, Township 62 North, Range 15 West;
- (2) all lands located South of Vermillion Lake shoreline in the S1/2-SE1/4 of Section 14, Township 62 North, Range 15 West;
- (3) NE1/4-SE1/4 and E1/2-NE1/4 of Section 22, Township 62 North, Range 15 West;
- (4) all lands located South of Vermillion Lake shoreline in Section 23, Township 62 North, Range 15 West;
- (5) all of Section 24, Township 62 North, Range 15 West;
- (6) all lands North of trunk highway No. 169 located in Section 25, Township 62 North, Range 15 West;
- (7) all lands North of trunk highway No. 169 located in Section 26, Township 62 North, Range 15 West;
- (8) NE1/4-SE1/4 and SE1/4-NE1/4 of Section 27, Township 62 North, Range 15 West; and
- (9) NW1/4 of Section 19, Township 62 North, Range 14 West.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to monthly lease payments made on or after that date.

Sec. 18. Laws 2014, chapter 312, article 12, section 6, subdivision 5, as amended by Laws 2015, First Special Session chapter 4, article 3, section 11, is amended to read:

**Subd. 5. Fish and Wildlife  
Management**

-0- 2,412,000

\$3,000 in 2015 is from the heritage enhancement account in the game and fish fund for a report on aquatic plant management permitting policies for the management of narrow-leaved and hybrid cattail in a range of basin types across the state. The report shall be submitted to the chairs and ranking minority members of the house of representatives and senate committees with

jurisdiction over environment and natural resources by December 15, 2014, and include recommendations for any necessary changes in statutes, rules, or permitting procedures. This is a onetime appropriation.

\$9,000 in 2015 is from the game and fish fund for the commissioner, in consultation with interested parties, agencies, and other states, to develop a detailed restoration plan to recover the historical native population of bobwhite quail in Minnesota for its ecological and recreational benefits to the citizens of the state. The commissioner shall conduct public meetings in developing the plan. No later than January 15, 2015, the commissioner must report on the plan's progress to the legislative committees with jurisdiction over environment and natural resources policy and finance. This is a onetime appropriation.

\$2,000,000 in 2015 is from the game and fish fund for shooting sports facility grants under Minnesota Statutes, section 87A.10. The commissioner may spend up to \$50,000 of this appropriation to administer the grant. This is a onetime appropriation and is available until June 30, 2017.

\$400,000 in 2015 is from the heritage enhancement account in the game and fish fund for hunter and angler recruitment and retention activities and grants to local chapters of Let's Go Fishing of Minnesota to provide community outreach to senior citizens, youth, and veterans and for the costs associated with establishing and recruiting new chapters. The grants must be matched with cash or in-kind contributions from nonstate sources. Of this amount, \$25,000 is for ~~Asian Outdoor Heritage~~ for youth fishing recruitment efforts and outreach in the metropolitan area. The commissioner shall establish a grant application process that includes a standard for ownership of equipment purchased under the grant program and contract requirements that cover the disposition of purchased equipment if the

grantee no longer exists. Any equipment purchased with state grant money must be specified on the grant application and approved by the commissioner. The commissioner may spend up to three percent of the appropriation to administer the grant. This is a onetime appropriation and is available until June 30, ~~2016~~ 2017.

Sec. 19. Laws 2015, First Special Session chapter 4, article 3, section 3, subdivision 5, is amended to read:

Subd. 5. **Parks and Trails Management** 74,064,000 73,650,000

Appropriations by Fund

	2016	2017
General	24,967,000	24,427,000
Natural Resources	46,831,000	46,950,000
Game and Fish	2,266,000	2,273,000

\$1,075,000 the first year and \$1,075,000 the second year are from the water recreation account in the natural resources fund for enhancing public water access facilities.

\$5,740,000 the first year and \$5,740,000 the second year are from the natural resources fund for state trail, park, and recreation area operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

\$1,005,000 the first year and \$1,005,000 the second year are from the natural resources fund for park and trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grants. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Up to 2.5 percent of this appropriation may be used to administer the grants.

\$8,424,000 the first year and \$8,424,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$1,360,000 the first year and \$1,360,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, \$1,210,000 each year is from the all-terrain vehicle account; and \$150,000 each year is from the off-highway motorcycle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$75,000 the first year and \$75,000 the second year are from the cross-country ski account in the natural resources fund for grooming and maintaining cross-country ski trails in state parks, trails, and recreation areas.

\$250,000 the first year and \$250,000 the second year are from the state land and water conservation account (LAWCON) in the natural resources fund for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 84.0264, and the federal Land and Water Conservation Fund Act. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$968,000 the first year and \$968,000 the second year are from the off-road vehicle account in the natural resources fund. Of this amount, \$568,000 each year is for parks and trails management for off-road vehicle purposes; \$325,000 each year is for the off-road vehicle grant in aid program; and \$75,000 each year is for a new full-time employee position or contract in northern Minnesota to work in conjunction with the Minnesota Four-Wheel Drive Association



to address off-road vehicle touring routes and other issues related to off-road vehicle activities. Of this appropriation, the \$325,000 each year is onetime.

\$65,000 the first year is from the water recreation account in the natural resources fund to cooperate with local units of government in marking routes and designating river accesses and campsites under Minnesota Statutes, section 85.32. This is a onetime appropriation and is available until June 30, 2019.

\$190,000 the first year is for a grant to the city of Virginia for the additional cost of supporting a trail due to the rerouting of U.S. Highway No. 53. This is a onetime appropriation and is available until June 30, 2019.

\$50,000 the first year is for development of a master plan for the Mississippi Blufflands Trail, including work on possible extensions or connections to other state or regional trails. This is a onetime appropriation that is available until June 30, 2017.

\$61,000 from the natural resources fund the first year is for a grant to the city of East Grand Forks for payment under a reciprocity agreement for the Red River State Recreation Area.

\$500,000 the first year is for restoration or replacement of a historic trestle bridge in Blackduck. This is a onetime appropriation and is available until June 30, 2019.

The base for parks and trails operations in the natural resources fund in fiscal year 2018 and thereafter is \$46,450,000.

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

Sec. 20. Laws 2015, First Special Session chapter 4, article 4, section 131, is amended to read:

**Sec. 131. SURPLUS STATE LAND SALES.**

The school trust lands director shall identify, in consultation with the commissioner of natural resources, at least \$5,000,000 in state-owned lands suitable for sale or exchange with school

trust lands. The lands identified shall not be within a unit of the outdoor recreation system under Minnesota Statutes, section 86A.05, an administrative site, or trust land. The commissioner shall sell or exchange at least \$3,000,000 worth of lands identified under this section by June 30, 2017. Land exchanged under this section may be exchanged in accordance with Minnesota Statutes, section 94.3495. The value of the surplus land exchanged shall serve as compensation to the permanent school fund as provided under Minnesota Statutes, section 84.027, subdivision 18, paragraph (b). Notwithstanding the restrictions on sale of riparian land and the public sale provisions under Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner may offer the surplus land, including land bordering public water, for public or private sale. Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or any other law to the contrary, the amount of the proceeds from the sale of lands that exceeds the actual expenses of selling the lands must be deposited in the school trust lands account and used to extinguish the school trust interest as provided under Minnesota Statutes, section 92.83, on school trust lands that have public water access sites or old growth forests located on them.

**Sec. 21. APPROPRIATION REALLOCATION.**

Notwithstanding Laws 2013, chapter 137, article 3, section 4, paragraph (o), and Laws 2015, First Special Session chapter 2, article 3, section 4, paragraph (b), the Minneapolis Park and Recreation Board may allocate its share of the distribution of fiscal years 2016 and 2017 funds under Minnesota Statutes, section 85.53, subdivision 3, to the Minneapolis Chain of Lakes, Mississippi Gorge, Above the Falls, and Central Mississippi Riverfront Regional Parks in accordance with the most recent priority rankings that the Minneapolis Park and Recreation Board has submitted to the Metropolitan Council. This reallocation of funds is anticipated to result in \$500,000 in federal funds to match extant parks and trails fund appropriations.

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

**ARTICLE 5**

**BROADBAND**

**Section 1. APPROPRIATIONS.**

The sums shown in the columns under "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2015, First Special Session chapter 1, article 1, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figure "2017" used in this article means that the appropriations listed under it are available for the fiscal year ending June 30, 2017.

	<b><u>APPROPRIATIONS</u></b>		
	<b><u>Available for the Year</u></b>		
	<b><u>Ending June 30</u></b>		
	<b><u>2016</u></b>	<b><u>2017</u></b>	
<b><u>Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT.</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$ 85,000,000</u></b>

**Border-To-Border Broadband Development Program.** (a) \$85,000,000 in fiscal year 2017 is appropriated to the commissioner of employment and economic development for deposit in the border-to-border broadband fund account created under Minnesota Statutes, section 116J.396, and may be used for the purposes provided in Minnesota Statutes, section 116J.395. This is a onetime appropriation.

(b) Of the appropriation in paragraph (a), the commissioner may include the following activities related to measuring progress toward the state's broadband goals established in Minnesota Statutes, section 237.012, as administrative costs under Minnesota Statutes, section 116J.395. Administrative costs may include the following activities related to measuring progress toward the state's broadband goals established in Minnesota Statutes, section 237.012:

(1) collecting broadband deployment data from Minnesota providers, verifying its accuracy through on-the-ground testing, and creating state and county maps available to the public showing the availability of broadband service at various upload and download speeds throughout Minnesota;

(2) analyzing the deployment data collected to help inform future investments in broadband infrastructure; and

(3) conducting business and residential surveys that measure broadband adoption and use in the state.

(c) Data provided by a broadband provider under this paragraph is nonpublic data under Minnesota Statutes, section 13.02, subdivision 9. Maps produced under this paragraph are public data under Minnesota Statutes, section 13.03.

Sec. 3. Minnesota Statutes 2015 Supplement, section 116J.394, is amended to read:

**116J.394 DEFINITIONS.**

(a) For the purposes of sections 116J.394 to 116J.396, the following terms have the meanings given them.

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

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

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

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

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

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

(h) "Underserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service at speeds that meet the state broadband goals of ten to 20 at least 100 megabits per second download and five to ten at least 20 megabits per second upload.

(i) "Unserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service, as defined in section 116J.39 at speeds of at least 25 megabits per second download and at least three megabits per second upload.

Sec. 4. Minnesota Statutes 2014, section 116J.396, subdivision 2, is amended to read:

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

(1) for grant awards made under section 116J.395, including costs incurred by the Department of Employment and Economic Development to administer that section not to exceed three percent of any expenditures made from the border-to-border broadband fund account;

(2) to supplement revenues raised by bonds sold by local units of government for broadband infrastructure development; or

(3) to contract for the collection of broadband deployment data from providers and the creation of maps showing the availability of broadband service.

Sec. 5. Minnesota Statutes 2014, section 237.012, subdivision 1, is amended to read:

Subdivision 1. **Universal access and high-speed goal.** It is a state goal that as soon as possible, but no later than 2015, all state residents and businesses have access to high-speed broadband that provides minimum download speeds of ten to 20 megabits per second and minimum upload speeds of five to ten megabits per second.:

(1) no later than 2022, all Minnesota businesses and homes have access to high-speed broadband that provides minimum download speeds of at least 25 megabits per second and minimum upload speeds of at least three megabits per second; and

(2) no later than 2026, all Minnesota businesses and homes have access to at least one provider of broadband with download speeds of at least 100 megabits per second and upload speeds of at least 20 megabits per second.

## ARTICLE 6

### EQUITY

#### Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2016</u>	<u>2017</u>

#### Sec. 2. EQUITY APPROPRIATIONS

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>87,130,000</u>
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<u>Subd. 2. Department of Employment and Economic Development</u>		<u>-0-</u>		<u>60,557,000</u>
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(a) \$1,420,000 in fiscal year 2017 is for grants to the Neighborhood Development Center for small business programs. This is a onetime appropriation and is available until June 30, 2019.

Of this amount, \$770,000 is for the small business development program, including:

(1) \$600,000 for training, lending, and business services for aspiring business owners, and expansion of services for immigrants in suburban communities; and

(2) \$170,000 is for Neighborhood Development Center model outreach and training activities in greater Minnesota.

Of this amount, \$650,000 is for grants for the small business incubator program, including:

(1) \$400,000 for capital improvements to existing small business incubators; and

(2) \$250,000 for the creation of two additional small business incubators.

(b) \$2,500,000 in fiscal year 2017 is for the Minnesota Initiative program under Minnesota Statutes, section 116M.18. Priority for loans made from this appropriation shall be given to businesses operated by women of color. This is a onetime appropriation and is available until June 30, 2019.

(c) \$5,550,000 in fiscal year 2017 is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, assistance to fathers in supporting their children, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. All grant recipients are subject to the requirements of section 35. This is a onetime appropriation and is available until June 30, 2019.

(d) \$2,100,000 in fiscal year 2017 is for grants to YWCA organizations to provide job training services and workforce development programs and services, including job skills training and counseling necessary to secure a child development associate credential and to develop a career path in early childhood education. This is a onetime appropriation and is available until June 30, 2019.

(e) \$4,250,000 in fiscal year 2017 is for a grant to EMERGE Community Development, in collaboration with community partners, for services targeting Minnesota communities with the highest concentrations of African and African-American joblessness to provide

employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult diploma program. This is a onetime appropriation and is available until June 30, 2019.

(f) \$5,050,000 in fiscal year 2017 is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services, including services to entrepreneurs with businesses that have the potential to create job opportunities for unemployed and underemployed people. The grants must be awarded with an emphasis on minority-owned businesses. This is a onetime appropriation and is available until June 30, 2019.

Of this appropriation, \$3,250,000 is for a revolving loan fund to provide additional minority-owned businesses with access to capital.

(g) \$1,500,000 in fiscal year 2017 is for a grant to the Minneapolis Foundation for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment. This is a onetime appropriation and is available until June 30, 2019.

(h) \$407,000 in fiscal year 2017 is for a grant to Twin Cities R!SE, in collaboration with Metro Transit and Hennepin Technical College, for the Metro Transit technician training program. This is a onetime appropriation and is available until June 30, 2019.

(i) \$4,800,000 in fiscal year 2017 is for the creation of additional multiemployer, sector-based career connections pathways. This is a onetime appropriation and is available until June 30, 2019. \$4,500,000 of this amount is for a grant to Hennepin County

to establish pathways using the Hennepin Career Connections framework. \$300,000 of this amount is for a grant to Hennepin County to establish a pilot program based on the career connections pathways framework outside the seven-county metropolitan area, in collaboration with another local unit of government.

(j) \$1,500,000 in fiscal year 2017 is for the high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.99. This is a onetime appropriation and is available until June 30, 2019.

(k) \$8,000,000 in fiscal year 2017 is for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562, subdivision 3. This is a onetime appropriation and is available until June 30, 2019. Of this amount, \$6,000,000 is for increases to existing applicants who were awarded grants in fiscal year 2016 and 2017, and \$2,000,000 is to fund existing or new eligible applicants.

(l) \$4,000,000 in fiscal year 2017 is for a competitive grant program for grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Grant recipients under this paragraph are subject to the requirements of section 35. This is a onetime appropriation and is available until June 30, 2019.

(m) \$1,500,000 in fiscal year 2017 is for a grant to Latino Communities United in Service (CLUES) to expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth by providing new job skills training to stimulate higher wages for low-income people, family support systems designed to reduce intergenerational poverty, and youth programming to promote educational advancement and career



pathways. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation and is available until June 30, 2019.

(n) \$880,000 in fiscal year 2017 is for a grant to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center, to reduce academic disparities for American Indian students and adults. The grant funds may be used to provide:

(1) student tutoring and testing support services;

(2) training in information technology;

(3) assistance in obtaining a GED;

(4) remedial training leading to enrollment in a postsecondary higher education institution;

(5) real-time work experience in information technology fields; and

(6) contextualized adult basic education.

This is a onetime appropriation and is available until June 30, 2019.

(o) \$1,000,000 in fiscal year 2017 is for a grant to the White Earth Nation for the White Earth Nation Integrated Business Development System to provide business assistance with workforce development, outreach, technical assistance, infrastructure and operational support, financing, and other business development activities. This is a onetime appropriation and is available until June 30, 2019.

(p) \$6,000,000 is for the emerging entrepreneur fund program. This is a onetime appropriation and is available until June 30, 2019. Of this amount, \$5,000,000 is for small business lending and shall be deposited in the emerging entrepreneur fund special revenue account under Minnesota Statutes, section

116J.55, and \$1,000,000 is for grants for small business technical assistance.

(q) \$5,100,000 is for the Pathways to Prosperity adult workforce development competitive grant program. When awarding grants under this paragraph, the commissioner must give preference to any previous grantee with demonstrated success in job training and placement for hard-to-train individuals. A portion of the grants must provide year-end educational and experiential learning opportunities for teens and young adults that provide careers in the construction industry. This is a onetime appropriation and is available until June 30, 2019.

(r) \$3,000,000 is for the capacity building grant program to assist nonprofit organizations offering or seeking to offer workforce development and economic development programming. This is a onetime appropriation and is available until June 30, 2019.

(s) \$2,000,000 in fiscal year 2017 is for a grant to Youthprise for positive youth development, community engagement, legal services, and capacity building for community-based organizations serving Somali youth, including youth engagement, prevention, and intervention activities that help build the resiliency of the Somali Minnesotan community and address challenges facing Somali youth. Funded projects must provide culturally and linguistically relevant services. To the maximum extent possible, 50 percent of the funding must be distributed in greater Minnesota, and 50 percent of funding must be distributed within the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. This is a onetime appropriation and is available until June 30, 2019.

Subd. 3. Department of Administration

-0-

2,500,000

\$2,500,000 is to assess, upgrade, and enhance accounting and procurement software to facilitate targeted group business utilization and data reporting.

**Subd. 4. Department of Corrections**

-0-

350,000

\$350,000 is for a grant to a nonprofit organization to provide job skills training to individuals who have been released from incarceration for a felony-level offense in the preceding 12 months. To be eligible for the grant, the organization shall:

(1) provide housing or rental assistance for program participants;

(2) provide employment opportunities for program participants;

(3) require program participants, when appropriate, to receive counseling for alcohol or chemical dependency; and

(4) serve a primarily minority population.

This is a onetime appropriation and is available until June 30, 2019.

**Subd. 5. Minnesota Housing Finance Agency**

-0-

500,000

\$500,000 is for a grant to Build Wealth MN to provide a family stabilization plan program including program outreach, financial literacy education, and budget and debt counseling. This is a onetime appropriation and is available until June 30, 2019.

**Subd. 6. Department of Agriculture**

-0-

5,000,000

\$5,000,000 shall be deposited in the good food access account created in Minnesota Statutes, section 17.1017, subdivision 3. This is a onetime appropriation and is available until June 30, 2019.

**Subd. 7. Department of Education**

-0-

10,200,000

(a) \$1,500,000 in fiscal year 2017 is for a first class city school district or any other school district with more than 40 percent minority students to provide tuition

scholarships or stipends to eligible employees for a nonconventional teacher residency pilot program established under Minnesota Statutes, section 122A.09, subdivision 10, paragraph (a). The program shall provide tuition scholarships or stipends to enable education or teaching assistants or other nonlicensed employees of a first class city school district or any other school district with more than 40 percent minority students who hold a bachelor's degree from an accredited college or university and who seek an education license to participate in a Board of Teaching-approved nonconventional teacher residency program under Minnesota Statutes, section 122A.09, subdivision 10, paragraph (a). Any funds not awarded by June 1, 2017, may be reallocated among the remaining districts if the total cost of the program exceeds the original allocation. This is a onetime appropriation and is available until June 30, 2019.

(b) \$3,200,000 in fiscal year 2017 is for grants as provided under this paragraph. This is a onetime appropriation and is available until June 30, 2019. Of this amount, \$1,200,000 is for grants to adult basic education (ABE) program providers to establish up to four college readiness academies. A college readiness academy is a partnership between ABE programs, with support from Minnesota State Colleges and Universities, to prepare ABE students to successfully enter college and complete credit-bearing courses needed for career-related credentials. The academies must include academic skill building for college success, integrated sector-specific academic training when applicable, and intensive navigation and educational support for the program participants. The commissioner must award one grant to the International Institute of Minnesota. The remaining grant awards must be based on the following criteria:

(1) program capacity;

(2) program need for funding; and

(3) geographic balance of programs around the state.

Of the amount appropriated under this paragraph, \$1,200,000 is for grants to ABE program providers that establish a contextualized GED or adult diploma program to prepare adults for successful GED or adult diploma completion and successful entry into credentialing programs leading to careers. The programs must:

(1) provide program navigation and academic supports;

(2) be connected to an ABE consortium and partner with the Department of Employment and Economic Development;

(3) provide instruction in one of the state's six demand sectors identified by the Department of Employment and Economic Development, serving participants in the top three ABE levels of ABE intermediate high, adult secondary education (ASE) low, or ASE high;

(4) have a history of success working with the target populations; and

(5) demonstrate how a GED or an adult diploma plus the designated postsecondary credential will lead to a career.

The commissioner shall award grants to four contextualized GED or adult diploma programs based on program capacity, need, and geographic balance of programs around the state. One grant must be awarded to Summit Academy OIC.

Of the amount appropriated under this paragraph, \$800,000 is for grants to eight ABE programs to provide ABE navigating and advising support services. The programs must help ABE students:

(1) explore careers;

(2) develop personalized learning;

(3) plan for a postsecondary education and career;

(4) attain personal learning goals;

(5) complete a standard adult high school diploma under Minnesota Statutes, section 124D.52, subdivisions 8 and 9, or complete a GED;

(6) develop time management and study skills;

(7) develop critical academic and career-related skills needed to enroll in a postsecondary program without need for remediation;

(8) navigate the registration process for a postsecondary program;

(9) understand postsecondary program requirements and instruction expectations; and

(10) resolve personal issues related to mental health, domestic abuse, chemical abuse, homelessness, and other issues that, if left unaddressed, are barriers to enrolling in and completing a postsecondary program.

The commissioner must award ABE navigating and advising support services grants to eight ABE programs. The commissioner shall award grants to programs based on program capacity, need, and geographic balance of programs around the state. The commissioner shall give priority to ABE programs already providing navigating and advising support services. The commissioner shall allocate the grant funding based on the number of ABE program participants the program served in the prior year.

(c) \$2,750,000 is for the Minnesota's future teachers grant program under Minnesota Statutes, section 136A.123. The commissioner of management and budget shall transfer this amount to the Office of Higher Education for the purposes of this

appropriation. This is a onetime appropriation and is available until June 30, 2019.

(d) \$2,750,000 is for the stepping up for kids financial assistance account under section 33. The commissioner of management and budget shall transfer this amount to the Office of Higher Education for the purposes of this appropriation. This is a onetime appropriation and is available until June 30, 2019.

Subd. 8. **Minnesota Management and Budget** -0- 3,615,000

\$3,615,000 is for administrative expenses related to grants appropriated in this article. The commissioner shall transfer funds in an amount to be determined by the commissioner to agencies administering competitive grant programs and serving as fiscal agents for grants appropriated in this article. The transfer to each agency may not exceed four percent of the amount appropriated to that agency. This is a onetime appropriation and is available until June 30, 2019.

Subd. 9. **Department of Human Services** -0- 8,000

\$18,000 is for the MAXIS system. This is a onetime appropriation.

Sec. 3. Minnesota Statutes 2014, section 16C.10, subdivision 6, is amended to read:

Subd. 6. **Expenditures under specified amounts.** A competitive solicitation process described in this chapter is not required for the acquisition of goods, services, construction, and utilities in an amount of \$5,000 or less or as authorized by section 16C.16, subdivisions 6, paragraph (b), 6a, paragraph (b), and 7, paragraph (b).

Sec. 4. Minnesota Statutes 2014, section 16C.16, subdivision 6, is amended to read:

Subd. 6. **Purchasing methods.** (a) The commissioner may award up to a six percent preference ~~in the amount bid~~ for specified goods or services to small targeted group businesses.

(b) The commissioner may award a contract for goods, services, or construction directly to a small business or small targeted group business without going through a competitive solicitation process up to a total contract award value, including extension options, of \$25,000.

(b)(c) The commissioner may designate a purchase of goods or services for award only to small businesses or small targeted group businesses if the commissioner determines that at least three small businesses or small targeted group businesses are likely to bid respond to a solicitation.

(e)(d) The commissioner, as a condition of awarding a construction contract or approving a contract for professional or technical services, may set goals that require the prime contractor to

subcontract a portion of the contract to small businesses or small targeted group businesses. The commissioner must establish a procedure for granting waivers from the subcontracting requirement when qualified small businesses or small targeted group businesses are not reasonably available. The commissioner may establish financial incentives for prime contractors who exceed the goals for use of small business or small targeted group business subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are small businesses or small targeted group businesses.

Sec. 5. Minnesota Statutes 2015 Supplement, section 16C.16, subdivision 6a, is amended to read:

Subd. 6a. **Veteran-owned small businesses.** (a) Except when mandated by the federal government as a condition of receiving federal funds, the commissioner shall award up to a six percent preference, but no less than the percentage awarded to any other group under this section, ~~in the amount bid~~ on state procurement to certified small businesses that are majority-owned and operated by veterans.

(b) The commissioner may award a contract for goods, services, or construction directly to a veteran-owned small business without going through a competitive solicitation process up to a total contract award value, including extension options, of \$25,000.

(c) The commissioner may designate a purchase of goods or services for award only to a veteran-owned small business if the commissioner determines that at least three veteran-owned small businesses are likely to respond to a solicitation.

(d) The commissioner, as a condition of awarding a construction contract or approving a contract for professional or technical services, may set goals that require the prime contractor to subcontract a portion of the contract to a veteran-owned small business. The commissioner must establish a procedure for granting waivers from the subcontracting requirement when qualified veteran-owned small businesses are not reasonably available. The commissioner may establish financial incentives for prime contractors who exceed the goals for use of veteran-owned small business subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are veteran-owned small businesses.

~~(b)~~ (e) The purpose of this designation is to facilitate the transition of veterans from military to civilian life, and to help compensate veterans for their sacrifices, including but not limited to their sacrifice of health and time, to the state and nation during their military service, as well as to enhance economic development within Minnesota.

~~(e)~~ (f) Before the commissioner certifies that a small business is majority-owned and operated by a veteran, the commissioner of veterans affairs must verify that the owner of the small business is a veteran, as defined in section 197.447.

Sec. 6. Minnesota Statutes 2014, section 16C.16, subdivision 7, is amended to read:

Subd. 7. **Economically disadvantaged areas.** (a) ~~Except as otherwise provided in paragraph (b),~~ The commissioner may award up to a six percent preference ~~in the amount bid~~ on state procurement to small businesses located in an economically disadvantaged area.



~~(b) The commissioner may award up to a four percent preference in the amount bid on state construction to small businesses located in an economically disadvantaged area.~~

(b) The commissioner may award a contract for goods, services, or construction directly to a small business located in an economically disadvantaged area without going through a competitive solicitation process up to a total contract award value, including extension options, of \$25,000.

(c) The commissioner may designate a purchase of goods or services for award only to a small business located in an economically disadvantaged area if the commissioner determines that at least three small businesses located in an economically disadvantaged area are likely to respond to a solicitation.

(d) The commissioner, as a condition of awarding a construction contract or approving a contract for professional or technical services, may set goals that require the prime contractor to subcontract a portion of the contract to a small business located in an economically disadvantaged area. The commissioner must establish a procedure for granting waivers from the subcontracting requirement when qualified small businesses located in an economically disadvantaged area are not reasonably available. The commissioner may establish financial incentives for prime contractors who exceed the goals for use of subcontractors that are small businesses located in an economically disadvantaged area and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are small businesses located in an economically disadvantaged area.

~~(e)~~ (e) A business is located in an economically disadvantaged area if:

(1) the owner resides in or the business is located in a county in which the median income for married couples is less than 70 percent of the state median income for married couples;

(2) the owner resides in or the business is located in an area designated a labor surplus area by the United States Department of Labor; or

(3) the business is a certified rehabilitation facility or extended employment provider as described in chapter 268A.

~~(f)~~ (f) The commissioner may designate one or more areas designated as targeted neighborhoods under section 469.202 or as border city enterprise zones under section 469.166 as economically disadvantaged areas for purposes of this subdivision if the commissioner determines that this designation would further the purposes of this section. If the owner of a small business resides or is employed in a designated area, the small business is eligible for any preference provided under this subdivision.

~~(g)~~ (g) The Department of Revenue shall gather data necessary to make the determinations required by paragraph ~~(e)~~ (e), clause (1), and shall annually certify counties that qualify under paragraph ~~(e)~~ (e), clause (1). An area designated a labor surplus area retains that status for 120 days after certified small businesses in the area are notified of the termination of the designation by the United States Department of Labor.

Sec. 7. Minnesota Statutes 2014, section 16C.16, is amended by adding a subdivision to read:

Subd. 7a. **Designated purchases and subcontractor goals.** (a) When designating purchases directly to a business in accordance with this section, the commissioner may also designate a purchase of goods or services directly to any combination of small businesses, small targeted

group businesses, veteran-owned small businesses or small businesses located in an economically disadvantaged area if the commissioner determines that at least three businesses in two or more of the disadvantaged business categories are likely to respond.

(b) When establishing subcontractor goals under this section, the commissioner may set goals that require the prime contractor to subcontract a portion of the contract to any combination of a small business, small targeted group business, veteran-owned small business, or small business located in an economically disadvantaged area.

Sec. 8. Minnesota Statutes 2014, section 16C.16, subdivision 11, is amended to read:

Subd. 11. **Procurement procedures.** All laws and rules pertaining to solicitations, bid evaluations, contract awards, and other procurement matters apply equally to procurements ~~designated for small businesses or small targeted group businesses involving any small business, small targeted group business, veteran-owned business, or small business located in an economically disadvantaged area. In the event of conflict with other rules, section 16C.15 and rules adopted under it govern, if section 16C.15 applies. If it does not apply, sections 16C.16 to 16C.21 and rules adopted under those sections govern.~~

Sec. 9. **[17.1017] GOOD FOOD ACCESS PROGRAM.**

Subdivision 1. **Definitions.** (a) For purposes of this section, unless the language or context indicates that a different meaning is intended, the following terms have the meanings given them.

(b) "Account" means the good food access account established in subdivision 3.

(c) "Commissioner" means the commissioner of agriculture.

(d) "Economic or community development financial institution (ECDFI)" means a lender, including but not limited to a community development financial institution (CDFI), an economic development district (EDD), a political subdivision of the state, a microenterprise firm, or a nonprofit community lending organization that has previous experience lending to a food retailer, producer, or another healthy food enterprise in an underserved community in a low-income or moderate-income area, as defined in this section; has been in existence and operating prior to January 1, 2014; has demonstrated the ability to raise matching capital and in-kind services to leverage appropriated money; has the demonstrated ability to underwrite loans and grants; and has partnered previously with nonprofit healthy food access, public health, or related governmental departments or community organizations.

(e) "Farmers' market" means an association of three or more persons who assemble at a defined location that is open to the public for the purpose of selling directly to the consumer the products of a farm or garden occupied and cultivated by the person selling the product.

(f) "Financing" means loans, including low-interest loans, zero-interest loans, forgivable loans, and other types of financial assistance other than grants.

(g) "Food hub" means a centrally located facility with a business management structure that facilitates the aggregation, storage, processing, distribution, marketing, and sale of locally or regionally produced food products, and which may include a small-scale retail grocery operation.

(h) "Good Food Access Program Advisory Committee" means the Good Food Access Program Advisory Committee under section 17.1018.

(i) "Grocery store" means a for-profit, not-for-profit, or cooperative self-service retail establishment that sells primarily meat, fish, seafood, fruits, vegetables, dry groceries, and dairy products and may also sell household products, sundries, and other products. Grocery store includes a supermarket or a large-, mid-, or small-scale retail grocery establishment and may include a mobile food market or a delivery service operation.

(j) "Low-income area" means a census tract as reported in the most recently completed decennial census published by the United States Bureau of the Census that has a poverty rate of at least 20 percent or in which the median family income does not exceed 80 percent of the greater of the statewide or metropolitan median family income.

(k) "Moderate-income area" means a census tract as reported in the most recently completed decennial census published by the United States Bureau of the Census in which the median family income is between 81 percent and 95 percent of the median family income for that area.

(l) "Mobile food market" means a self-contained for-profit, not-for-profit, or cooperative retail grocery operation located in a movable new or renovated truck, bus, or other vehicle that is used to store, prepare, display, and sell primarily meat, fish, seafood, fruits, vegetables, dry groceries, and dairy products and may also be used to sell a nominal supply of cooking utensils and equipment and other household products and sundries.

(m) "Program" means the good food access program established in this section.

(n) "Small food retailer" means a small-scale retail food outlet, other than a grocery store as defined in this section. Small food retailer includes, but is not limited to, a corner store, convenience store, farmers' market, mobile food market, and a retail food outlet operated by an emergency food program or food hub.

(o) "Technical assistance" means needs-based project assistance provided through the program, including sustainability-focused individualized guidance, presentations, workshops, trainings, printed materials, mentorship opportunities, peer-to-peer opportunities, or other guidance and resources on relevant topics such as business planning, sales projections, cash flow, succession planning, financing, fund-raising, marketing, food preparation demonstrations, and workforce training.

(p) "Underserved community" means a census tract that is federally designated as a food desert by the United States Department of Agriculture, or a census tract in a low-income or moderate-income area that includes a substantial subpopulation such as the elderly or the disabled that has low supermarket access, regardless of distance, due to lack of transportation.

**Subd. 2. Program established.** (a) A good food access program is established within the Department of Agriculture to increase the availability of and access to affordable, nutritious, and culturally appropriate food, including fresh fruits and vegetables, for underserved communities in low-income and moderate-income areas by providing financial support and sustainable public-private projects to open, renovate, or expand the operations of grocery stores and small food retailers; expanding access to credit and reducing barriers to investment in underserved communities in low- and moderate-income areas; and to provide technical assistance, primarily for small food retailers with demonstrated need, to increase availability and sustainable sales of affordable, nutritious, and culturally appropriate food, including fresh fruits and vegetables, to underserved communities in low-income and moderate-income areas. The commissioner,

in cooperation with public and private partners, shall establish and implement the program as provided in this section.

(b) The good food access program shall be comprised of state or private grants, loans, or other types of financial and technical assistance for the establishment, construction, expansion of operations, or renovation of grocery stores and small food retailers to increase the availability of and access to affordable fresh produce and other nutritious, culturally appropriate food to underserved communities in low-income and moderate-income areas.

Subd. 3. **Good food access account.** A good food access account is established in the agricultural fund. The account consists of money appropriated by the legislature to the commissioner, as provided by law, and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account may only be expended on projects receiving financing, grants, or other financial and technical assistance as provided under this section, and shall be used, to the extent practicable, to leverage other forms of public and private financing or financial assistance for the projects.

Subd. 4. **Program administration.** (a) The commissioner shall be the administrator of the account for auditing purposes and shall establish program requirements and a competitive process for projects applying for financial and technical assistance.

(b) The commissioner may receive money or other assets from any source, including but not limited to philanthropic foundations and financial investors, for deposit into the account, and shall direct the investment of the account and credit to the account interest and earnings from account investments.

(c) Through issuance of requests for proposals, the commissioner may contract with one or more qualified economic or community development financial institutions to manage the financing component of the program and with one or more qualified organizations or public agencies with financial or other program-related expertise to manage the provision of technical assistance to project grantees.

(d) Money in the account at the close of each fiscal year shall remain in the account and shall not cancel. In each biennium, the commissioner shall determine the appropriate proportion of money to be allocated to loans, grants, technical assistance, and any other types of financial assistance.

(e) To encourage public-private, cross-sector collaboration and investment in the account and program and to ensure that the program intent is maintained throughout implementation, the commissioner shall convene and maintain the Good Food Access Program Advisory Committee.

(f) The commissioner, in cooperation with the Good Food Access Program Advisory Committee, shall manage the program, establish program criteria, facilitate leveraging of additional public and private investment, and promote the program statewide.

(g) The commissioner, in cooperation with the Good Food Access Program Advisory Committee, shall establish annual monitoring and accountability mechanisms for all projects receiving financing or other financial or technical assistance through this program.

Subd. 5. **Eligible projects.** (a) The commissioner, in cooperation with the program partners and advisors, shall establish project eligibility guidelines and application processes to be used to review and select project applicants for financing or other financial or technical assistance. All projects

must be located in an underserved community or must serve primarily underserved communities in low-income and moderate-income areas.

(b) Projects eligible for financing include, but are not limited to, new construction, renovations, expansions of operations, and infrastructure upgrades of grocery stores and small food retailers to improve the availability of and access to affordable, nutritious food, including fresh fruits and vegetables, and build capacity in areas of greatest need.

(c) Projects eligible for other types of financial assistance such as grants or technical assistance are primarily projects throughout the state, including, but not limited to, feasibility studies, new construction, renovations, expansion of operations, and infrastructure upgrades of small food retailers.

**Subd. 6. Qualifications for receipt of financing and other financial or technical assistance.**

(a) An applicant for receipt of financing through an economic or community development financial institution, or an applicant for a grant or other financial or technical assistance, may be a for-profit or not-for-profit entity, including, but not limited to, a sole proprietorship, limited liability company, corporation, cooperative, nonprofit organization, or nonprofit community development organization. Each applicant must:

(1) demonstrate community engagement in and support for the project;

(2) demonstrate the capacity to successfully implement the project;

(3) demonstrate a viable plan for long-term sustainability, including the ability to increase the availability of and access to affordable, nutritious, and culturally appropriate food, including fresh fruits and vegetables, for underserved communities in low-income and moderate-income areas; and

(4) demonstrate the ability to repay the debt, to the extent that the financing requires repayment.

(b) Each applicant must also agree to comply with the following conditions for a period of at least five years, except as otherwise specified in this section:

(1) accept Supplemental Nutrition Assistance Program (SNAP) benefits;

(2) apply to accept Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) benefits and, if approved, accept WIC benefits;

(3) allocate at least 30 percent of retail space for the sale of affordable, nutritious, and culturally appropriate foods, including fruits and vegetables, low-fat and nonfat dairy, fortified dairy substitute beverages such as soy-based or nut-based dairy substitute beverages, whole grain-rich staple foods, meats, poultry, fish, seafood, and other proteins, consistent with nutrition standards in national guidelines described in the current United States Department of Agriculture Dietary Guidelines for Americans;

(4) comply with all data collection and reporting requirements established by the commissioner; and

(5) promote the hiring, training, and retention of local or regional residents from low-income and moderate-income areas that reflect area demographics, including communities of color.

(c) A selected project that is a small food retailer is not subject to the allocation agreement under paragraph (b), clause (3), and may use financing, grants, or other financial or technical assistance

for refrigeration, displays, or onetime capital expenditures for the promotion and sale of perishable foods, including a combination of affordable, nutritious, and culturally appropriate fresh or frozen dairy, dairy substitute products, produce, meats, poultry, and fish, consistent with nutrition standards in national guidelines described in the current United States Department of Agriculture Dietary Guidelines for Americans.

Subd. 7. **Additional selection criteria.** In determining which qualified projects to finance, and in determining which qualified projects to provide with grants or other types of financial or technical assistance, the commissioner, in cooperation with any entities with which the commissioner contracts for those purposes and the Good Food Access Program Advisory Committee, shall also consider:

(1) the level of need in the area to be served;

(2) the degree to which the project requires an investment of public support, or technical assistance where applicable, to move forward, build capacity, create community impact, or be competitive;

(3) the likelihood that the project will have positive economic and health impacts on the underserved community, including creation and retention of jobs for local or regional residents from low-income and moderate-income areas that reflect area demographics, including communities of color;

(4) the degree to which the project will participate in state and local health department initiatives to educate consumers on nutrition, promote healthy eating and healthy weight, and support locally grown food products through programs such as Minnesota Grown; and

(5) any other criteria that the commissioner, in cooperation with public and private partners, determines to be consistent with the purposes of this chapter.

Subd. 8. **Eligible costs.** Financing for project loans, including low-interest, zero-interest, and forgivable loans, grants, and other financial or technical assistance, may be used to support one or more of the following purposes:

(1) site acquisition and preparation;

(2) predevelopment costs, including but not limited to feasibility studies, market studies, and appraisals;

(3) construction and build-out costs;

(4) equipment and furnishings;

(5) workforce or retailer training; and

(6) working capital.

Subd. 9. **Legislative report.** The commissioner, in cooperation with any economic or community development financial institution and any other entity with which it contracts, shall submit an annual report on the good food access program by January 15 of each year to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over agriculture policy and finance. The annual report shall include, but not be limited to, a summary of the following metrics:

- (1) the number and types of projects financed;
- (2) the amount of dollars leveraged or matched per project;
- (3) the geographic distribution of financed projects;
- (4) the number and types of technical assistance recipients;
- (5) any market or commodity expansion associated with increased access;
- (6) the demographics of the areas served;
- (7) the costs of the program;
- (8) the number of SNAP and WIC dollars spent;
- (9) any increase in retail square footage;
- (10) the number of loans or grants to minority-owned or female-owned businesses; and
- (11) measurable economic and health outcomes, including, but not limited to, increases in sales and consumption of locally sourced and other fresh fruits and vegetables, the number of construction and retail jobs retained or created, and any health initiatives associated with the program.

Sec. 10. **[17.1018] GOOD FOOD ACCESS PROGRAM ADVISORY COMMITTEE.**

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings given them:

- (1) "program" means the good food access program under section 17.1017; and
- (2) "commissioner" means the commissioner of agriculture.

Subd. 2. **Creation.** The Good Food Access Program Advisory Committee consists of the following members, appointed by the commissioner of agriculture, unless otherwise specified:

- (1) the commissioners of health, employment and economic development, and human services, or their respective designees;
- (2) one person representing the grocery industry;
- (3) two people representing economic or community development, one rural member and one urban or suburban member;
- (4) two people representing political subdivisions of the state;
- (5) one person designated by the Council for Minnesotans of African Heritage;
- (6) one person designated by the Minnesota Indian Affairs Council;
- (7) one person designated by the Council on Asian Pacific Minnesotans;
- (8) one person designated by the Chicano Latino Affairs Council;
- (9) one person designated by the Minnesota Farmers Union;
- (10) one person representing public health experts;
- (11) one person representing philanthropic foundations;

(12) one person representing economic or community development financial institutions;

(13) one person representing the University of Minnesota Regional Sustainable Development Partnerships;

(14) two people representing organizations engaged in addressing food security, one representative from a statewide hunger relief organization and one from a community-based organization;

(15) one person representing immigrant farmer-led organizations;

(16) one person representing small business technical assistance with experience in food retail;  
and

(17) up to four additional members with economic development, health equity, financial, or other relevant expertise.

At least half of the members must reside in or their organizations must serve rural Minnesota. The commissioner may remove members and fill vacancies as provided in section 15.059, subdivision 4.

Subd. 3. **Duties.** The advisory committee must advise the commissioner of agriculture on managing the program, establishing program criteria, establishing project eligibility guidelines, establishing application processes and additional selection criteria, establishing annual monitoring and accountability mechanisms, facilitating leveraging of additional public and private investments, and promoting the program statewide.

Subd. 4. **Meetings.** The commissioner must convene the advisory committee at least two times per year to achieve the committee's duties.

Subd. 5. **Administrative support.** The commissioner of agriculture must provide staffing, meeting space, and administrative services for the advisory committee.

Subd. 6. **Chair.** The commissioner of agriculture or the commissioner's designee shall serve as chair of the committee.

Subd. 7. **Compensation.** The public members of the advisory committee serve without compensation or payment of expenses.

Subd. 8. **Expiration.** The advisory committee does not expire.

Sec. 11. **[116J.55] EMERGING ENTREPRENEUR FUND PROGRAM.**

Subdivision 1. **Program created.** The emerging entrepreneur fund program is created to provide, through partnership with nonprofit corporations, financial and technical assistance for small businesses owned by minorities, women, veterans, or persons with disabilities, or businesses located in low-income areas in the seven-county metropolitan area. Loans and business development services must promote job creation and economic development in low-income areas and encourage private investment and strengthen businesses owned by minorities, women, veterans, and persons with disabilities.

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

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



(c) "Department" means the Department of Employment and Economic Development.

(d) "Disability-owned business" means a small business that is majority owned and operated by a person with a disability who is eligible to receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) based on the person's own disability or is eligible for services from the department's vocational rehabilitation services or State Services for the Blind programs.

(e) "Emerging Entrepreneur Fund Advisory Council" or "council" means the advisory council created under subdivision 9.

(f) "Emerging entrepreneur fund program" or "program" means the program established under this section.

(g) "Emerging entrepreneur fund qualified small business" means a small business that is majority owned and operated by a racial or ethnic minority, woman, veteran, or a person with a disability, solely or in any combination thereof.

(h) "Greater Minnesota" means the area of the state that excludes the metropolitan area, as defined in section 473.121, subdivision 2.

(i) "Low-income area" means:

(1) those cities in the metropolitan area that have an average income that is below 80 percent of the median income for a four-person family as of the latest report by the United States Census Bureau; or

(2) those cities in the metropolitan area that contain two or more contiguous census tracts in which the average family income is less than 80 percent of the median family income for the Twin Cities metropolitan area.

(j) "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

(k) "Minority-owned business" means a small business that is majority owned and operated by persons belonging to a racial or ethnic minority as defined in Minnesota Rules, part 1230.0150, subpart 24.

(l) "Nonprofit corporation" means a nonprofit lender or a nonprofit technical assistance provider operating in the state.

(m) "Nonprofit lender" means a nonprofit corporation that has been certified as a participating lender under subdivision 3.

(n) "Nonprofit technical assistance provider" means a nonprofit corporation that provides consulting services to assist businesses under the program.

(o) "Small business" means an enterprise as defined in section 645.445, subdivision 2.

(p) "Veteran-owned business" means a small business that is majority owned and operated by a veteran as defined in section 197.447.

(q) "Woman-owned business" means a small business that is majority owned and operated by a woman.

Subd. 3. **Nonprofit lender application.** (a) The commissioner shall provide funds to nonprofit lenders for the purpose of making loans to businesses that are (1) located in a low-income area or (2) emerging entrepreneur fund qualified small businesses.

(b) A nonprofit corporation wishing to be certified as a nonprofit lender in the program must apply using the form prescribed by the commissioner. The application must include:

(1) an assurance signed by the nonprofit lender's chair that the applicant will comply with all applicable state and federal laws, guidelines, and requirements;

(2) a resolution passed by the nonprofit lender's board of directors approving the submission of an application and authorizing execution of the grant agreement if funds are made available;

(3) a plan demonstrating the nonprofit lender's approach to assisting small businesses that are majority owned and operated by a racial or ethnic minority, woman, veteran, or a person with disabilities and the expected outcomes from the corporation's participation in the program;

(4) the geographic area served by the nonprofit lender's loan programs; and

(5) any additional information that the commissioner deems necessary to clarify the applicant's ability to achieve the program's objectives.

(c) The commissioner must enter into agreements with nonprofit lenders to fund loans under this section. The commissioner shall select and certify participating nonprofit lenders based on the organization's ability to demonstrate:

(1) a board of directors or management team that includes citizens experienced in business development; financing small businesses that are majority owned and operated by a racial or ethnic minority, woman, veteran, or a person with disabilities; financing businesses located in low-income areas; and creating jobs in low-income areas;

(2) the technical skills needed to analyze projects;

(3) familiarity with other available public and private funding sources and economic development programs;

(4) ability to initiate and implement business finance projects;

(5) capacity to establish and administer a revolving loan account;

(6) experience working with job referral networks that assist small businesses that are majority owned and operated by a racial or ethnic minority, woman, veteran, or a person with disabilities or persons in low-income areas; and

(7) any other criteria the commissioner deems necessary.

(d) The commissioner shall solicit applications by participating and nonparticipating lenders at least every five years.

Subd. 4. **Business loan criteria.** (a) A participating nonprofit corporation must use the criteria in this subdivision when making loans under the program.

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

(c) A loan may be used for a project for an emerging entrepreneur fund qualified small business (1) located anywhere in Minnesota or (2) that is not an emerging entrepreneur fund qualified small business but is located in a low-income area.

(d) If a loan involves a small business that is not an emerging entrepreneur fund qualified small business, the state contribution must be matched by at least an equal amount of new private investment funded and provided by the nonprofit lender. If the loan does not exceed \$50,000, private matching funds are not required.

(e) The state contribution may represent up to 75 percent of the project's financing if the applicant is an emerging entrepreneur fund qualified small business with the nonprofit lender funding and providing 25 percent of the financing.

(f) The minimum state contribution to a loan is \$2,000, and the maximum is \$150,000.

(g) A loan may not be used for a retail development project unless the loan does not exceed \$25,000.

(h) The participating small business must agree to work with job referral networks that focus on minority, women, veteran, and disabled applicants.

(i) The loan funds may be used for normal operating business expenses including but not limited to business or site acquisition, new construction, renovation, machinery and equipment, inventory, or working capital.

(j) The loan funds may not be used for any of the following:

(1) costs incurred by applicants not meeting the eligibility requirements in this subdivision;

(2) lending, passive real estate investment purposes, or land speculation;

(3) management fees, financing costs, debt consolidation, or refinancing existing business or personal debt;

(4) any activity deemed illegal by federal, state, or local law or ordinance; and

(5) other purposes or activities determined by the commissioner to not be in the best interests of the state.

(k) An applicant must be in compliance with all applicable local, state, and federal laws and must not be subject to any judgments, liens, or other actions that would prevent loan repayment.

(l) Other factors that the commissioner deems important shall be incorporated as part of the agreement between the department and the nonprofit lender required under subdivision 3.

**Subd. 5. Loan administration.** (a) An eligible small business may make an application to the nonprofit corporation for an emerging entrepreneur fund loan. The application must be in the form approved by the nonprofit lender and the commissioner.

(b) The nonprofit corporation must review the application and may give preliminary approval for the loan based on criteria in subdivision 4. Loan applications given preliminary approval by the nonprofit lender must be forwarded to the commissioner for approval. The commissioner shall disburse funds for each approved emerging entrepreneur fund loan made by the nonprofit corporation for which funding is available.

(c) In cases where the nonprofit lender fails to demonstrate that it has met the requirements of this section, the commissioner must disapprove the application. The commissioner shall inform the nonprofit corporation of the decision, in writing, stating the reasons for the denial.

(d) The nonprofit lender must use a loan agreement for each emerging entrepreneur fund loan. Each agreement must identify specific loan terms and include, at a minimum, the maximum loan period, repayment terms, and default terms. The commissioner may pursue any course of action authorized by statute, rule, or loan agreement to remedy default.

(1) Nonprofit lenders may structure project financing using interest or an equivalent approach using other allowable charges if the borrower has limitations or restrictions on the type of project financing used.

(2) If interest is charged, the rate on a loan shall be established by the nonprofit lender, but may be no less than two percent per annum nor more than seven percent per annum or four percent above the prime rate, as published in the Wall Street Journal at the time the loan is closed, whichever is greater.

(3) The nonprofit lender may charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit corporation may retain the amount of the origination fee.

(4) The nonprofit lender may only charge the participating small business out-of-pocket administrative expenses connected with originating the loan at the time of closing.

(5) For emerging entrepreneur fund loans made by the nonprofit lender, the principal payments shall be submitted to the commissioner. These funds must be deposited in the emerging entrepreneur fund account in the special revenue fund as defined in subdivision 6.

(6) The commissioner may allow the nonprofit lender to keep interest payments for a loan in order to pay for the nonprofit lender's administrative expenses associated with that loan.

(7) The nonprofit lender shall attempt to have applicants provide security for the loan equal to the loan value. Security may be a lien on real property owned by the applicant or other security satisfactory to the agency such as a lien on other assets of the applicant or other individuals affiliated with the applicant or business, or a guaranty by the business owners or other individuals affiliated with the applicant or business.

**Subd. 6. Special revenue account.** (a) The emerging entrepreneur fund account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall transfer to the account appropriations made for loans. Loan principal repayments must be deposited in the account. Any interest not used for lenders for administrative expenses and repaid to the commissioner or earned on money in the account accrues to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund, but remain in the account until expended. The commissioner shall manage the account.

(b) Amounts in the emerging entrepreneur fund account in the special revenue fund are appropriated to the commissioner for providing, through partnership with nonprofit organizations, financial assistance for small businesses owned by minorities, women, veterans, or persons with disabilities or located in low-income areas.

(c) The balance in any accounts authorized under chapter 116M shall be transferred to the emerging entrepreneur fund account in the special revenue fund. Loan repayments made under

chapter 116M shall be transferred to the emerging entrepreneur fund account in the special revenue fund.

Subd. 7. **Business development technical assistance.** (a) The commissioner shall award grants to organizations to provide technical assistance services.

(b) The commissioner shall select participating nonprofit technical assistance providers for competitive grants under this subdivision based on the organization's ability to provide services to small businesses owned by minorities, women, veterans, or persons with disabilities, or businesses located in low-income areas by demonstrating:

- (1) a need for funding;
- (2) clear and measurable activities and outcomes within a service delivery area and schedule;
- (3) partnerships that will support the service delivery;
- (4) organizational capacity and related experience providing technical assistance;
- (5) a clear and detailed budget;
- (6) methods to evaluate the success of reaching proposed outcomes; and

(7) any additional information that the commissioner finds is necessary to clarify the applicant's ability to achieve the program's objectives.

Subd. 8. **Reporting requirements.** (a) A nonprofit corporation that receives funding from the emerging entrepreneur fund for loans or technical services must report to the commissioner by March 1 of each year in a format prescribed by the commissioner. The report shall include the information in this subdivision and any other information deemed necessary by the commissioner.

(b) Nonprofit corporations that receive funding to provide lending shall submit a report containing: a description of all projects supported by the program; an account of any loans made during the calendar year; the project's assets and liabilities; an explanation of administrative expenses; and the project's impact on small businesses owned by minorities, women, veterans, or persons with disabilities.

(c) Nonprofit corporations that receive funding to provide lending shall provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the commissioner.

(d) Nonprofit corporations that receive a grant to provide business development technical assistance shall provide an account of the number of businesses served during the calendar year, the program's impact on small businesses owned by minorities, women, veterans, or persons with disabilities, and an explanation of administrative expenses.

Subd. 9. **Emerging Entrepreneur Fund Advisory Council.** (a) The Emerging Entrepreneur Fund Advisory Council is created and consists of the commissioner, the chair of the Metropolitan Council, the commissioner of the Department of Human Rights, and ten members from the general public appointed by the governor. Appointments must ensure balanced geographic representation. At least half of the public members must have experience working to address racial disparities.

(b) The membership terms, compensation, removal, and filling of vacancies of public members of the council are as provided in section 15.0575.

(c) The commissioner shall serve as chair of the council. The council may elect other officers as necessary from its members.

(d) The commissioner shall provide staff, consultant support, materials, and administrative services necessary for the council's activities. The emerging entrepreneur fund account in the special revenue fund may be used for council expenses.

(e) The governor must make initial appointments to the council by November 15, 2016, and the chair must convene the first meeting of the council by December 15, 2016.

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

**Sec. 12. [116L.562] YOUTH-AT-WORK GRANT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner shall award grants to eligible organizations for the purpose of providing workforce development and training opportunities to economically disadvantaged or at-risk youth ages 14 to 24.

Subd. 2. **Definitions.** For purposes of this section:

(1) "eligible organization" or "eligible applicant" means a local government unit, nonprofit organization, community action agency, or a public school district;

(2) "at-risk youth" means youth classified as at-risk under section 116L.56, subdivision 2; and

(3) "economically disadvantaged" means youth who are economically disadvantaged as defined in United States Code, title 29, section 1503.

Subd. 3. **Competitive grant awards.** (a) In awarding competitive grants, priority shall be given to programs that:

(1) provide students with information about education and training requirements for careers in high-growth, in-demand occupations;

(2) serve youth from communities of color who are under represented in the workforce; or

(3) serve youth with disabilities.

(b) Eligible organizations must have demonstrated effectiveness in administering youth workforce programs and must leverage nonstate or private sector funds.

(c) New eligible applicants must be youth-serving organizations with significant capacity and demonstrable youth development experience and outcomes to operate a youth workforce development project.

(d) If a program is not operated by a local unit of government or a workforce development board, the grant recipient must coordinate the program with the local workforce development board.

Subd. 4. **Reports.** Each grant recipient shall report to the commissioner in a format to be determined by commissioner.

Sec. 13. Minnesota Statutes 2014, section 116L.99, is amended to read:

**116L.99 WOMEN AND HIGH-WAGE, HIGH-DEMAND, NONTRADITIONAL JOBS GRANT PROGRAM.**

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

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

(c) "Eligible organization" includes, but is not limited to:

(1) community-based organizations experienced in serving women;

(2) employers;

(3) business and trade associations;

(4) labor unions and employee organizations;

(5) registered apprenticeship programs;

(6) secondary and postsecondary education institutions located in Minnesota; and

(7) workforce and economic development agencies.

(d) "High-wage, high-demand" means occupations that represent at least 0.1 percent of total employment in the base year, have an annual median salary which is higher than the average for the current year, and are projected to have more total openings as a share of employment than the average.

(e) "Low-income" means income less than 200 percent of the federal poverty guideline adjusted for a family size of four.

(f) "Nontraditional occupations" means those occupations in which women make up less than 25 percent of the workforce as defined under United States Code, title 20, section 2302.

(g) "Registered apprenticeship program" means a program registered under United States Code, title 29, section 50.

(h) "STEM" means science, technology, engineering, and math.

(i) "Women of color" means females age 18 and older who are American Indian, Asian, Black, or Hispanic.

(j) "Girls of color" means females under age 18 who are American Indian, Asian, Black, or Hispanic.

Subd. 2. **Grant program.** The commissioner shall establish the women and high-wage, high-demand, nontraditional jobs grant program to increase the number of women in high-wage, high-demand, nontraditional occupations. The commissioner shall make grants to eligible organizations for programs that encourage and assist women to enter high-wage, high-demand, nontraditional occupations including but not limited to those in the skilled trades, ~~science, technology, engineering, and math~~ (STEM) STEM occupations. The commissioner must give

priority to programs that encourage and assist women of color to enter high-wage, high-demand, nontraditional occupations and STEM occupations.

Subd. 3. **Use of funds.** (a) Grant funds awarded under this section may be used for:

(1) recruitment, preparation, placement, and retention of women, including women of color, low-income women and women over 50 years old, in registered apprenticeships, postsecondary education programs, on-the-job training, and permanent employment in high-wage, high-demand, nontraditional occupations;

(2) secondary or postsecondary education or other training to prepare women to succeed in high-wage, high-demand, nontraditional occupations. Activities under this clause may be conducted by the grantee or in collaboration with another institution, including but not limited to a public or private secondary or postsecondary school;

(3) innovative, hands-on, best practices that stimulate interest in high-wage, high-demand, nontraditional occupations among girls, increase awareness among girls about opportunities in high-wage, high-demand, nontraditional occupations, or increase access to secondary programming leading to jobs in high-wage, high-demand, nontraditional occupations. Best practices include but are not limited to mentoring, internships, or apprenticeships for girls in high-wage, high-demand, nontraditional occupations;

(4) training and other staff development for job seeker counselors and Minnesota family investment program (MFIP) caseworkers on opportunities in high-wage, high-demand, nontraditional occupations;

(5) incentives for employers and sponsors of registered apprenticeship programs to retain women in high-wage, high-demand, nontraditional occupations for more than one year;

(6) training and technical assistance for employers to create a safe and healthy workplace environment designed to retain and advance women, including best practices for addressing sexual harassment, and to overcome gender inequity among employers and registered apprenticeship programs;

(7) public education and outreach activities to overcome stereotypes about women in high-wage, high-demand, nontraditional occupations, including the development of educational and marketing materials; ~~and~~

(8) services to support for women in high-wage, high-demand, nontraditional occupations including but not limited to assistance with balancing work responsibilities; skills training and education; family caregiving; financial assistance for child care, transportation, and safe and stable housing; workplace issues resolution; and access to advocacy assistance and services; and

(9) recruitment, participation, and support of girls of color in approved training programs or a valid apprenticeship program subject to section 181A.07, subdivision 7.

(b) Grant applications must include detailed information about how the applicant plans to:

(1) increase women's participation in high-wage, high-demand occupations in which women are currently underrepresented in the workforce;

(2) comply with the requirements under subdivision 3; ~~and~~



(3) use grant funds in conjunction with funding from other public or private sources; and

(4) collaborate with existing, successful programs for training, education, recruitment, preparation, placement, and retention of women of color in high-wage, high-demand, nontraditional occupations and STEM occupations.

(c) In awarding grants under this subdivision, the commissioner shall give priority to eligible organizations:

(1) with demonstrated success in recruiting and preparing women, especially low-income women, women of color, and women over 50 years old, for high-wage, high-demand, nontraditional occupations; and

(2) that leverage additional public and private resources.

(d) At least 50 percent of total grant funds must be awarded to programs providing services and activities targeted to low-income women and women of color.

(e) The commissioner of employment and economic development in conjunction with the commissioner of labor and industry shall monitor the use of funds under this section, collect and compile information on the activities of other state agencies and public or private entities that have purposes similar to those under this section, and identify other public and private funding available for these purposes.

(f) By January 15, 2019, and each January 15 thereafter, the commissioner must submit a report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over workforce development that details the use of grant funds. If data is available, the report must contain data that is disaggregated by race, cultural groups, family income, age, geographical location, migrant or foreign immigrant status, primary language, whether the participant is an English learner under Minnesota Statutes, section 124D.59, disability, and status of homelessness.

Sec. 14. Minnesota Statutes 2014, section 116M.14, subdivision 2, is amended to read:

Subd. 2. **Board.** "Board" means the Urban Minnesota Initiative Board.

Sec. 15. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 3a. **Department.** "Department" means the Department of Employment and Economic Development.

Sec. 16. Minnesota Statutes 2014, section 116M.14, subdivision 4, is amended to read:

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

(1) Minneapolis, St. Paul;

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

~~(3) (2) those cities in the metropolitan area, which contain two or more contiguous census tracts in which the average family income is less than 80 percent of the median family income for the Twin Cities metropolitan area as of the latest report by the United States Census Bureau.~~

Sec. 17. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 4a. **Low-income person.** "Low-income person" means a person who has an annual income, adjusted for family size, of not more than 80 percent of the area median family income for the Twin Cities metropolitan area as of the latest report by the United States Census Bureau.

Sec. 18. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 4b. **Metropolitan area.** "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

Sec. 19. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 6. **Minority person.** "Minority person" means a person belonging to a racial or ethnic minority as defined in Code of Federal Regulations, title 49, section 23.5.

Sec. 20. Minnesota Statutes 2014, section 116M.14, is amended by adding a subdivision to read:

Subd. 7. **Program.** "Program" means the Minnesota Initiative program created by this chapter.

Sec. 21. Minnesota Statutes 2014, section 116M.15, subdivision 1, is amended to read:

Subdivision 1. ~~Creation; membership~~ **Membership.** The ~~Urban~~ Minnesota Initiative Board is created and consists of the commissioner of employment and economic development, the chair of the Metropolitan Council, the commissioner of human rights, and eight 12 members from the general public appointed by the governor. ~~Six~~ Nine of the public members must be representatives from minority business enterprises. No more than ~~four~~ six of the public members may be of one gender. Appointments must ensure balanced geographic representation. At least half of the public members must have experience working to address racial income disparities. All public members must be experienced in business or economic development.

Sec. 22. Minnesota Statutes 2014, section 116M.17, subdivision 2, is amended to read:

Subd. 2. **Technical assistance.** ~~The board through the department; shall provide technical assistance and development information services to state agencies, regional agencies, special districts, local governments, and the public, with special emphasis on minority communities~~ informational outreach about the program to lenders, nonprofit corporations, and low-income and minority communities throughout the state that support the development of business enterprises and entrepreneurs.

Sec. 23. Minnesota Statutes 2014, section 116M.17, subdivision 4, is amended to read:

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

Sec. 24. Minnesota Statutes 2014, section 116M.18, is amended to read:

**116M.18 URBAN CHALLENGE GRANTS MINNESOTA INITIATIVE PROGRAM.**

Subdivision 1. **Establishment.** The Minnesota Initiative program is established to award grants to nonprofit corporations to fund loans to businesses owned by minority or low-income persons or women.

Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall be made so that an approximately equal dollar amount of loans are made to businesses in the metropolitan area as in the nonmetropolitan area. If funds remain after the ninth month of the fiscal year, those funds shall revert to the general loan pool and may be lent in any part of the state.

~~Subdivision 1~~ Subd. 1b. **Eligibility rules Grants.** The board shall make urban-challenge grants for use in low-income areas to nonprofit corporations to fund loans to businesses owned by minority or low-income persons or women, to encourage private investment, to provide jobs for minority and low-income persons and others in low-income areas, to create and strengthen minority business enterprises, and to promote economic development in a low-income area. The board shall adopt rules to establish criteria for determining loan eligibility.

Subd. 2. **Challenge Grant eligibility; nonprofit corporation.** (a) The board may enter into agreements with nonprofit corporations to fund and guarantee loans the nonprofit corporation makes in low-income areas under subdivision 4. A corporation must demonstrate that to businesses owned by minority or low-income persons or women. The board shall evaluate applications from nonprofit corporations. In evaluating applications, the board must consider, among other things, whether the nonprofit corporation:

(1) its has a board of directors that includes citizens experienced in business and community development, minority business enterprises, addressing racial income disparities, and creating jobs in low-income areas for low-income and minority persons;

(2) it has the technical skills to analyze projects;

(3) it is familiar with other available public and private funding sources and economic development programs;

(4) it can initiate and implement economic development projects;

(5) it can establish and administer a revolving loan account or has operated a revolving loan account; and

(6) it can work with job referral networks which assist minority and other persons in low-income areas low-income persons; and

(7) has established relationships with minority communities.

(b) The department shall review existing agreements with nonprofit corporations every five years and may renew or terminate the agreement based on the review. In making its review, the department shall consider, among other criteria, the criteria in paragraph (a).

Subd. 3. **Revolving loan fund.** (a) The board shall establish a revolving loan fund to make grants to nonprofit corporations for the purpose of making loans and loan guarantees to new and expanding businesses in a low-income area to promote owned by minority or low-income persons or women

and to support minority business enterprises and job creation for minority and ~~other persons in low-income areas~~ low-income persons.

(b) Nonprofit corporations that receive grants from the department under the program must establish a commissioner-certified revolving loan fund for the purpose of making eligible loans.

(c) Eligible business enterprises include, but are not limited to, technologically innovative industries, value-added manufacturing, and information industries. Loan applications given preliminary approval by the nonprofit corporation must be forwarded to the board for approval. The commissioner must give final approval for each loan ~~or loan guarantee~~ made by the nonprofit corporation. The amount of the state funds contributed to any loan ~~or loan guarantee~~ may not exceed 50 percent of each loan.

Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made ~~or guaranteed~~ by nonprofit corporations under the ~~urban challenge grant~~ program.

(b) Loans ~~or guarantees~~ must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the ~~urban challenge grant~~ program.

(c) A loan ~~or guarantee~~ must be used for ~~a project designed to benefit persons in low-income areas through the creation of job or business opportunities for them~~ to support a business owned by a minority or a low-income person or woman. Priority must be given for loans to the lowest income areas.

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

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

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

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

Subd. 4a. **Microenterprise loan.** ~~Urban challenge~~ Program grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

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

(2) they may be made for a minimum of ~~\$1,000~~ \$5,000 and a maximum of ~~\$25,000~~ \$35,000; and

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

~~(3)~~ (4) they do not require a match.

Subd. 5. **Revolving fund administration; rules.** (a) The board shall establish a minimum interest rate for loans or guarantees to ensure that necessary loan administration costs are covered.

(b) Loan repayment amounts ~~equal to one-half of the principal and interest~~ must be deposited in a revolving fund ~~created by the board for challenge grants~~. The remaining amount of the loan repayment may be paid to the department for deposit in the revolving loan fund. Loan interest payments must be deposited in a revolving loan fund created by the nonprofit corporation originating

the loan being repaid for further distribution, consistent with the loan criteria ~~specified in subdivision 4 of this section.~~

(c) Administrative expenses of the ~~board and~~ nonprofit corporations with whom the board enters into agreements ~~under subdivision 2~~, including expenses incurred by a nonprofit corporation in providing financial, technical, managerial, and marketing assistance to a business enterprise receiving a loan under subdivision 4, may be paid out of the interest earned on loans and out of interest earned on money invested by the state Board of Investment under section 116M.16, subdivision 2, as may be provided by the board.

~~Subd. 6. **Rules.** The board shall adopt rules to implement this section.~~

Subd. 6a. **Nonprofit corporation loans.** The board may make loans to a nonprofit corporation with which it has entered into an agreement under subdivision ~~1~~ 2. ~~These loans must be used to support a new or expanding business.~~ This support may include such forms of financing as the sale of goods to the business on installment or deferred payments, lease purchase agreements, or royalty investments in the business. The interest rate charged by a nonprofit corporation for a loan under this subdivision must not exceed the Wall Street Journal prime rate plus four percent. For a loan under this subdivision, the nonprofit corporation may charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit corporation may retain the amount of the origination fee. The nonprofit corporation must provide at least an equal match to the loan received by the board. The maximum loan available to the nonprofit corporation under this subdivision is \$50,000. Loans made to the nonprofit corporation under this subdivision may be made without interest. Repayments made by the nonprofit corporation must be deposited in the revolving fund created for ~~urban initiative program grants.~~

Subd. 7. **Cooperation.** A nonprofit corporation that receives ~~an urban challenge~~ a program grant shall cooperate with other organizations, including but not limited to, community development corporations, community action agencies, and the Minnesota small business development centers.

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

(1) submit an annual report to the board by ~~September~~ March 30 of each year that includes a description of ~~projects~~ businesses supported by the ~~urban challenge~~ grant program, an account of loans made during the calendar year, the program's impact on minority business enterprises and job creation for minority persons and low-income persons in low-income areas, the source and amount of money collected and distributed by the ~~urban challenge grant~~ program, the program's assets and liabilities, and an explanation of administrative expenses; and

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

Sec. 25. Minnesota Statutes 2014, section 124D.55, is amended to read:

**124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.**

The commissioner shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of a general education development (GED) test, but not more than \$40 for an eligible individual.

For fiscal year 2017 only, the commissioner shall pay 100 percent of the fee that is charged to an eligible individual for the full battery of a general education development (GED) test, but not more than the cost of one full battery per year for any individual.

**Sec. 26. [136A.123] MINNESOTA'S FUTURE TEACHERS GRANT PROGRAM.**

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

(b) "Eligible institution" means a postsecondary institution under section 136A.101, subdivision 4, located in Minnesota.

(c) "High needs area" means a high needs area as defined by the Department of Education biannual teacher supply and demand report under section 127A.05, subdivision 6, or other surveys conducted by the Department of Education that provide indicators for teacher supply and demand needs not captured by the teacher supply and demand report.

(d) "High needs school" means a school that:

(1) has been designated a low performing school under the most recently passed version of the federal Elementary and Secondary Education Act; or

(2) is above the state average in concentration of students qualifying for free and reduced-price lunch.

(e) "Qualified candidate" means a student enrolled in an eligible institution with an approved teacher preparation program that meets the program eligibility requirements in subdivision 3.

Subd. 2. **Program requirements.** (a) The commissioner of the Office of Higher Education shall award grants to eligible institutions to facilitate undergraduate and graduate students, beginning in the 2017-2018 academic year, to become licensed teachers. The commissioner of the Office of Higher Education shall determine the maximum grant amount per institution and the maximum amount of the grant available for administrative and support services.

(b) Grants must be awarded to programs at eligible institutions that demonstrate:

(1) a majority of the grant will be used to reduce the tuition, fees, and costs for qualified candidates;

(2) the ability of the program to perform outreach activities to encourage historically underserved students, students of color, and students interested in teaching in a high needs area or high needs school to participate in the program;

(3) participating students will be provided with support services to ensure persistence and completion in their program and successful teacher licensure;

(4) participating students will be provided with experiential opportunities to explore teacher and educator experiences;

(5) participating students will provide a letter of intent, demonstrating their interest in teaching in a high needs area or high needs school, upon completing their teacher preparation program and receiving their teaching license.

(c) A grantee must be provided mentoring. Mentoring must include, but is not limited to:

- (1) communicating frequently and consistently throughout program participation;
- (2) developing a personalized student success plan, which must include concrete steps towards program completion and job placement and identify and make contingency plans for potential obstacles to program completion;
- (3) connecting grantees to on-campus resources and personal development opportunities; and
- (4) financial planning.

Sec. 27. Minnesota Statutes 2014, section 256D.051, is amended to read:

**256D.051 FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM.**

Subdivision 1. **Food stamp employment and training program.** The commissioner shall implement a food stamp employment and training program in order to meet the food stamp employment and training participation requirements of the United States Department of Agriculture. ~~Unless exempt under subdivision 3a, each adult recipient in the unit must participate in the food stamp employment and training program each month that the person is eligible for food stamps. The person's participation in food stamp employment and training services must begin no later than the first day of the calendar month following the determination of eligibility for food stamps. With the county agency's consent, and To the extent of available resources, the person a recipient may voluntarily continue volunteer to participate in food stamp employment and training services for up to three additional consecutive months immediately following termination of food stamp benefits in order to complete the provisions of the person's employability development plan. A recipient who volunteers for employment and training services is subject to work requirements in Code of Federal Regulations, title 7, section 273.7.~~

Subd. 1a. **Notices and sanctions.** (a) At the time the county agency notifies the household that it is eligible for food stamps, the county agency must: ~~(1) inform all mandatory employment and training services participants as identified in subdivision 1 in the household that they must comply with all food stamp employment and training program requirements each month, including the requirement to attend an initial orientation to the food stamp employment and training program and that food stamp eligibility will end unless the participants comply with the requirements specified in the notice adults of the opportunity to volunteer for and participate in SNAP employment and training activities; (2) provide plain language material that explains the benefits of voluntary participation; and (3) provide the name and address of the county's designated employment and training service provider.~~

~~(b) A participant who fails without good cause to comply with food stamp employment and training program requirements of this section, including attendance at orientation, will lose food stamp eligibility for the following periods: The county must inform all recipients who are able-bodied adults without dependents that SNAP benefits are time limited to three months in a 36-month period from the first full month of application unless the recipient meets the work requirements in Code of Federal Regulations, title 7, section 273.7.~~

~~(1) for the first occurrence, for one month or until the person complies with the requirements not previously complied with, whichever is longer;~~

~~(2) for the second occurrence, for three months or until the person complies with the requirements not previously complied with, whichever is longer; or~~

(3) for the third and any subsequent occurrence, for six months or until the person complies with the requirements not previously complied with, whichever is longer.

If the participant is not the food stamp head of household, the person shall be considered an ineligible household member for food stamp purposes. If the participant is the food stamp head of household, the entire household is ineligible for food stamps as provided in Code of Federal Regulations, title 7, section 273.7(g). "Good cause" means circumstances beyond the control of the participant, such as illness or injury, illness or injury of another household member requiring the participant's presence, a household emergency, or the inability to obtain child care for children between the ages of six and 12 or to obtain transportation needed in order for the participant to meet the food stamp employment and training program participation requirements.

(c) The county agency shall mail or hand deliver a notice to the participant not later than five days after determining that the participant has failed without good cause to comply with food stamp employment and training program requirements which specifies the requirements that were not complied with, the factual basis for the determination of noncompliance, and the right to reinstate eligibility upon a showing of good cause for failure to meet the requirements. The notice must ask the reason for the noncompliance and identify the participant's appeal rights. The notice must request that the participant inform the county agency if the participant believes that good cause existed for the failure to comply and must state that the county agency intends to terminate eligibility for food stamp benefits due to failure to comply with food stamp employment and training program requirements.

(d) If the county agency determines that the participant did not comply during the month with all food stamp employment and training program requirements that were in effect, and if the county agency determines that good cause was not present, the county must provide a ten-day notice of termination of food stamp benefits. The amount of food stamps that are withheld from the household and determination of the impact of the sanction on other household members is governed by Code of Federal Regulations, title 7, section 273.7.

(e) The participant may appeal the termination of food stamp benefits under the provisions of section 256.045.

Subd. 2. **County agency duties.** (a) The county agency shall provide to food stamp recipients a food stamp employment and training program. The program must include:

- (1) orientation to the food stamp employment and training program;
- (2) an individualized employability assessment and an individualized employability development plan that includes assessment of literacy, ability to communicate in the English language, educational and employment history, and that estimates the length of time it will take the participant to obtain employment. The employability assessment and development plan must be completed in consultation with the participant, must assess the participant's assets, barriers, and strengths, and must identify steps necessary to overcome barriers to employment. A copy of the employability development plan must be provided to the registrant;
- (3) referral to available accredited remedial or skills training or career pathway programs designed to address participant's barriers to employment;
- (4) referral to available programs that provide subsidized or unsubsidized employment as necessary;



- (5) a job search program, including job seeking skills training; and
- (6) other activities, to the extent of available resources designed by the county agency to prepare the participant for permanent employment.

~~In order to allow time for job search, the county agency may not require an individual to participate in the food stamp employment and training program for more than 32 hours a week. The county agency shall require an individual to spend at least eight hours a week in job search or other food stamp employment and training program activities.~~

(b) The county agency shall prepare an annual plan for the operation of its food stamp employment and training program. The plan must be submitted to and approved by the commissioner of employment and economic development. The plan must include:

- (1) a description of the services to be offered by the county agency;
- (2) a plan to coordinate the activities of all public and private nonprofit entities providing employment-related services in order to avoid duplication of effort and to provide a wide range of allowable activities and services more efficiently;
- (3) a description of the factors that will be taken into account when determining a client's employability development plan; and
- (4) provisions to ensure that the county agency's employment and training service ~~provider provides providers provide~~ each recipient with an orientation, employability assessment, and employability development plan as specified in paragraph (a), clauses (1) and (2), within 30 days of the recipient's eligibility for assistance request to participate in employment and training.

Subd. 2a. **Duties of commissioner.** In addition to any other duties imposed by law, the commissioner shall:

- (1) based on this section and section 256D.052 and Code of Federal Regulations, title 7, section 273.7, supervise the administration of food stamp employment and training services to county agencies;
- (2) disburse money appropriated for food stamp employment and training services to county agencies based upon the county's costs as specified in section 256D.051, subdivision 6c;
- (3) accept and supervise the disbursement of any funds that may be provided by the federal government or from other sources for use in this state for ~~food stamp~~ employment and training services;
- (4) cooperate with other agencies including any agency of the United States or of another state in all matters concerning the powers and duties of the commissioner under this section and section 256D.052; and
- (5) in cooperation with the commissioner of employment and economic development, ensure that each component of an employment and training program carried out under this section is delivered through a statewide workforce development system, unless the component is not available locally through such a system.

Subd. 3. **Participant duties.** In order to receive food stamp assistance employment and training services, a registrant participant who volunteers shall: (1) cooperate with the county agency in

all aspects of the food stamp employment and training program; and (2) ~~accept any suitable employment, including employment offered through the Job Training Partnership Act, and other employment and training options;~~ and (3) participate in food stamp employment and training activities assigned by the county agency. The county agency may terminate employment and training assistance to a registrant voluntary participant who fails to cooperate in the food stamp employment and training program, as provided in subdivision 1a unless good cause is provided.

Subd. 3a. **Requirement to register work.** (a) To the extent required under Code of Federal Regulations, title 7, section 273.7(a), each applicant for and recipient of food stamps is required to register for work as a condition of eligibility for food stamp benefits. Applicants and recipients are registered by signing an application or annual reapplication for food stamps, and must be informed that they are registering for work by signing the form.

~~(b) The commissioner shall determine, within federal requirements, persons required to participate in the food stamp employment and training (FSET) program.~~

~~(c) The following food stamp recipients are exempt from mandatory participation in food stamp employment and training services:~~

~~(1) recipients of benefits under the Minnesota family investment program, Minnesota supplemental aid program, or the general assistance program;~~

~~(2) a child;~~

~~(3) a recipient over age 55;~~

~~(4) a recipient who has a mental or physical illness, injury, or incapacity which is expected to continue for at least 30 days and which impairs the recipient's ability to obtain or retain employment as evidenced by professional certification or the receipt of temporary or permanent disability benefits issued by a private or government source;~~

~~(5) a parent or other household member responsible for the care of either a dependent child in the household who is under age six or a person in the household who is professionally certified as having a physical or mental illness, injury, or incapacity. Only one parent or other household member may claim exemption under this provision;~~

~~(6) a recipient receiving unemployment insurance or who has applied for unemployment insurance and has been required to register for work with the Department of Employment and Economic Development as part of the unemployment insurance application process;~~

~~(7) a recipient participating each week in a drug addiction or alcohol abuse treatment and rehabilitation program, provided the operators of the treatment and rehabilitation program, in consultation with the county agency, recommend that the recipient not participate in the food stamp employment and training program;~~

~~(8) a recipient employed or self-employed for 30 or more hours per week at employment paying at least minimum wage, or who earns wages from employment equal to or exceeding 30 hours multiplied by the federal minimum wage; or~~

~~(9) a student enrolled at least half time in any school, training program, or institution of higher education. When determining if a student meets this criteria, the school's, program's or institution's criteria for being enrolled half time shall be used.~~

Subd. 3b. **Orientation.** The county agency or its employment and training service provider providers must provide an orientation to food stamp employment and training services to each nonexempt food stamp recipient within 30 days of the date that food stamp eligibility is determined recipient within 30 days of the date that they agree to volunteer. The orientation must inform the participant of the requirement to participate benefits of participating in services, the date, time, and address to report to for services, the name and telephone number of the food stamp employment and training service provider, the consequences for failure without good cause to comply, the services and support services available through food stamp employment and training services and other providers of similar services, and must encourage the participant to view the food stamp program as a temporary means of supplementing the family's food needs until the family achieves self-sufficiency through employment. The orientation may be provided through audio-visual methods, but the participant must have the opportunity for face-to-face interaction with county agency staff.

Subd. 6b. **Federal reimbursement.** Federal financial participation from the United States Department of Agriculture for food stamp employment and training expenditures that are eligible for reimbursement through the food stamp employment and training program are dedicated funds and are annually appropriated to the commissioner of human services for the operation of the food stamp employment and training program. Funds appropriated under this subdivision must be used for skill attainment through employment, training, and support services for food stamp participants. Up to ten percent of the funds may be used for the administrative costs of capturing additional federal reimbursement dollars. By February 15, 2017, the commissioner shall report to the legislative committees having jurisdiction over the food stamp program on the progress of securing additional federal reimbursements dollars. Federal financial participation for the nonstate portion of food stamp employment and training costs must be paid to the county agency or services provider that incurred the costs at a rate to be determined by the Departments of Human Services and Employment and Economic Development.

Subd. 6c. **Program funding.** Within the limits of available resources, the commissioner shall reimburse the actual costs of county agencies and their employment and training service providers for the provision of food stamp employment and training services, including participant support services, direct program services, and program administrative activities. The cost of services for each county's food stamp employment and training program shall not exceed the annual allocated amount. No more than 15 percent of program funds may be used for administrative activities. The county agency may expend county funds in excess of the limits of this subdivision without state reimbursement.

Program funds shall be allocated based on the county's average number of food stamp cases as compared to the statewide total number of such cases. The average number of cases shall be based on counts of cases as of March 31, June 30, September 30, and December 31 of the previous calendar year. The commissioner may reallocate unexpended money appropriated under this section to those county agencies that demonstrate a need for additional funds.

Subd. 7. **Registrant status.** A registrant under this section is not an employee for the purposes of workers' compensation, unemployment benefits, retirement, or civil service laws, and shall not perform work ordinarily performed by a regular public employee.

Subd. 8. **Voluntary quit.** A person who is required to participate in food stamp employment and training services is not eligible for food stamps if, without good cause, the person refuses a legitimate

offer of, or quits, suitable employment within 60 days before the date of application. A person who is required to participate in food stamp employment and training services and, without good cause, voluntarily quits suitable employment or refuses a legitimate offer of suitable employment while receiving food stamps shall be terminated from the food stamp program as specified in subdivision 1a.

Subd. 9. **Subcontractors.** A county agency may, at its option, subcontract any or all of the duties under this section to a public or private entity approved by the commissioner of employment and economic development.

Subd. 18. **Work experience Workfare placements.** (a) To the extent of available resources, each county agency must establish and operate a work experience workfare component in the food stamp employment and training program for recipients who are subject to a federal limit of three months of food stamp eligibility in any 36-month period. The purpose of the work experience workfare component is to enhance the participant's employability, self-sufficiency, and to provide meaningful, productive work activities.

(b) The commissioner shall assist counties in the design and implementation of these components. The commissioner must ensure that job placements under a work experience workfare component comply with section 256J.72. Written or oral concurrence with job duties of persons placed under the community work experience workfare program shall be obtained from the appropriate exclusive bargaining representative.

(c) Worksites developed under this section are limited to projects that serve a useful public service such as health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, community service, services to aged or disabled citizens, and child care. To the extent possible, the prior training, skills, and experience of a recipient must be used in making appropriate work experience workfare assignments.

(d) Structured, supervised volunteer uncompensated work with an agency or organization that is monitored by the county service provider may, with the approval of the county agency, be used as a work experience workfare placement.

(e) As a condition of placing a person receiving food stamps in a program under this subdivision, the county agency shall first provide the recipient the opportunity:

(1) for placement in suitable subsidized or unsubsidized employment through participation in job search under section 256D.051; ~~or~~

(2) for placement in suitable employment through participation in ~~on-the-job training~~ a paid work experience, if such employment is available; or

(3) for placement in an educational program designed to increase job skills and employability.

(f) The county agency shall limit the maximum monthly number of hours that any participant may work in a work experience workfare placement to a number equal to the amount of the family's monthly food stamp allotment divided by the greater of the federal minimum wage or the applicable state minimum wage.

After a participant has been assigned to a position for ~~nine~~ six months, the participant may not continue in that assignment unless the maximum number of hours a participant works is no greater

than the amount of the food stamp benefit divided by the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site.

(g) The participant's employability development plan must include the length of time needed in the ~~work experience~~ workfare program, the need to continue job seeking activities while participating in ~~work experience~~ the workfare program, and the participant's employment goals.

(h) After each six months of a recipient's participation in a ~~work experience job~~ workfare placement, and at the conclusion of each ~~work experience~~ workfare assignment under this section, the county agency shall reassess and revise, as appropriate, the participant's employability development plan.

(i) A participant has good cause for failure to cooperate with a ~~work experience job~~ workfare placement if, in the judgment of the employment and training service provider, the reason for failure is reasonable and justified. ~~Good cause for purposes of this section is defined in subdivision 1a, paragraph (b).~~

(j) A recipient who has failed without good cause to participate in or comply with the ~~work experience job~~ a workfare placement shall be terminated from participation in ~~work experience job~~ workfare activities. ~~If the recipient is not exempt from mandatory food stamp employment and training program participation under subdivision 3a, the recipient will be assigned to other mandatory program activities. If the recipient is exempt from mandatory participation but is participating as a volunteer, the person shall be terminated from the food stamp employment and training program.~~

Sec. 28. Laws 2013, chapter 108, article 14, section 2, subdivision 1, as amended by Laws 2014, chapter 312, article 31, section 3, is amended to read:

Subdivision 1. **Total Appropriation** \$ 6,437,815,000 \$ 6,456,311,000

	Appropriations by Fund	
	2014	2015
General	5,654,095,000	5,676,652,000
State Government		
Special Revenue	4,099,000	4,510,000
Health Care Access	519,816,000	518,446,000
Federal TANF	257,915,000	254,813,000
Lottery Prize Fund	1,890,000	1,890,000

**Receipts for Systems Projects.**

Appropriations and federal receipts for information systems projects for MAXIS, PRISM, MMIS, and SSIS must be deposited in the state system account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the commissioner of Minnesota information technology services, funded

by the legislature, and approved by the commissioner of management and budget, may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

**Nonfederal Share Transfers.** The nonfederal share of activities for which federal administrative reimbursement is appropriated to the commissioner may be transferred to the special revenue fund.

**ARRA Supplemental Nutrition Assistance Benefit Increases.** The funds provided for food support benefit increases under the Supplemental Nutrition Assistance Program provisions of the American Recovery and Reinvestment Act (ARRA) of 2009 must be used for benefit increases beginning July 1, 2009.

**Supplemental Nutrition Assistance Program Employment and Training.** (1) Notwithstanding Minnesota Statutes, sections 256D.051, subdivisions 1a, 6b, and 6c, and 256J.626, federal Supplemental Nutrition Assistance employment and training funds received as reimbursement of MFIP consolidated fund grant expenditures for diversionary work program participants and child care assistance program expenditures must be deposited in the general fund. The amount of funds must be limited to \$4,900,000 per year in fiscal years 2014 and 2015, and to \$4,400,000 per year in fiscal years year 2016 and 2017, contingent on approval by the federal Food and Nutrition Service.

(2) Notwithstanding Minnesota Statutes, sections 256D.051, subdivisions 1a, 6b, and 6c, and 256J.626, in fiscal year 2017, up to \$4,400,000 in federal Supplemental Nutrition Assistance employment and training funds received as reimbursement of

MFIP consolidated fund grant expenditures for diversionary work program participants and child care assistance program expenditures is appropriated to the commissioner of human services to expand the Supplemental Nutrition Assistance Program Employment and Training Program, including administrative costs, contingent on approval by the federal Food and Nutrition Service.

~~(2)~~ (3) Consistent with the receipt of the federal funds, the commissioner may adjust the level of working family credit expenditures claimed as TANF maintenance of effort. Notwithstanding any contrary provision in this article, this rider expires June 30, 2017.

**TANF Maintenance of Effort.** (a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1, the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF/MOE expenditures:

(1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

(5) expenditures made on behalf of legal noncitizen MFIP recipients who qualify for the MinnesotaCare program under Minnesota Statutes, chapter 256L;

(6) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671;

(7) qualifying Minnesota education credit expenditures under Minnesota Statutes, section 290.0674; and

(8) qualifying Head Start expenditures under Minnesota Statutes, section 119A.50.

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF/MOE requirements. For the activities listed in paragraph (a), clauses (2) to (8), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) For fiscal years beginning with state fiscal year 2003, the commissioner shall ensure that the maintenance of effort used by the commissioner of management and budget for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 16 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(d) The requirement in Minnesota Statutes, section 256.011, subdivision 3, that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, do not apply if the grants or aids are federal TANF funds.

(e) For the federal fiscal years beginning on or after October 1, 2007, the commissioner may not claim an amount of TANF/MOE in excess of the 75 percent standard in Code of Federal Regulations, title 45, section 263.1(a)(2), except:

(1) to the extent necessary to meet the 80 percent standard under Code of Federal Regulations, title 45, section 263.1(a)(1), if it is determined by the commissioner



that the state will not meet the TANF work participation target rate for the current year;

(2) to provide any additional amounts under Code of Federal Regulations, title 45, section 264.5, that relate to replacement of TANF funds due to the operation of TANF penalties; and

(3) to provide any additional amounts that may contribute to avoiding or reducing TANF work participation penalties through the operation of the excess MOE provisions of Code of Federal Regulations, title 45, section 261.43(a)(2).

(f) For the purposes of paragraph (e), clauses (1) to (3), the commissioner may supplement the MOE claim with working family credit expenditures or other qualified expenditures to the extent such expenditures are otherwise available after considering the expenditures allowed in this subdivision and subdivisions subdivision 2 and 3.

~~(f)~~ (g) Notwithstanding any contrary provision in this article, paragraphs (a) to (e) expire June 30, ~~2017~~ 2019.

**Working Family Credit Expenditures as TANF/MOE.** The commissioner may claim as TANF maintenance of effort up to \$6,707,000 per year of working family credit expenditures in each fiscal year.

Sec. 29. Laws 2015, First Special Session chapter 1, article 1, section 3, subdivision 5, is amended to read:

		8,519,000
Subd. 5. <b>Family Homeless Prevention</b>	8,519,000	<u>8,769,000</u>

This appropriation is for the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204. Of this amount, \$250,000 in the second year is a onetime appropriation for grants to eligible applicants to create or expand risk mitigation programs to reduce landlord financial risks for renting to persons eligible under Minnesota Statutes, section 462A.204.

Eligible programs may reimburse landlords for costs including but not limited to nonpayment of rent, or damage costs above those costs covered by security deposits. The agency may give higher priority to applicants that can demonstrate a matching amount of money by a local unit of government, business, or nonprofit organization. Grantees must establish a procedure to review and validate claims and reimbursements under this grant program.

Sec. 30. Laws 2015, First Special Session chapter 1, article 1, section 3, subdivision 6, is amended to read:

		885,000
<b>Subd. 6. Home Ownership Assistance Fund</b>	885,000	<u>3,885,000</u>

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

Sec. 31. Laws 2015, First Special Session chapter 1, article 1, section 3, subdivision 10, is amended to read:

		375,000
<b>Subd. 10. Capacity Building Grants</b>	375,000	<u>875,000</u>

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

(b) \$500,000 is a onetime appropriation for competitive grants to nonprofit housing organizations, housing and redevelopment authorities, or other political subdivisions to provide intensive financial education and coaching services to individuals or families who have the goal of homeownership. Financial education and coaching services include but are not limited to asset building, development of spending plans, credit report

education, repair and rebuilding, consumer protection training, and debt reduction. Priority must be given to organizations that have experience serving underserved populations.

Sec. 32. Laws 2015, First Special Session chapter 3, article 11, section 3, subdivision 3, is amended to read:

Subd. 3. **GED tests.** For payment of ~~60 percent~~ of the costs of GED tests as provided under Minnesota Statutes, section 124D.55:

\$	125,000	.....	2016
	<del>125,000</del>		
\$	<u>245,000</u>	.....	2017

The base appropriation for fiscal year 2018 and later is \$125,000.

Sec. 33. **STEPPING UP FOR KIDS; FINANCIAL ASSISTANCE.**

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

(b) "High needs area" means a high needs area as defined in the Department of Education biannual teacher supply and demand report under Minnesota Statutes, section 127A.05, subdivision 6, or other surveys conducted by the Department of Education that provide indicators for teacher supply and demand needs not captured by the teacher supply and demand report.

(c) "High needs school" means a school that:

- (1) is identified as a low performing school under federal expectations; and
- (2) is above the state average in concentration of students qualifying for free and reduced-price lunch.

(d) "Qualified candidate" means a paraprofessional employed in a Minnesota school currently or within the past three years who has been admitted to an institution as defined under Minnesota Statutes, section 136A.101, subdivision 4, located in Minnesota with an approved Minnesota teacher licensure program and meets the program eligibility requirements in subdivision 3 and in policies adopted under subdivision 5.

Subd. 2. **Eligibility.** (a) A qualified candidate may apply, beginning in the 2017-2018 academic year, to the commissioner of the Office of Higher Education to receive financial assistance under this section. The commissioner of the Office of Higher Education shall award financial assistance to paraprofessionals employed in high needs areas or high needs schools based on shortages, geographical distribution, or other surveys conducted by the Department of Education and must take into consideration diversifying the teacher workforce. The application must include a letter of support from the designated school district administrator where the paraprofessional is employed.

(b) A candidate must commit to remain employed in a Minnesota school district for four years upon completion of teacher preparation as verified through the Staff Automated Reporting

(STAR) system maintained by the Department of Education. A candidate who does not complete the four-year service commitment may be required to repay the financial assistance.

(c) A candidate must provide a letter of intent, demonstrating an interest in teaching in a high needs area or high needs school, upon completing the teacher preparation program and receiving a teaching license.

Subd. 3. **Usage.** The financial assistance may only be used for tuition and related living and miscellaneous expenses required to complete teacher preparation and attain licensure.

Subd. 4. **Policymaking.** The commissioner of education with assistance from the commissioner of the Office of Higher Education shall adopt policies or procedures to implement this section, including:

- (1) additional eligibility and renewal criteria;
- (2) annual and lifetime maximum awards per student; and
- (3) service fulfillment and repayment criteria.

**Sec. 34. GOOD FOOD ACCESS ADVISORY COMMITTEE.**

The commissioner of agriculture and designating authorities must make their initial appointments and designations by July 1, 2016, for the Good Food Access Advisory Committee established under Minnesota Statutes, section 17.1018. The commissioner of agriculture or the commissioner's designee must convene the first meeting of the Good Food Access Advisory Committee by September 1, 2016.

**Sec. 35. REQUIREMENTS FOR GRANTS TO INDIVIDUALLY SPECIFIED RECIPIENTS.**

(a) **Application.** This section applies to any grant funded under this act where the recipient of the grant is individually specified in this act. The commissioner serving as the fiscal agent for the grant must ensure compliance with the requirements of this section, and all applicable requirements under existing law, including applicable grants management policies and procedures established by the Office of Grants Management.

(b) **Prerequisites.** Before any funding is provided to the grant recipient, the recipient must provide the fiscal agent with a description of the following information in a grant application:

- (1) the purpose of the grant, including goals, priorities, and measurable outcomes;
- (2) eligibility requirements for individuals who will be served by the grant program;
- (3) the proposed geographic service areas for individuals served by the grant; and
- (4) the reporting requirements.

These requirements are in addition to any requirements under existing laws and policies.

(c) **Financial Review.** Office of Grants Management Operating Policy and Procedure number 08-06, titled "Policy on the Financial Review of Nongovernmental Organizations" applies in pertinent part to all grants covered by paragraph (a).

(d) **Reporting to Fiscal Agent.** In addition to meeting any reporting requirements included in the grant agreement, grant recipients subject to this section must provide the following information to the commissioner serving as fiscal agent:

(1) a detailed accounting of the use of any grant proceeds;

(2) a description of program outcomes to date, including performance measured against indicators specified in the grant agreement, including, but not limited to, job creation, employment activity, wage information, business formation or expansion, and academic performance; and

(3) the portion of the grant, if any, spent on the recipient's operating expenses.

Grant recipients must report the information required under this paragraph to the fiscal agent within one year after receiving any portion of the grant, annually thereafter, and within 30 days following the use of all funds provided under the grant.

(e) **Reporting to Legislature.** Beginning January 15, 2017, a commissioner serving as a fiscal agent for a grant subject to this section must submit a report containing the information provided by the grant recipients to the chairs and ranking minority members of the legislative committees and budget divisions with jurisdiction over the agency serving as fiscal agent for the grant. The report submitted under this section must also include the commissioner's summary of the use of grant proceeds, and an analysis of the grant recipients' success in meeting the goals, priorities, and measurable outcomes specified for the grant. An updated version of this report must be submitted on January 15 of each succeeding year until January 15 in the year following the date when all of the grant funds have been spent.

**Sec. 36. REVISOR'S INSTRUCTION.**

In the next editions of Minnesota Statutes and Minnesota Rules, the Revisor of Statutes shall change the term "Urban Initiative Board" to "Minnesota Initiative Board," "board," or similar terms as the context requires.

**Sec. 37. REPEALER.**

Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 8, is repealed.

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

## ARTICLE 7

### ENVIRONMENT AND ENERGY

#### Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2015, First Special Session chapter 4, or appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2016" and "2017" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. Appropriations for fiscal year 2016 are effective the day following final enactment.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2016</u>	<u>2017</u>
<b>Sec. 2. <u>POLLUTION CONTROL AGENCY</u></b>		
<b>Subdivision 1. <u>Total Appropriation</u></b>	<b>\$</b>	<b>\$</b>
	<b><u>143,000</u></b>	<b><u>6,867,000</u></b>
<u>Appropriations by Fund</u>		
	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>143,000</u>	<u>2,759,000</u>
<u>Environmental</u>	<u>-0-</u>	<u>4,108,000</u>
<b>Subd. 2. <u>Water</u></b>	<b><u>-0-</u></b>	<b><u>1,146,000</u></b>
<u>\$923,000 the second year is to meet the increased demand for technical assistance and review of municipal water infrastructure projects that will be generated by increased grant funding through the Public Facilities Authority. This is a onetime appropriation and is available until June 30, 2019.</u>		
<u>\$108,000 the second year is from the environmental fund to manage a rulemaking process to enhance equity in the water program permit fee structure.</u>		
<u>\$115,000 the second year is for the working lands program feasibility study and program plan. This is a onetime appropriation and is available until June 30, 2018.</u>		
<b>Subd. 3. <u>Land</u></b>	<b><u>-0-</u></b>	<b><u>432,000</u></b>
<u>\$432,000 the second year is to manage contaminated sediment projects at multiple sites identified in the St. Louis River remedial action plan to restore water quality in the St. Louis River area of concern. This amount is added to the base for fiscal years 2018, 2019, and 2020 only.</u>		
<b>Subd. 4. <u>Environmental Assistance and Cross-Media</u></b>	<b><u>-0-</u></b>	<b><u>4,000,000</u></b>

\$4,000,000 is appropriated from the environmental fund for SCORE block grants to counties. This amount is in addition to the amounts appropriated in Laws 2015, First Special Session chapter 4, article 3, section 2, subdivision 5. The forecast base for SCORE grants in fiscal year 2018 is \$21,250,000 and in fiscal year 2019 and later is \$25,250,000.

**Subd. 5. Administrative Services**

143,000

1,289,000

\$143,000 the first year and \$1,289,000 the second year are for legal support costs related to the agency's environmental review and permitting decisions on the PolyMet NorthMet project. This is a onetime appropriation and is available until June 30, 2019.

**Sec. 3. BOARD OF WATER AND SOIL RESOURCES**

\$

-0- \$

729,000

\$479,000 the second year is for the working lands program feasibility study and program plan. This is a onetime appropriation and is available until June 30, 2018.

\$250,000 the second year is to initiate development and coordination of Minnesota River Basin goals and strategies for sediment reduction, flow reduction, and nutrient reduction. This is a onetime appropriation.

**Sec. 4. [103F.519] WORKING LANDS WATERSHED RESTORATION PROGRAM.**

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

(b) "Advanced biofuel" has the meaning given in section 239.051, subdivision 1a.

(c) "Agricultural use" has the meaning given in section 17.81, subdivision 4.

(d) "Biomass processing facility" means a facility producing electricity, advanced biofuel, renewable chemical, or biomass thermal energy from perennial crops.

(e) "Biomass thermal energy" means energy generated from biomass for commercial heat or industrial process heat.

(f) "Board" means the Board of Water and Soil Resources.

(g) "Perennial crops" has the meaning given in section 41A.15, subdivision 9.

(h) "Renewable chemical" has the meaning given in section 41A.15, subdivision 10.

Subd. 2. **Establishment.** The board, in consultation with the commissioner of agriculture, shall administer a program to incentivize the establishment and maintenance of perennial crops. The board shall contract with landowners and give priority to contracts that implement water protection actions as identified in a completed watershed restoration and protection strategy developed under section 114D.26.

Subd. 3. **Eligible land.** Land eligible under this section must:

(1) have been in agricultural use for annual crop production or have been set aside, enrolled, or diverted under another federal or state government program for at least two of the last five years before the date of application; and

(2) not be currently set aside, enrolled, or diverted under another federal or state government program.

Subd. 4. **Contract terms; use as livestock feed.** (a) The board shall offer a contract rate of no more than 90 percent of the most recent federal conservation reserve program payment for the county in which the land is located. The board may make additional payments to assist with the establishment of perennial crops.

(b) Contracts must be at least ten years in duration.

(c) Perennial crops grown on land enrolled under this section may be used by a biomass processing facility or for livestock feed. Perennial crops may be processed in a manner that utilizes a portion of the plant for livestock.

(d) The board shall prioritize land with the highest potential to leverage federal funding.

(e) The board may establish additional contract terms.

Subd. 5. **Pilot watershed selection.** The board may select up to two watersheds in which to conduct an initial pilot program of up to 100,000 total acres. Project watersheds must have, as determined by the board:

(1) a completed watershed restoration and protection strategy developed under section 114D.26, or a hydrological simulation program model approved by the Pollution Control Agency;

(2) multiple water quality impairments;

(3) access to a viable proposed biomass processing facility for the perennial crops grown under this section; and

(4) sufficient acres of cropland available for perennial crop production to adequately supply the proposed biomass processing facility.

Sec. 5. Minnesota Statutes 2014, section 115B.48, is amended by adding a subdivision to read:

Subd. 10. **Owner or operator.** "Owner or operator" means a person who:

(1) owns or has owned a dry cleaning facility during the time the dry cleaning facility operated;  
or

(2) operates or has operated a dry cleaning facility.

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



Sec. 6. Minnesota Statutes 2014, section 115B.50, subdivision 3, is amended to read:

Subd. 3. **Limitation on amount that may be spent.** The commissioner may not, in a single fiscal year, make expenditures from the account related to a single dry cleaning facility that exceed 20 percent of the balance in the account at the beginning of the fiscal year \$100,000.

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

Sec. 7. Minnesota Statutes 2014, section 115B.50, is amended by adding a subdivision to read:

Subd. 4. **Reimbursement adjustment rulemaking.** The commissioner may use the expedited rulemaking process under section 14.389 to adjust reimbursement dollar amounts contained in the rules established under subdivision 2.

Sec. 8. Minnesota Statutes 2014, section 115C.13, is amended to read:

**115C.13 REPEALER.**

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.093, 115C.094, 115C.10, 115C.11, 115C.112, 115C.113, 115C.12, and 115C.13, are repealed effective June 30, ~~2017~~ 2022.

Sec. 9. Minnesota Statutes 2014, section 216B.2424, subdivision 5a, is amended to read:

Subd. 5a. **Reduction of biomass mandate.** (a) Notwithstanding subdivision 5, the biomass electric energy mandate must be reduced from 125 megawatts to 110 megawatts.

(b) The Public Utilities Commission shall approve a request pending before the commission as of May 15, 2003, for amendments to and assignment of a power purchase agreement with the owner of a facility that uses short-rotation, woody crops as its primary fuel previously approved to satisfy a portion of the biomass mandate if the owner of the project agrees to reduce the size of its project from 50 megawatts to 35 megawatts, while maintaining an average price for energy in nominal dollars measured over the term of the power purchase agreement at or below \$104 per megawatt-hour, exclusive of any price adjustments that may take effect subsequent to commission approval of the power purchase agreement, as amended. The commission shall also approve, as necessary, any subsequent assignment or sale of the power purchase agreement or ownership of the project to an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, as described in section 161.114, which currently own electric and steam generation facilities using coal as a fuel and which propose to retrofit their existing municipal electrical generating facilities to utilize biomass fuels in order to perform the power purchase agreement.

(c) If the power purchase agreement described in paragraph (b) is assigned to an entity that is, or becomes, owned or controlled, directly or indirectly, by two municipal entities as described in paragraph (b), and the power purchase agreement meets the price requirements of paragraph (b), the commission shall approve any amendments to the power purchase agreement necessary to reflect the changes in project location and ownership and any other amendments made necessary by those changes. The commission shall also specifically find that:

(1) the power purchase agreement complies with and fully satisfies the provisions of this section to the full extent of its 35-megawatt capacity;

(2) all costs incurred by the public utility and all amounts to be paid by the public utility to the project owner under the terms of the power purchase agreement are fully recoverable pursuant to section 216B.1645;

(3) subject to prudence review by the commission, the public utility may recover from its Minnesota retail customers the amounts that may be incurred and paid by the public utility during the full term of the power purchase agreement; and

(4) if the purchase power agreement meets the requirements of this subdivision, it is reasonable and in the public interest.

(d) The commission shall specifically approve recovery by the public utility of any and all Minnesota jurisdictional costs incurred by the public utility to improve, construct, install, or upgrade transmission, distribution, or other electrical facilities owned by the public utility or other persons in order to permit interconnection of the retrofitted biomass-fueled generating facilities or to obtain transmission service for the energy provided by the facilities to the public utility pursuant to section 216B.1645, and shall disapprove any provision in the power purchase agreement that requires the developer or owner of the project to pay the jurisdictional costs or that permit the public utility to terminate the power purchase agreement as a result of the existence of those costs or the public utility's obligation to pay any or all of those costs.

(e) Upon request by the project owner, the public utility shall agree to amend the power purchase agreement described in paragraph (b) and approved by the commission as required by paragraph (c). The amendment must be negotiated and executed within 45 days of May 14, 2013, and must apply to prices paid after January 1, 2014. The average price for energy in nominal dollars measured over the term of the power purchase agreement must not exceed \$109.20 per megawatt hour. The public utility shall request approval of the amendment by the commission within 30 days of execution of the amended power purchase agreement. The amendment is not effective until approval by the commission. The commission shall act on the amendment within 90 days of submission of the request by the public utility. Upon approval of the amended power purchase agreement, the commission shall allow the public utility to recover the costs of the amended power purchase agreement, as provided in section 216B.1645.

(f) With respect to the power purchase agreement described in paragraph (b), and amended and approved by the commission pursuant to paragraphs (c) and (e), upon request by the project owner, the public utility shall agree to amend the power purchase agreement to include a fuel cost adjustment clause which requires the public utility to reimburse the project owner monthly for all costs incurred by the project owner during the applicable month to procure and transport all fuel used to produce energy for delivery to the public utility pursuant to the power purchase agreement to the extent such costs exceeded \$3.40 per million metric British thermal unit (MMBTU), in addition to the price to be paid for the energy produced and delivered by the project owner. Reimbursable costs include but are not limited to: (1) all costs incurred to load fuel at its source; (2) costs to transport fuel (i) to the biomass-fueled generating facilities or to an intermediate woodyard, storage facility, or handling facility, or (ii) from a facility to the biomass-fueled generating facilities; (3) depreciation of any depreciable loading, woodyard, storage, handling, or transportation equipment whether the vehicle or equipment is located at the fuel source, a woodyard, storage facility, handling facility, or at the generating facilities; and (4) costs to unload fuel at the generating facilities. Beginning with 2014, at the end of each calendar year of the term of the power purchase agreement, the project owner shall calculate the amount by which actual fuel costs for the year exceeded \$3.40 per MMBTU, and prior

monthly payment for such fuel costs shall be reconciled against actual fuel costs for the applicable calendar year. If such prior monthly fuel payments for the year in the aggregate exceed the amount due based on the annual calculation, the project owner shall credit the public utility for the excess paid. If the annual calculation of fuel costs due exceeds the prior monthly fuel payments for the year in the aggregate, the project owner shall be entitled to be paid for the deficiency with the next invoice to the public utility. The amendment shall be negotiated and executed within 45 days of May 13, 2013, and shall be effective for fuel costs incurred and prices after January 1, 2014. The public utility shall request approval of the amendment by the commission, and the commission shall approve the amendment as reasonable and in the public interest and allow the public utility to recover from its Minnesota retail customers the amounts paid by the public utility to the project owner pursuant to the power purchase agreement during the full term of the power purchase agreement, including the reimbursement of fuel costs pursuant to the power purchase agreement amendment, reimbursable costs as provided in this paragraph, pursuant to section 216B.1645, or otherwise.

(g) With respect to the power purchase agreement described in paragraph (b) and approved by the commission pursuant to paragraphs (c) and (e), the public utility is prohibited from recovering from the project owner any costs which were not actually and reasonably incurred by the utility, notwithstanding any provision in the power purchase agreement to the contrary. In addition, beginning with 2012, the public utility shall pay for all energy delivered by the project owner pursuant to the power purchase agreement at the full price for such energy in the power purchase agreement approved and amended pursuant to paragraph (e), provided that the project owner does not deliver more than 110 percent of the amount scheduled for delivery in any year of the power purchase agreement, and does not deliver, on average over any five consecutive years of the power purchase agreement, an amount greater than 105 percent of the amount scheduled for delivery over the five-year period.

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2014.

Sec. 10. Minnesota Statutes 2014, section 216B.62, subdivision 2, is amended to read:

Subd. 2. **Assessing specific utility.** Whenever the commission or department, in a proceeding upon its own motion, on complaint, or upon an application to it, shall deem it necessary, in order to carry out the duties imposed under this chapter (1) to investigate the books, accounts, practices, and activities of, or make appraisals of the property of, any public utility, (2) to render any engineering or accounting services to any public utility, or (3) to intervene before an energy regulatory agency, the public utility shall pay the expenses reasonably attributable to the investigation, appraisal, service, or intervention. The commission and department shall ascertain the expenses, and the department shall render a bill therefor to the public utility, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress, which bill shall constitute notice of the assessment and a demand for payment. The amount of the bills so rendered by the department shall be paid by the public utility into the state treasury within 30 days from the date of rendition. The total amount, in any one calendar year, for which any public utility shall become liable, by reason of costs incurred by the commission within that calendar year, shall not exceed two-fifths of one percent of the gross operating revenue from retail sales of gas, or electric service by the public utility within the state in the last preceding calendar year. Where, pursuant to this subdivision, costs are incurred within any calendar year which are in excess of two-fifths of one percent of the gross operating revenues, the excess costs shall not be chargeable as part of the remainder under subdivision 3, but shall be paid out of the general appropriation or special revenue fund to the department and commission. In the case of public utilities offering more than one public utility service only the gross operating revenues

from the public utility service in connection with which the investigation is being conducted shall be considered when determining this limitation.

Sec. 11. Minnesota Statutes 2014, section 216B.62, is amended by adding a subdivision to read:

**Subd. 9. Utility assessment account; appropriation.** The utility assessment account is created as a separate account in the special revenue fund in the state treasury. Funds received by the department for the assessment of costs related to the energy planning and advocacy unit under subdivisions 2 and 3 must be deposited into this account and are annually appropriated to the commissioner of commerce. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be credited to the account. Assessments dated June 1, 2016, or later will be paid into the utility assessment account. The amount assessed under this subdivision may not exceed \$3,000,000 in a fiscal year.

Sec. 12. Minnesota Statutes 2014, section 297H.13, subdivision 2, is amended to read:

**Subd. 2. Allocation of revenues.** (a) ~~\$33,760,000, or 70 percent, whichever is greater,~~ Of the amounts remitted under this chapter, 75 percent in fiscal years 2017 and 2018, and 80 percent in fiscal year 2019 and thereafter, must be credited to the environmental fund established in section 16A.531, subdivision 1.

(b) The remainder must be deposited into the general fund.

Sec. 13. Minnesota Statutes 2014, section 473.845, subdivision 1, is amended to read:

**Subdivision 1. Establishment.** The metropolitan landfill contingency action trust account is an expendable trust account in the remediation fund. The account consists of revenue deposited in the account under section 473.843, subdivision 2, clause (2); amounts recovered under subdivision 7; and interest earned on investment of money in the account. The account must be managed to maximize long-term gain through the State Board of Investment.

Sec. 14. Laws 2014, chapter 198, article 2, section 2, the effective date, is amended to read:

**EFFECTIVE DATE; APPLICATION.** This section is effective ~~July 1, 2015~~ January 1, 2016, and applies to applications for reimbursement on or after that date.

**EFFECTIVE DATE.** This section is effective retroactively from May 5, 2014.

Sec. 15. Laws 2015, First Special Session chapter 1, article 1, section 8, subdivision 1, is amended to read:

Subdivision 1. <b>Total Appropriation</b>	\$	<b>34,003,000</b>	\$	<b>34,073,000</b>
				<b><u>32,073,000</u></b>

Appropriations by Fund

	2016	2017
General	30,960,000	<u>29,030,000</u>
Special Revenue	1,240,000	1,240,000
Petroleum Tank	1,052,000	1,052,000

Workers' Compensation                      751,000                      751,000

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

Sec. 16. Laws 2015, First Special Session chapter 1, article 1, section 8, subdivision 7, is amended to read:

	3,848,000	3,845,000
Subd. 7. <b>Energy Resources</b>		<u>1,845,000</u>

\$150,000 each year is for grants to providers of low-income weatherization services to install renewable energy equipment in households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan as provided for in Minnesota Statutes, section 216C.264.

\$424,000 in fiscal year 2016 and \$430,000 in fiscal year 2017 are for costs associated with competitive rates for energy-intensive, trade-exposed electric utility customers. All general fund appropriations for costs associated with competitive rates for energy-intensive, trade-exposed electric utility customers are recovered through assessments under Minnesota Statutes, section 216B.62.

Sec. 17. Laws 2015, First Special Session chapter 1, article 1, section 9, is amended to read:

	<b>6,966,000</b>	<b>6,930,000</b>
Sec. 9. <b>PUBLIC UTILITIES COMMISSION</b>	\$	<u><b>7,191,000</b></u> \$
		<u><b>7,587,000</b></u>

The general fund base for the Public Utilities Commission is \$7,465,000 in fiscal year 2018 and \$7,465,000 in fiscal year 2019.

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

Sec. 18. Laws 2015, First Special Session chapter 4, article 3, section 2, subdivision 4, is amended to read:

Subd. 4. <b>Land</b>	21,663,000	18,584,000
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Appropriations by Fund

2016	2017
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General	3,368,000	-0-
Environmental	7,031,000	7,150,000
Remediation	11,264,000	11,434,000

All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of management and budget that maximizes the utilization of resources and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2017.

\$4,279,000 the first year and \$4,343,000 the second year are from the remediation fund for purposes of the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks, and to the petroleum remediation program for purposes of vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

\$252,000 the first year and \$252,000 the second year are from the remediation fund for transfer to the commissioner of health for private water supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities and drinking water advisories and public information activities for areas contaminated by hazardous releases.

\$868,000 the first year is from the general fund for a grant to the city of Mountain Iron for remediation of the abandoned wastewater treatment pond of the former Nichols Township. This is a onetime appropriation

that is available until June 30, 2019. This appropriation is effective December 1, 2015.

Up to \$2,500,000 the first year is from the general fund to the commissioner for a grant to the city of Paynesville to add a treatment process to a water treatment plant for removal of volatile organic compounds. This is a onetime appropriation. This appropriation is effective December 1, 2015.

\$743,000 the second year is transferred from the general fund to the dry cleaner environmental response and reimbursement account in the remediation fund for the purpose of remediating land contaminated by a release from a dry cleaning facility, as provided under Minnesota Statutes, section 115B.50, if legislation is enacted in the 2016 legislative session to address the insolvency of the dry cleaner environmental response and reimbursement account. The commissioner shall prioritize expenditures from this transfer to address contaminated sites that pose the greatest risk to public health or welfare or to the environment, as established in Minnesota Statutes, section 115B.17, subdivision 13. This is a onetime transfer. The commissioner shall reimburse only a person who otherwise would not be responsible for a release or threatened release under Minnesota Statutes, section 115B.03, for all but \$10,000 of the environmental response costs incurred by the person if the commissioner determines that the costs are reasonable and were actually incurred. To be eligible for reimbursement from this transfer, a person seeking reimbursement must make a request to the commissioner, as required under Minnesota Statutes, section 115B.50, subdivision 2, on or before the day following final enactment of this act.

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

**Sec. 19. FEASIBILITY STUDY AND PROGRAM PLAN; WORKING LANDS WATERSHED RESTORATION PROGRAM.**

(a) The Board of Water and Soil Resources shall develop a detailed plan to implement Minnesota Statutes, section 103F.519 that includes the following:

(1) a process for selecting pilot watersheds that are expected to result in the greatest water quality improvements and exhibit readiness to participate in the program;

(2) an assessment of the quantity of agricultural land that is expected to be eligible for the program in each watershed;

(3) an assessment of landowner interest in participating in the program;

(4) an assessment of the contract terms and any recommendations for changes to the terms, including consideration of variable payment rates for lands of different priority or type;

(5) an assessment of the opportunity to leverage federal funds through the program and recommendations on how to maximize the use of federal funds for assistance to establish perennial crops;

(6) an assessment of how other state programs could complement the program;

(7) an estimate of water quality improvements expected to result from implementation in pilot watersheds;

(8) an assessment of how to best integrate program implementation with existing conservation requirements and develop recommendations on harvest practices and timing to benefit wildlife production;

(9) an assessment of the potential viability and water quality benefit of cover crops used in biomass processing facilities;

(10) a timeline for implementation, coordinated to the extent possible with proposed biomass processing facilities; and

(11) a projection of funding sources needed to complete implementation.

(b) The board shall coordinate development of the plan with stakeholders and the commissioners of natural resources, agriculture, and the Pollution Control Agency. The board must submit an interim report by October 15, 2017, and the feasibility study and program plan by February 1, 2018, to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture, natural resources, and environment policy and finance and to the Clean Water Council.

**Sec. 20. RULEMAKING; DRY CLEANER RESPONSE AND REIMBURSEMENT ACCOUNT.**

(a) The commissioner of the Pollution Control Agency shall adopt rules using the expedited rulemaking process under Minnesota Statutes, section 14.389, including subdivision 5, to establish, with respect to Minnesota Statutes, section 115B.50, subdivision 2:

(1) what environmental response costs are to be considered reasonable costs and what costs are to be considered ineligible for reimbursement;

(2) appropriate application requirements for reimbursement; and

(3) a process to adjust payment reimbursement rates made for response actions.



(b) Rules adopted under this section:

(1) must be consistent with Minnesota Statutes, sections 115B.47 to 115B.51;

(2) must be structured like rules governing applicable provisions of the petroleum tank response cleanup fund under Minnesota Rules, chapter 2890, as necessary to implement paragraph (a), clauses (1) to (3); and

(3) must not reduce reimbursements as contained in Minnesota Rules, part 2890.0065, subpart 1, item C.

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

Sec. 21. **REPEALER.**

Minnesota Statutes 2015 Supplement, section 115B.48, subdivision 9, is repealed.

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

## **ARTICLE 8**

### **STATE GOVERNMENT**

#### Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2015, chapter 77, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund. The figures "2016" and "2017" used in this article mean that the addition to the appropriation listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. Supplemental appropriations for the fiscal year ending June 30, 2016, are effective the day following final enactment.

	<b><u>APPROPRIATIONS</u></b>			
	<b><u>Available for the Year</u></b>			
	<b><u>Ending June 30</u></b>			
	<b><u>2016</u></b>	<b><u>2017</u></b>		
Sec. 2. <b><u>ADMINISTRATION</u></b>				
Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>528,000</u></b>
Subd. 2. <b><u>Government and Citizen Services - Olmstead Plan Increased Capacity</u></b>		<b><u>-0-</u></b>		<b><u>148,000</u></b>
<u>For administrative costs to expand services provided under the Olmstead Plan serving people with disabilities.</u>				
Subd. 3. <b><u>Government and Citizen Services - Targeted Group and Veterans Business Preference Program</u></b>		<b><u>-0-</u></b>		<b><u>20,000</u></b>

For implementing the preference program in Minnesota Statutes, section 16C.165, subdivisions 2, 3, and 4, for businesses that are not small, but otherwise are eligible for preference as a designated business under Minnesota Statutes, section 16C.16, subdivision 5, or as a veteran-owned business under Minnesota Statutes, section 16C.16, subdivision 6a. This is a onetime appropriation.

**Subd. 4. Strategic Management Services - Capitol Complex Child Care Facility**

-0-                      300,000

To predesign a child care facility on the Capitol complex. \$150,000 is added to the base appropriation beginning in fiscal year 2018 and continuing in each fiscal year thereafter for operating the child care facility.

**Subd. 5. Fiscal Agent - Capitol Workers Memorial Plaque**

-0-                      10,000

To design, construct, and install the plaque or marker authorized in section 27 to honor those who constructed and died during the building of the Capitol, as well as those who worked on subsequent projects to preserve the building. This amount may be expended in either year of the biennium. This is a onetime appropriation.

**Subd. 6. Fiscal Agent - Veterans' Voices**

-0-                      50,000

For a grant to the Association of Minnesota Public Educational Radio Stations for statewide programming to promote the Veterans' Voices program. This is a onetime appropriation.

**Sec. 3. MN.IT SERVICES**

\$                      -0- \$                      5,000,000

To enhance cybersecurity across state government and is available until June 30, 2019. \$47,000 of this appropriation is for information technology enhancements for the Gambling Control Board. This is a onetime appropriation.

Sec. 4. **MINNESOTA MANAGEMENT AND BUDGET**

\$                      -0- \$                      2,500,000

For statewide information technology systems and is available until June 30, 2018. This is a onetime appropriation.

Sec. 5. **REVENUE**

\$                      -0- \$                      1,871,000

**Tax System Management.** \$500,000 is for tax refund fraud protection software and services.

\$1,371,000 is for (1) communication and outreach; and (2) technology, audit, and fraud staff.

\$2,125,000 is added to the base in fiscal year 2018 and \$2,125,000 in fiscal year 2019.

Sec. 6. **AMATEUR SPORTS COMMISSION**

Subdivision 1. **Total Appropriation**

\$                      -0- \$                      16,000,000

Subd. 2. **Mighty Ducks**

-0-                      15,000,000

For the purposes of making grants under Minnesota Statutes, section 240A.09, paragraph (b). This appropriation is a onetime appropriation and is added to the appropriations in Laws 2015, chapter 77, article 1, section 18, and Laws 2015, First Special Session chapter 5, article 1, section 9.

Subd. 3. **Red Wing Ski Jump**

-0-                      1,000,000

For a grant to the city of Red Wing for construction of a ski jump that meets standards for an Olympic training or qualifying jump. This is a onetime appropriation. This appropriation is not available until \$3,000,000 is committed from nonstate sources.

Sec. 7. **HUMANITIES CENTER**

\$                      -0- \$                      95,000

To expand education efforts around the Veterans' Voices program, and to work with veterans to educate and engage the community regarding veterans' contributions,

knowledge, skills, and experiences through the Veterans' Voices program. This is a onetime appropriation.

Sec. 8. <b><u>MINNESOTA HISTORICAL SOCIETY; DIGITAL PRESERVATION</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>170,000</u></b>
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For digital preservation and access, including planning and implementation of a program to preserve and make available resources related to Minnesota history. This appropriation is a onetime appropriation and is added to the appropriation in Laws 2015, chapter 77, article 1, section 23.

Sec. 9. <b><u>MINNESOTA STATE RETIREMENT SYSTEM</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>2,000,000</u></b>
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**Judges Retirement Plan.** In fiscal year 2017 for transfer to the judges' retirement fund defined in Minnesota Statutes, section 490.123. This appropriation is included in the base and the transfer continues each fiscal year until the judges retirement plan reaches 100 percent funding as determined by an actuarial valuation prepared under Minnesota Statutes, section 356.214.

Sec. 10. **MILITARY AFFAIRS**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>1,348,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Maintenance of Training Facilities</u></b>		<b><u>-0-</u></b>		<b><u>1,100,000</u></b>
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For security upgrades. This is a onetime appropriation.

Subd. 3. <b><u>Security Improvement - General Support</u></b>		<b><u>-0-</u></b>		<b><u>248,000</u></b>
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For payroll costs and contracted costs of training and testing to provide security at state-owned Minnesota National Guard facilities.

Sec. 11. **VETERANS AFFAIRS**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>488,000</u></b>
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Subd. 2. <b><u>Veterans Homes Domiciliary Increase</u></b>		<b><u>-0-</u></b>		<b><u>88,000</u></b>
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To increase the personal needs allowance for residents of veterans homes. \$110,000 is added to the base in fiscal year 2018 and \$114,000 is added to the base in fiscal year 2019.

Subd. 3. <b><u>Mental Health Study</u></b>		<b><u>-0-</u></b>		<b><u>150,000</u></b>
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For the study and report in section 25. This is a onetime appropriation.

Subd. 4. <b><u>Disabled Veterans Interim Housing Study</u></b>		<b><u>-0-</u></b>		<b><u>250,000</u></b>
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For the study and report in section 26. This is a onetime appropriation.

Subd. 5. <b><u>Veterans Homes - Montevideo and Bemidji</u></b>		<b><u>-0-</u></b>		<b><u>-0-</u></b>
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The fiscal year 2018 and fiscal year 2019 general fund base appropriation for veterans homes is increased by \$10,000,000 each fiscal year. This increase is for the operating costs of 143 skilled nursing beds added after July 1, 2016, in one or more veteran homes, including Montevideo and Bemidji. None of this increased amount may be used for operating costs at a veterans home in Minneapolis.

Sec. 12. Minnesota Statutes 2014, section 16B.33, subdivision 3, is amended to read:

Subd. 3. **Agencies must request designer.** (a) **Application.** Upon undertaking a project with an estimated cost greater than ~~\$2,000,000~~ \$10,000,000 or a planning project with estimated fees greater than ~~\$200,000~~ \$1,000,000, every user agency, except the Capitol Area Architectural and Planning Board, shall submit a written request for a primary designer for its project to the commissioner, who shall forward the request to the board. The University of Minnesota and the Minnesota State Colleges and Universities shall follow the process in subdivision 3a to select designers for their projects. The written request must include a description of the project, the estimated cost of completing the project, a description of any special requirements or unique features of the proposed project, and other information which will assist the board in carrying out its duties and responsibilities set forth in this section.

(b) **Reactivated project.** If a project for which a designer has been selected by the board becomes inactive, lapses, or changes as a result of project phasing, insufficient appropriations, or other reasons, the commissioner, the Minnesota State Colleges and Universities, or the University of Minnesota may, if the project is reactivated, retain the same designer to complete the project.

(c) **Fee limit reached after designer selected.** If a project initially estimated to be below the cost and planning fee limits of this subdivision has its cost or planning fees revised so that the limits are exceeded, the project must be referred to the board for designer selection even if a primary designer has already been selected. In this event, the board may, without conducting interviews, elect to retain the previously selected designer if it determines that the interests of the state are best served by that decision and shall notify the commissioner of its determination.

Sec. 13. Minnesota Statutes 2014, section 16B.33, subdivision 4, is amended to read:

Subd. 4. **Designer selection process.** (a) **Publicity.** Upon receipt of a request from a user agency for a primary designer, the board shall publicize the proposed project in order to determine the identity of designers interested in the design work on the project. The board shall establish criteria for the selection process and make this information public, and shall compile data on and conduct interviews of designers. The board's selection criteria must include consideration of the geographic proximity of each interested designer's primary place of business to the location of the project and each interested designer's performance on previous projects for the state or any other person. Upon completing the process, the board shall select the primary designer and shall state its reasons in writing. If the board's vote for the selection of a primary designer results in a tie vote, the nonvoting member appointed under subdivision 2, paragraph (b), must vote for the selection of the primary designer. Notification to the commissioner of the selection shall be made not more than 60 days after receipt from a user agency of a request for a primary designer. The commissioner shall promptly notify the designer and the user agency. The commissioner shall negotiate the designer's fee and prepare the contract to be entered into between the designer and the user agency.

(b) **Conflict of interest.** A board member may not participate in the review, discussion, or selection of a designer or firm in which the member has a financial interest.

(c) **Selection by commissioner.** In the event the board receives a request for a primary designer on a project, the estimated cost of which is less than the limit established by subdivision 3, or a planning project with estimated fees of less than the limit established by subdivision 3, the board may submit the request to the commissioner of administration, with or without recommendations, and the commissioner shall thereupon select the primary designer for the project.

(d) **Second selection.** If the designer selected for a project declines the appointment or is unable to reach agreement with the commissioner on the fee or the terms of the contract, the commissioner shall, within 60 days after the first appointment, request the board to make another selection.

(e) **Sixty days to select.** If the board fails to make a selection and forward its recommendation to the commissioner within 60 days of the user agency's request for a designer, the commissioner may appoint a designer to the project without the recommendation of the board.

(f) **Less than satisfactory performance.** The commissioner, or the University of Minnesota and the Minnesota State Colleges and Universities for projects under their supervision, shall forward to the board a written report describing each instance in which the performance of a designer selected by the board or the commissioner has been less than satisfactory. Criteria for determining satisfaction include the ability of the designer to complete design work on time, to provide a design responsive to program needs within the constraints of the budget, to solve design problems and achieve a design consistent with the proposed function of the building, to avoid costly design errors or omissions, and to observe the construction work. These reports are public data and are available for inspection under section 13.03.

Sec. 14. **[16C.165] PROCUREMENT FROM OTHER TARGETED AND VETERAN-OWNED BUSINESSES.**

Subdivision 1. **Designation of eligible groups.** The commissioner may designate businesses that are not small but otherwise qualify under section 16C.16, subdivisions 5 and 6a, as eligible for preferences under this section.

Subd. 2. **Preference.** The commissioner may award up to a three percent preference for specified goods, services, or construction to businesses designated under subdivision 1.

Subd. 3. **Limitations on preference.** If the application of preference under subdivision 2 precludes a business designated under section 16C.16, subdivisions 5 and 6a, from receiving an award, the preference in subdivision 2 shall not be applied.

Subd. 4. **Subcontracting incentives and penalties.** The financial incentives for prime contractors who exceed the goals for use of small business or small targeted group business subcontractors and financial penalties for prime contractors who fail to meet the goals for use of small business or small targeted group business subcontractors apply to businesses designated under subdivision 1.

Subd. 5. **Mentoring program.** The commissioner shall collaborate with organizations that represent targeted group and veteran-owned businesses to prepare recommendations for establishing a targeted group and veteran-owned business mentoring program that incentivizes larger businesses to mentor businesses certified under subdivision 1 and section 16C.16.

Sec. 15. Minnesota Statutes 2015 Supplement, section 16C.19, is amended to read:

**16C.19 ELIGIBILITY; RULES.**

(a) A small business wishing to participate in the programs under section 16C.16, subdivisions 4 to 7, or 16C.165, must be certified by the commissioner or by a nationally recognized certifying organization authorized by the commissioner. The commissioner shall adopt by rule standards and procedures for certifying that small targeted group businesses, small businesses located in economically disadvantaged areas, and veteran-owned small businesses are eligible to participate under the requirements of sections 16C.16 to 16C.21. The commissioner shall adopt by rule under paragraph (g) standards and procedures for certifying that businesses designated under section 16C.165 are eligible to participate. The commissioner shall adopt by rule standards and procedures for hearing appeals and grievances and other rules necessary to carry out the duties set forth in sections 16C.16 to 16C.21.

(b) The commissioner may make rules which exclude or limit the participation of nonmanufacturing business, including third-party lessors, brokers, franchises, jobbers, manufacturers' representatives, and others from eligibility under sections 16C.16 to 16C.21.

(c) The commissioner may make rules that set time limits and other eligibility limits on business participation in programs under sections 16C.16 to 16C.21.

(d) Notwithstanding paragraph (a), for purposes of sections 16C.16 to 16C.21, a veteran-owned small business, the principal place of business of which is in Minnesota, is certified if:

(1) it has been verified by the United States Department of Veterans Affairs as being either a veteran-owned small business or a service-disabled veteran-owned small business, in accordance with Public Law 109-461 and Code of Federal Regulations, title 38, part 74; or

(2) the veteran-owned small business supplies the commissioner with proof that the small business is majority-owned and operated by:

(i) a veteran as defined in section 197.447; or

(ii) a veteran with a service-connected disability, as determined at any time by the United States Department of Veterans Affairs.

(e) Until rules are adopted pursuant to paragraph (a) for the purpose of certifying veteran-owned small businesses, the provisions of Minnesota Rules, part 1230.1700, may be read to include veteran-owned small businesses. In addition to the documentation required in Minnesota Rules, part 1230.1700, the veteran owner must have been discharged under honorable conditions from active service, as indicated by the veteran owner's most current United States Department of Defense form DD-214.

(f) Notwithstanding paragraph (a), for purposes of sections 16C.16 to 16C.21, a minority- or woman-owned small business, the principal place of business of which is in Minnesota, is certified if it has been certified by the Minnesota unified certification program under the provisions of Code of Federal Regulations, title 49, part 26.

(g) The commissioner may adopt rules to implement the programs under section 16C.16, subdivisions 4 to 7, using the expedited rulemaking process in section 14.389.

Sec. 16. Minnesota Statutes 2014, section 16E.0466, is amended to read:

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

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

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

Sec. 17. Minnesota Statutes 2014, section 16E.21, subdivision 2, is amended to read:

Subd. 2. **Charges.** Upon agreement of the participating agency, the Office of MN.IT Services may collect a charge or receive a fund transfer under section 16E.0466 for purchases of information and telecommunications technology systems and services by state agencies and other governmental entities through state contracts for purposes described in subdivision 1. Charges collected under this section must be credited to the information and telecommunications technology systems and services account.



Sec. 18. Minnesota Statutes 2014, section 16E.21, is amended by adding a subdivision to read:

Subd. 3. **Legislative Advisory Commission review.** (a) No funds may be transferred to the information and telecommunications technology systems and services account under subdivision 2 or section 16E.0466 until the commissioner of management and budget has submitted the proposed transfer to the members of the Legislative Advisory Commission for review and recommendation. If the commission makes a positive recommendation or no recommendation, or if the commission has not reviewed the request within 20 days after the date the request to transfer funds was submitted, the commissioner of management and budget may approve the request to transfer the funds. If the commission recommends further review of a request to transfer funds, the commissioner shall provide additional information to the commission. If the commission makes a negative recommendation on the request within ten days of receiving further information, the commissioner shall not approve the fund transfer. If the commission makes a positive recommendation or no recommendation within ten days of receiving further information, the commissioner may approve the fund transfer.

(b) A recommendation of the commission must be made at a meeting of the commission unless a written recommendation is signed by all members entitled to vote on the item as specified in section 3.30, subdivision 2. A recommendation of the commission must be made by a majority of the commission.

Sec. 19. Minnesota Statutes 2014, section 16E.21, is amended by adding a subdivision to read:

Subd. 4. **Lapse.** Any portion of any receipt credited to the information and telecommunications technology systems and services account from a fund transfer under subdivision 2 that remains unexpended and unencumbered at the close of the fiscal year four years after the funds were received in the account shall lapse to the fund from which the receipt was transferred.

Sec. 20. Minnesota Statutes 2014, section 16E.21, is amended by adding a subdivision to read:

Subd. 5. **Report.** The chief information officer shall report by September 15 of each odd-numbered year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the office regarding the receipts credited to the account. The report must include a description of projects funded through the information and telecommunications technology systems and services account and each project's current status.

Sec. 21. Minnesota Statutes 2014, section 198.03, subdivision 2, is amended to read:

Subd. 2. **Cost of care.** (a) The commissioner shall set out in rules the method of calculating the average cost of care for the domiciliary and nursing care residents. The cost must be determined yearly based upon the average cost per resident taking into account, but not limited to, administrative cost of the homes, the cost of service available to the resident, and food and lodging costs. These average costs must be calculated separately for domiciliary and nursing care residents. The amount charged each resident for maintenance, if anything, must be based on the appropriate average cost of care calculation and the assets and income of the resident but must not exceed the appropriate average cost of care.

(b) Using the authority granted in section 198.03, the commissioner shall set out in rules the method of calculating each domiciliary resident's maintenance charge. This maintenance charge shall establish a personal needs allowance based on each domiciliary resident's monthly income. For the period of July 1, 2016, to June 30, 2017, the personal needs allowance shall not be less than

\$122 per month. For the period of July 1, 2017, to June 30, 2018, the personal needs allowance shall not be less than \$130 per month. Thereafter, the minimum personal needs allowance must be adjusted by multiplying the allowance by one-half of the percentage change of the Consumer Price Index on the first day of each fiscal year.

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

Sec. 22. Minnesota Statutes 2014, section 198.03, subdivision 3, is amended to read:

Subd. 3. **Arrearages.** Residents are liable for paying all of their overdue maintenance charges. Overdue maintenance charges incurred after May 1, 1990, may be charged interest according to section 334.01. A resident owing overdue maintenance to the state of Minnesota ~~for charges incurred prior to May 1, 1990~~; may continue to stay in the home if the resident enters into an agreement, including a payment schedule, with the administrator for the payment of the arrearage and abides by the agreement. Residents who do not promptly pay maintenance or who do not abide by their agreements to pay overdue maintenance to the state of Minnesota may be discharged from the home. The payment schedule agreed to between the administrator and the resident must provide for the prompt payment of the overdue maintenance owed by the resident, but it must not reduce the resident's personal needs allowance below ~~that which is provided for in the administrative rules of the facility~~ the amounts specified in subdivision 2.

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

Sec. 23. **[198.365] VETERANS HOMES; MONTEVIDEO AND BEMIDJI.**

Subdivision 1. **Veterans homes established.** The commissioner of veterans affairs may apply for federal funding and establish in Montevideo and Bemidji veterans homes with up to 143 beds available for eligible veterans and their spouses. The state shall provide the necessary operating costs for the veterans homes in excess of any revenue and federal funding for the homes that may be required to continue the operation of the homes and care for Minnesota veterans.

Subd. 2. **Nonstate contribution.** The commissioner of administration may accept contributions of land or money from private individuals, businesses, local governments, veterans service organizations, and other nonstate sources for the purpose of providing matching funding when soliciting federal funding for the development of the homes.

Sec. 24. Laws 2015, chapter 77, article 1, section 3, is amended to read:

Sec. 3. **GOVERNOR AND LIEUTENANT GOVERNOR**

\$	<b>3,615,000</b>	\$	<b>3,616,000</b>
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(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor.

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

(c) During the biennium ending June 30, 2017, and thereafter, the Office of the Governor may receive payments each fiscal year from other executive agencies under Minnesota Statutes, section 15.53, to support office costs, not including the residence groundskeeper, incurred by the office. Payments received under this paragraph must be deposited in a special revenue account. Money in the account is appropriated to the Office of the Governor.

(e) (d) By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Departments and Veterans Affairs Budget Division and the house of representatives State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the committees before initiating any interagency agreements.

**Sec. 25. STUDY ON VETERANS' UNMET NEEDS FOR BEHAVIOR AND MENTAL HEALTH SERVICES.**

The commissioner of veterans affairs shall perform a study to quantify and describe unmet needs amongst Minnesota veterans for behavioral and mental health services. The study will include conducting focus groups of stakeholders, including veterans and their families, representatives of the United States Veterans Administration, community referral centers, and county veteran service officers. The commissioner of veterans affairs may contract with a statewide nonprofit organization to conduct the study. The commissioner of veterans affairs shall report by February 15, 2017, to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over veterans policy and budget with the findings of the study and with recommendations about how current services provided to veterans could be expanded to better meet the needs identified by the study.

**Sec. 26. FEASIBILITY STUDY ON PARTNERSHIPS TO PROVIDE INTERIM HOUSING FOR DISABLED VETERANS.**

The commissioner of veterans affairs shall study the feasibility of partnering with an established nonprofit organization to provide interim housing for disabled veterans in conjunction with fully integrated and customizable support services. The commissioner of veterans affairs shall submit a report including its findings and recommendations regarding the feasibility of such a partnership to

the chairs and ranking minority members of the standing committees in the house of representatives and the senate having jurisdiction over veterans affairs by February 15, 2017.

**Sec. 27. PLAQUE OR MARKER AUTHORIZED TO HONOR CAPITOL CONSTRUCTION WORKERS.**

(a) A plaque or three-dimensional marker shall be placed in the Capitol building in a space easily visible to public visitors to recognize and honor the efforts and sacrifice of workers who constructed the State Capitol building, as well as those who worked on subsequent projects to preserve the building. The plaque or marker shall specifically honor the six workers who died during construction of the State Capitol building. The Capitol Area Architectural and Planning Board and the Minnesota Historical Society shall set the parameters and location for the memorial plaque or marker.

(b) The Capitol Area Architectural and Planning Board shall conduct an opportunity contest for sixth graders from across the state to submit designs for the memorial plaque or marker. The board shall select a design from those submissions to be used as a basis for the final production of this plaque or marker by January 1, 2017. The memorial plaque or marker shall be installed during the completion of the Capitol remodel.

**Sec. 28. IMMIGRATION INTEGRATION ADVISORY TASK FORCE.**

(a) The Immigration Integration Advisory Task Force is created to research state laws and rules that negatively affect immigrants. The task force is composed of the following:

(1) five members appointed by the governor to represent Minnesota's diverse immigrant communities;

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

(3) two senators, one appointed by the senate majority leader and one appointed by the senate minority leader.

(b) At its first meeting, the task force shall elect a chair and cochair from its membership. The commissioner of human rights shall provide meeting space and administrative and staff support for the task force.

(c) The task force shall conduct research and hold meetings to:

(1) determine the extent to which current state laws and rules negatively affect Minnesotans based on their status as immigrants; and

(2) develop methods to ensure that future proposed state laws and rules consider the impact of the proposals on immigrants.

The task force shall consult with the Minnesota Council on Latino Affairs, the Council for Minnesotans of African Heritage, and the Council on Asian-Pacific Minnesotans. The task force shall report to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over human rights by January 15, 2017, with recommendations and draft legislation for changes in state laws, consistent with federal law, that will reduce the negative impact of state laws on immigrants, and ensure that future state laws and rules consider the impact on immigrants.

(d) The appointing authorities must make their initial appointments by August 1, 2016. The commissioner of human rights shall convene the first meeting of the task force by September 1, 2016.

(e) Public members shall be compensated and reimbursed for expenses as provided in Minnesota Statutes, section 15.059, subdivision 3.

(f) The task force shall expire on January 30, 2017, or the day after submitting the report required under paragraph (c), whichever is earlier.

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

## **ARTICLE 9**

### **PUBLIC SAFETY AND CORRECTIONS**

#### Section 1. **APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are added to the appropriations in Laws 2015, chapter 65, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the addition to the appropriation listed under them is available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. Supplemental appropriations for the fiscal year ending June 30, 2016, are effective the day following final enactment.

	<u><b>APPROPRIATIONS</b></u>	
	<u><b>Available for the Year</b></u>	
	<u><b>Ending June 30</b></u>	
	<u><b>2016</b></u>	<u><b>2017</b></u>
Sec. 2. <u><b>SUPREME COURT</b></u>	<u><b>\$</b></u>	<u><b>-0-</b></u> <u><b>\$</b></u> <u><b>5,000,000</b></u>

For a competitive grant program established by the chief justice for the distribution of safe and secure courthouse fund grants to government entities responsible for providing or maintaining a courthouse or other facility where court proceedings are held. Grant recipients must provide a 50 percent nonstate match. This is a onetime appropriation and is available until June 30, 2019.

Sec. 3. <u><b>DISTRICT COURTS</b></u>	<u><b>\$</b></u>	<u><b>-0-</b></u> <u><b>\$</b></u> <u><b>1,547,000</b></u>
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To increase the juror per diem to \$20 and the juror mileage reimbursement rate to 54 cents per mile.

Sec. 4. <b><u>GUARDIAN AD LITEM BOARD</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>1,581,000</u></b>
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To hire additional guardians ad litem to comply with federal and state mandates, and court orders for representing the best interests of children in juvenile and family court proceedings.

Sec. 5. <b><u>HUMAN RIGHTS</u></b>	<b><u>\$</u></b>	<b><u>-0-</u></b>	<b><u>\$</u></b>	<b><u>400,000</u></b>
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To enhance statewide outreach, education, and enforcement of the Human Rights Act.

Sec. 6. **CORRECTIONS**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>5,741,000</u></b>	<b><u>\$</u></b>	<b><u>29,026,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Correctional Institutions</u></b>		<b><u>5,437,000</u></b>		<b><u>20,921,000</u></b>
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**(a) Employee Compensation**

\$2,827,000 in fiscal year 2016 and \$8,912,000 in fiscal year 2017 are for employee compensation.

**(b) Challenge Incarceration Expansion**

\$2,610,000 in fiscal year 2016 and \$2,757,000 in fiscal year 2017 are to increase capacity in the challenge incarceration program. The base for this activity is \$3,263,000 in fiscal year 2018 and \$3,623,000 in fiscal year 2019.

**(c) Infectious Disease Management**

\$3,000,000 in fiscal year 2017 is for infectious disease management.

**(d) 24-Hour Nursing**

\$1,500,000 in fiscal year 2017 is for 24-hour nursing coverage seven days a week at MCF-Shakopee, MCF-St. Cloud, MCF-Lino Lakes, and MCF-Stillwater.

**(e) Behavioral and Mental Health**

\$1,550,000 in fiscal year 2017 is for behavioral and mental health therapists and

increased security staffing at MCF-Oak Park Heights.

**(f) Increased Security Staffing**

\$1,800,000 in fiscal year 2017 is for increased security staffing systemwide.

**(g) New Chemical Dependency/Mental Health Beds**

\$750,000 in fiscal year 2017 is for 70 new chemical dependency/mental health beds.

**(h) Chemical Dependency Release Planner, MCF-Shakopee**

\$125,000 in fiscal year 2017 is for a chemical dependency release planner at MCF-Shakopee.

**(i) Chemical Dependency Release Planner, MCF-Stillwater**

\$125,000 in fiscal year 2017 is for a chemical dependency release planner at MCF-Stillwater.

**(j) EMPLOY Program Expansion**

\$375,000 in fiscal year 2017 is to expand the EMPLOY program administered by MINNCOR.

**Subd. 3. Community Services**

241,000

4,766,000

**(a) Employee Compensation**

\$241,000 in fiscal year 2016 and \$860,000 in fiscal year 2017 are for employee compensation.

**(b) Challenge Incarceration Expansion**

\$406,000 in fiscal year 2017 is to increase capacity in the challenge incarceration program. The base for this activity is \$812,000 in fiscal year 2018 and \$1,421,000 in fiscal year 2019.

**(c) Victim Notification System**

\$1,000,000 in fiscal year 2017 is for a victim notification system. This is a onetime appropriation.

**(d) Reentry and Halfway Houses**

\$500,000 in fiscal year 2017 is for grants to counties or groups of counties for reentry and halfway house services. Eligible programs must be proven to reduce recidivism. Grant recipients must provide a 50 percent nonstate match.

**(e) High-Risk Revocation Reduction Programs**

\$2,000,000 in fiscal year 2017 is to establish two high-risk revocation reduction programs, one in the metropolitan area and the other in greater Minnesota. Each program shall receive \$1,000,000 to provide sustained case planning, housing assistance, employment assistance, group mentoring, life skills programming, and transportation assistance to adult release violators who are being released from prison.

**Subd. 4. Operations Support**

63,000

3,339,000

**(a) Employee Compensation**

\$63,000 in fiscal year 2016 and \$339,000 in fiscal year 2017 are for employee compensation.

**(b) Information Technology Critical Updates**

\$3,000,000 in fiscal year 2017 is for information technology upgrades and staffing. The base for this activity is \$783,000 in each of fiscal years 2018 and 2019.

**Sec. 7. PUBLIC SAFETY**

\$

-0- \$

1,567,000

The amounts that may be spent for each purpose are specified in the following paragraphs.

**(a) DNA Lab**



\$650,000 is for the Bureau of Criminal Apprehension DNA lab, including the addition of eight forensic scientists. The base for this activity is \$1,000,000 in each of the fiscal years 2018 and 2019.

**(b) Missing Person Training**

\$100,000 is to provide regional and statewide training for law enforcement on best practices in responding to and investigating missing persons reports. This training must include information on:

(1) handling cases involving persons with dementia, traumatic brain injury, Alzheimer's disease, or other mental disabilities; and

(2) developing agency policies and procedural checklists in missing person cases.

**(c) Assessment of Law Enforcement Needs**

\$88,000 is for a grant to the Arrowhead Regional Development Commission to conduct an assessment of law enforcement needs for detention facilities in northeast Minnesota. This is a onetime appropriation.

**(d) Children In Need of Services or in Out-Of-Home Placement**

\$150,000 is for a grant to an organization that provides legal representation to children in need of protection or services and children in out-of-home placement. The grant is contingent upon a match in an equal amount from nonstate funds. The match may be in kind, including the value of volunteer attorney time, or in cash, or in a combination of the two.

**(e) Youth Intervention Programs**

\$129,000 is for youth intervention programs under Minnesota Statutes, section 299A.73. This is a onetime appropriation.

**(f) Mental Health Crisis Training Curriculum**

\$150,000 is for grants to organizations to develop curriculum, including online training, to meet the training requirements under section 8. This is a onetime appropriation.

**(g) Autism Training**

\$50,000 is to select and retain a person or entity to train law enforcement, firefighters, and EMTs to better respond to emergency encounters and crisis situations with individuals with autism spectrum disorder and to train other individuals or entities to conduct this training to create a Cop Autism Response Education (CARE) pilot program. When selecting a trainer, the commissioner shall consider the trainer's Peace Officer Standards and Training Board qualified training experience, and demonstrated knowledge on methods to help responders to effectively respond to emergency situations involving people with autism spectrum disorder and other related disabilities. The commissioner shall consult with the Peace Officer Standards and Training Board and the Minnesota Board of Firefighter Training and Education before selecting a trainer. By February 15, 2017, the commissioner shall report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over criminal justice policy and funding on the trainer selected and the training conducted pursuant to this section, including the number of emergency responders trained and the departments they represent. This is a onetime appropriation and is available until June 30, 2019.

**(h) Sex Trafficking**

\$250,000 is for grants to state and local units of government for the following purposes:

(1) to support new or existing multijurisdictional entities to investigate sex trafficking crimes; and

(2) to provide technical assistance for sex trafficking crimes, including training and case consultation, to law enforcement agencies statewide.

Sec. 8. **[626.8473] TRAINING IN RESPONDING TO A MENTAL HEALTH CRISIS.**

Subdivision 1. **Training course.** The board, in consultation with the commissioner of human services and mental health stakeholders, shall create a list of approved training courses to instruct peace officers holding an active license in the techniques of responding to a mental health crisis. A course must include instruction on one or more of the following issues:

- (1) techniques for relating to individuals with mental illnesses and their families;
- (2) techniques for crisis de-escalation;
- (3) techniques for relating to diverse communities and education on mental health diversity;
- (4) education on mental illnesses and the criminal justice system;
- (5) education on community resources and supports for individuals experiencing a mental health crisis and for their families;
- (6) education on psychotropic medications and their side effects;
- (7) education on co-occurring mental illnesses and substance use disorders;
- (8) education on suicide prevention; and
- (9) education on mental illnesses and disorders and their symptoms.

A course also must provide information on local mental health crisis teams in each participating officer's jurisdiction, including a summary of the services offered by the team and its contact information, and must include training on children and families of individuals with mental illnesses to enable officers to respond appropriately to others who are present during a mental health crisis. The board shall update the training list periodically as it deems appropriate.

Subd. 2. **Training requirement.** An individual shall complete a minimum of four hours of continuing education training under subdivision 1 over three years.

**EFFECTIVE DATE.** This section is effective July 1, 2017.

## ARTICLE 10

### TRANSPORTATION APPROPRIATIONS

Section 1. Laws 2015, chapter 75, article 1, section 1, is amended to read:

#### Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations by fund made in this act, and do not have legal effect.

	<b>2016</b>	<b>2017</b>	<b>Total</b>
General	\$ 139,347,000	<del>135,792,000</del> <u>137,548,000</u>	<del>275,139,000</del> <u>276,895,000</u>
	<del>25,109,000</del>	<del>25,109,000</del>	<del>50,218,000</del>
Airports	<u>35,368,000</u>	<u>25,922,000</u>	<u>61,290,000</u>
C.S.A.H.	670,768,000	698,495,000	1,369,263,000
M.S.A.S.	170,743,000	178,141,000	348,884,000
Special Revenue	61,475,000	62,210,000	123,685,000
H.U.T.D.	2,192,000	2,213,000	4,405,000
		<del>1,672,006,000</del>	<del>3,345,714,000</del>
Trunk Highway	1,673,708,000	<u>1,676,646,000</u>	<u>3,350,354,000</u>
	<b><u>2,743,342,000</u></b>	<b><u>2,773,966,000</u></b>	<b><u>5,517,308,000</u></b>
<b>Total</b>	<b>\$ <u>2,753,601,000</u> \$</b>	<b><u>2,781,175,000</u> \$</b>	<b><u>5,534,776,000</u></b>

Sec. 2. Laws 2015, chapter 75, article 1, section 3, subdivision 1, is amended to read:

Subdivision 1. <b>Total Appropriation</b>	<b>\$</b>	<b><u>2,488,269,000</u></b>	<b>\$</b>	<b><u>2,496,573,000</u></b>
		<b><u>2,498,528,000</u></b>		<b><u>2,498,972,000</u></b>

Appropriations by Fund

	2016	2017
General	44,115,000	<del>21,058,000</del> <u>22,504,000</u>
	<del>25,109,000</del>	<del>25,109,000</del>
Airports	<u>35,368,000</u>	<u>25,922,000</u>
C.S.A.H.	670,768,000	698,495,000
M.S.A.S.	170,743,000	178,141,000
		<del>1,573,770,000</del>
Trunk Highway	1,577,534,000	<u>1,573,910,000</u>

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

Sec. 3. Laws 2015, chapter 75, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. **Multimodal Systems**

(a) **Aeronautics**

	<del>19,798,000</del>	
(1) <b>Airport Development and Assistance</b>	<u>30,057,000</u>	19,798,000

This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

The base appropriation in each of fiscal years 2018 and 2019 is \$14,298,000.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after appropriation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

<b>(2) Aviation Support and Services</b>	6,661,000	6,661,000 <u>7,474,000</u>
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Appropriations by Fund

	2016	2017	
		<u>5,311,000</u>	
Airports	5,311,000	<u>6,124,000</u>	
Trunk Highway	1,350,000	<u>1,350,000</u>	

\$80,000 in each year is from the state airports fund for the Civil Air Patrol.

\$313,000 in the second year is from the state airports fund for software system upgrades needed to accommodate the regulation of drones under Minnesota Statutes, sections 360.55, subdivision 9, and 360.679, through aircraft regulation and commercial operator licensing. This is a onetime appropriation.

\$500,000 in the second year is from the state airports fund for the commissioner of transportation to conduct an air transport optimization planning study for the St. Cloud Regional Airport. The study must be comprehensive and market-based, using economic development and air service expertise to research, analyze, and develop models and strategies that maximize the return on investments made to enhance the use and impact of the St. Cloud Regional Airport. This is a onetime appropriation.

The base appropriation from the trunk highway fund in fiscal year 2018 is \$1,479,000 and in fiscal year 2019 is \$1,623,000.

The base appropriation from the state airports fund in each of fiscal years 2018 and 2019 is \$5,311,000.

(b) **Transit** 20,543,000 20,567,000

Appropriations by Fund

	2016	2017
General	19,745,000	19,745,000
Trunk Highway	798,000	822,000

The base appropriation from the general fund in each of fiscal years 2018 and 2019 is \$17,245,000.

The base appropriation from the trunk highway fund in fiscal year 2018 is \$846,000 and in fiscal year 2019 is \$873,000.

(c) **Safe Routes to School** 500,000 500,000

This appropriation is from the general fund for the safe routes to school program under Minnesota Statutes, section 174.40.

(d) **Passenger Rail** 500,000 500,000

This appropriation is from the general fund for passenger rail system planning, alternatives analysis, environmental analysis, design, and preliminary engineering under Minnesota Statutes, sections 174.632 to 174.636.

(e) **Freight** 13,445,000 5,452,000  
6,873,000

Appropriations by Fund

	2016	2017
		<del>256,000</del>
General	8,401,000	<u>1,677,000</u>
Trunk Highway	5,044,000	5,196,000

\$185,000 in the second year is from the general fund to pay for an interagency rail director to work with the Interagency Rail Working Group to address rail safety, rail service, and rail impacts on communities.

\$1,128,000 in the second year is from the general fund to pay for freight and rail planning, engineering, administration, and related activities. This is a onetime appropriation.

\$108,000 in the second year is from the general fund for required activities of emergency response and preparedness related to oil and hazardous substances transported by rail. The base appropriation for this activity is \$95,000 in fiscal year 2018, \$37,000 in fiscal year 2019, and \$0 thereafter.

\$145,000 in the first year is from the general fund for a grant to the Minnesota Commercial Railway for emergency temporary repairs to approximately 6.5 miles of railroad track described as that portion of the Minnesota Commercial main running lead, between M&D Junction in White Bear Lake and the end of track in Hugo.

\$3,000,000 in the first year is from the general fund for port development assistance program grants under Minnesota Statutes, chapter 457A. Any improvements made with the proceeds of these grants must be publicly owned. This is a onetime appropriation and is available in the second year.

\$5,000,000 in the first year is from the general fund for rail grade crossing safety improvements. This is a onetime appropriation and is available in the second year.

The base appropriation from the trunk highway fund in fiscal year 2018 is \$5,350,000 and in fiscal year 2019 is \$5,522,000.

The base appropriation from the general fund in fiscal year 2018 is \$536,000 and in fiscal year 2019 is \$478,000.

Sec. 4. Laws 2015, chapter 75, article 1, section 3, subdivision 3, is amended to read:

**Subd. 3. State Roads**

<b>(a) Operations and Maintenance</b>	288,405,000	290,916,000
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The base appropriation in fiscal year 2018 is \$292,140,000 and in fiscal year 2019 is \$301,545,000.

<b>(b) Program Planning and Delivery</b>	237,529,000	<del>231,252,000</del> <u>231,392,000</u>
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\$140,000 in the second year is for the costs of developing, adopting, and implementing best practices for project evaluation and selection. This is a onetime appropriation.

\$130,000 in each year is available for administrative costs of the targeted group business program.

\$266,000 in each year is available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

\$900,000 in each year is available for grants for transportation studies outside the metropolitan area to identify critical concerns, problems, and issues. These grants are available: (1) to regional development commissions; (2) in regions where no regional development commission is functioning, to joint powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission; and (3) in regions where no regional development commission or joint powers board is functioning, to the department's district office for that region.

\$1,000,000 in each year is available for management of contaminated and regulated material on property owned by the Department of Transportation, including



mitigation of property conveyances, facility acquisition or expansion, chemical release at maintenance facilities, and spills on the trunk highway system where there is no known responsible party. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$6,804,000 in the first year and \$1,000,000 in the second year are available for the purposes stated in Minnesota Statutes, section 12A.16, subdivision 2.

The base appropriation for program planning and delivery in fiscal year 2018 is \$227,004,000 and in fiscal year 2019 is \$234,331,000.

**(c) State Road Construction**

779,664,000

744,166,000

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts, internal department costs associated with delivering the construction program, and consultant usage to support these activities. This includes the cost of actual payment to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

\$1,000,000 in the first year is to complete projects using funds made available to the commissioner of transportation under title XII of the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and implemented under Minnesota Statutes, section 161.36, subdivision 7.

\$10,000,000 in each year is for the transportation economic development program under Minnesota Statutes, section 174.12.

The commissioner may expend up to one-half of one percent of the federal appropriations under this paragraph as grants to opportunity industrialization centers and other nonprofit

job training centers for job training programs related to highway construction.

The commissioner may transfer up to \$15,000,000 each year to the transportation revolving loan fund.

The commissioner may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

The base appropriation for state road construction in each of fiscal years 2018 and 2019 is \$695,800,000.

<b>(d) Highway Debt Service</b>	197,381,000	231,199,000
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\$187,881,000 the first year and \$221,699,000 the second year are for transfer to the state bond fund. If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of management and budget shall transfer the deficiency amount under the statutory open appropriation, and notify the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and the chairs of the senate Committee on Finance and the house of representatives Committee on Ways and Means of the amount of the deficiency. Any excess appropriation cancels to the trunk highway fund.

<b>(e) Statewide Radio Communications</b>	5,358,000	5,486,000
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Appropriations by Fund

	2016	2017
General	35,000	3,000
Trunk Highway	5,323,000	5,483,000

\$3,000 in each year is from the general fund to equip and operate the Roosevelt signal tower for Lake of the Woods weather broadcasting.

\$32,000 in the first year is from the general fund for a weather transmitter in Lake of the Woods County.

The base appropriation from the trunk highway fund in fiscal year 2018 is \$5,645,000 and in fiscal year 2019 is \$5,826,000.

Sec. 5. Laws 2015, chapter 75, article 1, section 4, is amended to read:

Sec. 4. METROPOLITAN COUNCIL	\$	81,626,000	\$	<del>101,126,000</del>	<u>101,176,000</u>
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This appropriation is from the general fund for transit system operations under Minnesota Statutes, sections 473.371 to 473.449.

Of this amount, \$27,300,000 is available through fiscal year 2018.

\$50,000 in the second year is for a grant to the city of St. Paul for a transitway development outreach pilot program. This is a onetime appropriation.

Of this appropriation, \$1,000,000 in each year is for financial assistance to replacement service providers under Minnesota Statutes, section 473.388, to implement a demonstration project that provides regular route transit or express bus service between municipalities in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, excluding cities of the first class. The council may not retain any portion of funds specified in this rider. The replacement service providers shall collectively identify one or more demonstration projects for financial assistance and submit a notification of the allocation to the council. The council shall allocate the appropriated funds as directed by the replacement service providers. Criteria for evaluating and identifying demonstration projects must include but are not limited to:

- (1) scope of service offering improvements;
- (2) integration with transit facilities and major business, retail, or suburban centers;
- (3) extent to which a proposed route

complements existing transit service; and (4) density of employment along a proposed route. This is a onetime appropriation.

Of this appropriation, \$200,000 in the first year is for grants payable by July 31, 2016, to transportation management organizations that provide services exclusively or primarily in (1) each city of the first class, as provided under section 410.01; and (2) the city having the highest population as of the effective date of this section located along the marked Interstate Highway 494 corridor. Permissible uses include administrative expenses and programming and service expansion, including but not limited to staffing, communications, outreach and education program development, and operations management. The council may not retain any portion of funds under this appropriation.

The base appropriation in each of fiscal years 2018 and 2019 is \$89,820,000.

Sec. 6. Laws 2015, chapter 75, article 1, section 5, subdivision 1, is amended to read:

	<b>\$</b>	<b>173,447,000</b>	<b>\$</b>	<b><u>176,267,000</u></b>
Subdivision 1. <b>Total Appropriation</b>				<b><u>181,027,000</u></b>

Appropriations by Fund		2016	2017
			<del>13,608,000</del>
General	13,606,000		<u>13,868,000</u>
Special Revenue	61,475,000		62,210,000
H.U.T.D.	2,192,000		2,213,000
			<del>98,236,000</del>
Trunk Highway	96,174,000		<u>102,736,000</u>

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

Sec. 7. Laws 2015, chapter 75, article 1, section 5, subdivision 2, is amended to read:

**Subd. 2. Administration and Related Services**

<b>(a) Office of Communications</b>	517,000	530,000
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Appropriations by Fund		
	2016	2017
General	113,000	115,000
Trunk Highway	404,000	415,000
<b>(b) Public Safety Support</b>	9,035,000	<u>9,124,000</u> <u>9,384,000</u>

Appropriations by Fund		
	2016	2017
General	3,982,000	<del>3,987,000</del> <u>4,247,000</u>
H.U.T.D.	1,366,000	1,366,000
Trunk Highway	3,687,000	3,771,000

The base appropriation from the general fund in each of fiscal years 2018 and 2019 is \$3,537,000.

\$380,000 in each the first year and \$640,000 in the second year is are from the general fund for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$1,367,000 in each year is from the general fund to be deposited in the public safety officer's benefit account. This money is available for reimbursements under Minnesota Statutes, section 299A.465.

\$600,000 in each year is from the general fund and \$100,000 in each year is from the trunk highway fund for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

\$450,000 in each year is from the general fund for the creation of two emergency response teams. One emergency response team must be under the jurisdiction of the St. Cloud Fire Department, or a similarly located fire department if necessary, and one emergency response team must be under the

jurisdiction of the Duluth Fire Department. The commissioner shall allocate the funds as needed to facilitate the creation and maintenance of the emergency response teams. This is a onetime appropriation.

(c) **Technology and Support Service** 3,685,000 3,685,000

Appropriations by Fund

	2016	2017
General	1,322,000	1,322,000
H.U.T.D.	19,000	19,000
Trunk Highway	2,344,000	2,344,000

Sec. 8. Laws 2015, chapter 75, article 1, section 5, subdivision 3, is amended to read:

Subd. 3. **State Patrol**

(a) **Patrolling Highways** 81,516,000 83,121,000  
87,621,000

Appropriations by Fund

	2016	2017
General	154,000	37,000
H.U.T.D.	92,000	92,000
		<del>82,992,000</del>
Trunk Highway	81,270,000	<u>87,492,000</u>

\$4,500,000 from the trunk highway fund in the second year is to recruit, hire, train, and equip a State Patrol Academy.

\$858,000 from the trunk highway fund in the first year and \$117,000 from the general fund in the first year is to purchase a single-engine aircraft for the State Patrol.

The base appropriation from the trunk highway fund for patrolling highways in each of fiscal years 2018 and 2019 is \$87,492,000, of which \$4,500,000 each year is for a State Patrol Academy.

(b) **Commercial Vehicle Enforcement** 8,023,000 8,257,000

(c) <b>Capitol Security</b>	8,035,000	8,147,000
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This appropriation is from the general fund.

The commissioner may not: (1) spend any money from the trunk highway fund for capitol security; or (2) permanently transfer any state trooper from the patrolling highways activity to capitol security.

The commissioner may not transfer any money appropriated to the commissioner under this section: (1) to capitol security; or (2) from capitol security.

(d) <b>Vehicle Crimes Unit</b>	715,000	736,000
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This appropriation is from the highway user tax distribution fund.

This appropriation is to investigate: (1) registration tax and motor vehicle sales tax liabilities from individuals and businesses that currently do not pay all taxes owed; and (2) illegal or improper activity related to sale, transfer, titling, and registration of motor vehicles.

**Sec. 9. CITY OF GRAND RAPIDS FREIGHT RAIL CONSTRUCTION DESIGN.**

\$1,000,000 is appropriated from the rail service improvement account in the special revenue fund to the commissioner of transportation for a grant to the city of Grand Rapids to fund rail planning studies, design, and preliminary engineering relating to the construction of a freight rail line located in the counties of Itasca, St. Louis, and Lake to serve local producers and shippers. The city of Grand Rapids shall collaborate with the Itasca Economic Development Corporation and the Itasca County Regional Railroad Authority in the activities funded with the proceeds of this grant. This is a onetime appropriation and is available until June 30, 2019.

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

**Sec. 10. AUTONOMOUS VEHICLES TASK FORCE; APPROPRIATION.**

\$25,000 is appropriated from the general fund in fiscal year 2017 to the commissioner of transportation for the administrative support costs of the autonomous vehicles task force. This is a onetime appropriation and is available until June 30, 2019.

**ARTICLE 11****TRANSPORTATION FISCAL PROVISIONS**

Section 1. Minnesota Statutes 2014, section 115E.042, is amended to read:

**115E.042 PREPAREDNESS AND RESPONSE FOR CERTAIN RAILROADS.**

Subdivision 1. **Application.** In addition to the requirements of section 115E.04, a person who owns or operates railroad car rolling stock transporting a unit train must comply with this section.

Subd. 2. **Training.** (a) Each railroad must offer training to each fire department, and each local organization for emergency management under section 12.25, having jurisdiction along the route of unit trains routes over which oil and other hazardous substances are transported. ~~Initial training under this subdivision must be offered to each fire department by June 30, 2016, and Refresher training must be offered to each fire department and local organization for emergency management at least once every three years thereafter~~ after initial training under this subdivision.

(b) The training must address the general hazards of oil and hazardous substances, techniques to assess hazards to the environment and to the safety of responders and the public, factors an incident commander must consider in determining whether to attempt to suppress a fire or to evacuate the public and emergency responders from an area, and other strategies for initial response by local emergency responders. The training must include suggested protocol or practices for local responders to safely accomplish these tasks.

Subd. 3. **Coordination.** ~~Beginning June 30, 2015,~~ Each railroad must communicate at least annually with each county or city emergency manager, safety representatives of railroad employees governed by the Railway Labor Act, and a senior fire department officer of each fire department having jurisdiction along the route of a unit train routes over which oil and other hazardous substances are transported, to:

(1) ensure coordination of emergency response activities between the railroad and local responders; and

(2) assist emergency managers identify and assess local threats, hazards, and risks in areas (i) having high population concentration, or (ii) in which key facilities are located.

Subd. 4. **Response capabilities; time limits.** (a) Following confirmation of a discharge, a railroad must deliver and deploy sufficient equipment and trained personnel to contain and recover discharged oil or hazardous substances and to protect the environment and public safety.

(b) Within one hour of confirmation of a discharge, a railroad must provide a qualified company employee to advise the incident commander. The employee may be made available by telephone, and must be authorized to deploy all necessary response resources of the railroad.

(c) Within three hours of confirmation of a discharge, a railroad must be capable of delivering monitoring equipment and a trained operator to assist in protection of responder and public safety. A plan to ensure delivery of monitoring equipment and an operator to a discharge site must be provided each year to the commissioner of public safety.

(d) Within three hours of confirmation of a discharge, a railroad must provide qualified personnel at a discharge site to assess the discharge and to advise the incident commander.



(e) A railroad must be capable of deploying containment boom from land across sewer outfalls, creeks, ditches, and other places where oil or hazardous substances may drain, in order to contain leaked material before it reaches those resources. The arrangement to provide containment boom and staff may be made by:

- (1) training and caching equipment with local jurisdictions;
- (2) training and caching equipment with a fire mutual-aid group;
- (3) means of an industry cooperative or mutual-aid group;
- (4) deployment of a contractor;
- (5) deployment of a response organization under state contract; or
- (6) other dependable means acceptable to the Pollution Control Agency.

(f) Each arrangement under paragraph (e) must be confirmed each year. Each arrangement must be tested by drill at least once every five years.

(g) Within eight hours of confirmation of a discharge, a railroad must be capable of delivering and deploying containment boom, boats, oil recovery equipment, trained staff, and all other materials needed to provide:

(1) on-site containment and recovery of a volume of oil equal to ten percent of the calculated worst case discharge at any location along the route; and

(2) protection of listed sensitive areas and potable water intakes within one mile of a discharge site and within eight hours of water travel time downstream in any river or stream that the right-of-way intersects.

(h) Within 60 hours of confirmation of a discharge, a railroad must be capable of delivering and deploying additional containment boom, boats, oil recovery equipment, trained staff, and all other materials needed to provide containment and recovery of a worst case discharge and to protect listed sensitive areas and potable water intakes at any location along the route.

**Subd. 5. Railroad Environmental response drills.** Each railroad must conduct ~~at least one~~ oil containment, recovery, and sensitive area protection ~~drill~~ exercises as follows: (1) at least one tabletop exercise every year; and (2) at least one full-scale exercise every three years, at a location and time and in the manner chosen by the Pollution Control Agency, and attended by safety representatives of railroad employees governed by the Railway Labor Act.

**Subd. 5a. Prevention and response plans; capacity information.** In addition to other requirements, a prevention and response plan under section 115E.04 must include a description of the capacity and methods a railroad intends to utilize in order to meet the requirements under subdivision 4.

**Subd. 6. Prevention and response plans; submission requirements.** ~~(a) By June 30, 2015,~~ A railroad shall submit the prevention and response plan required under section 115E.04, as necessary to comply with the requirements of this section, to the commissioner of the Pollution Control Agency on a form designated by the commissioner.

(b) By June 30 of In every third year following a plan submission under this subdivision, or sooner as provided under section 115E.04, subdivision 2, a railroad must update and resubmit the prevention and response plan to the commissioner.

Subd. 7. **Financial responsibility.** (a) Each railroad must file with the commissioner of transportation a financial responsibility plan that complies with the requirements of this subdivision, in a form and manner determined by the commissioner.

(b) The financial responsibility plan must include (1) evidence demonstrating that the railroad has the financial ability to pay for the environmental costs that may arise while the financial responsibility plan is in effect, and (2) business information required by the commissioner.

(c) Evidence of the railroad's financial ability to pay, in the form, at the amount, and with such contractual terms, conditions, or defenses required by the commissioner can be demonstrated by:

(1) insurance meeting the requirements of chapter 60A;

(2) self-insurance;

(3) surety bond; or

(4) irrevocable letter of credit, as defined in section 336.5-102.

(d) The commissioner must set the amount of financial ability to pay in consultation with the commissioner of the Pollution Control Agency: (1) using a calculation based on the volume of oil or other hazardous substances to be transported within or through the state; and (2) at a level no less than the expected environmental costs from a worst-case discharge.

(e) A financial responsibility plan must be continuous until canceled. The commissioner must receive 90 days' written notice prior to cancellation of any evidence of the railroad's ability to pay. A railroad shall notify the commissioner promptly following a material change in ability to pay.

Sec. 2. Minnesota Statutes 2014, section 161.368, is amended to read:

#### **161.368 HIGHWAY CONTRACTS WITH TRIBAL AUTHORITIES.**

(a) On behalf of the state, the commissioner may enter into agreements with Indian tribal authorities for the purpose of providing maintenance, design, and construction to highways on tribal lands. These agreements may include (1) a provision for waiver of immunity from suit by a party to the contract on the part of the tribal authority with respect to any controversy arising out of the contract and (2) a provision conferring jurisdiction on state district courts to hear such a controversy.

(b) Notwithstanding section 161.32, for construction of highways on tribal lands in a reservation exempt from Public Law 83-280, the commissioner may: (1) award a preference for Indian-owned contractors to the same extent provided in the applicable Tribal Employment Rights Ordinance, but not to exceed ten percent; or (2) negotiate with the tribal authority and enter into an agreement for the tribal authority to award and administer the construction contract, with the commissioner providing funding for the state share of the project. If negotiating with the tribal authority, the commissioner must perform an independent cost estimate and determine that the cost proposed by the tribal authority is reasonable. An agreement negotiated with a tribal authority must include a clause requiring conformance with plans and specifications approved by the commissioner.

Sec. 3. Minnesota Statutes 2014, section 165.14, subdivision 6, is amended to read:

Subd. 6. **Annual report.** Annually By January 15 of each odd-numbered year, the commissioner shall submit a report on the program to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation finance. The report must include the inventory information required under subdivision 3, and an analysis, including any recommendations for changes, of the adequacy and efficacy of (1) the program requirements under subdivision 3, and (2) the prioritization requirements under subdivision 4.

Sec. 4. Minnesota Statutes 2014, section 168.017, is amended by adding a subdivision to read:

Subd. 6. **Refunds; grace period.** The registrar shall cancel registration and provide a full refund on a vehicle registered under this section if an application for refund is submitted within the first ten days of the month commencing the registration period for which the refund is submitted.

**EFFECTIVE DATE.** This section is effective the day following final enactment, and applies to registration periods starting on or after January 1, 2017.

Sec. 5. **[168.1294] LAW ENFORCEMENT MEMORIAL PLATES.**

Subdivision 1. **Issuance of plates.** The commissioner shall issue special law enforcement memorial license plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational motor vehicle;

(2) pays an additional fee of \$10 for each set of plates;

(3) pays the registration tax as required under section 168.013, along with any other fees required by this chapter;

(4) contributes \$25 upon initial application and a minimum of \$5 annually to the Minnesota Law Enforcement Memorial Association; and

(5) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** After consultation with the Minnesota Law Enforcement Memorial Association, the commissioner shall design the special plate. The final design of the plate is subject to the approval of the commissioner.

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of \$5, special plates may be transferred to another qualified motor vehicle that is registered to the same individual to whom the special plates were originally issued.

Subd. 4. **Exemption.** Special plates issued under this section are not subject to section 168.1293, subdivision 2.

Subd. 5. **Fees.** Fees collected under subdivision 1, clauses (2) and (3), and subdivision 3 are credited to the vehicle services operating account in the special revenue fund.

**EFFECTIVE DATE.** This section is effective January 1, 2017, for special law enforcement memorial plates issued on or after that date.

Sec. 6. [168A.125] TRANSFER-ON-DEATH TITLE TO MOTOR VEHICLE.

Subdivision 1. **Titled as transfer-on-death.** A natural person who is the owner of a motor vehicle may have the motor vehicle titled in transfer-on-death or TOD form by including in the application for the certificate of title a designation of a beneficiary or beneficiaries to whom the motor vehicle must be transferred on death of the owner or the last survivor of joint owners with rights of survivorship, subject to the rights of secured parties.

Subd. 2. **Designation of beneficiary.** A motor vehicle is registered in transfer-on-death form by designating on the certificate of title the name of the owner and the names of joint owners with identification of rights of survivorship, followed by the words "transfer-on-death to (name of beneficiary or beneficiaries)." The designation "TOD" may be used instead of "transfer-on-death." A title in transfer-on-death form is not required to be supported by consideration, and the certificate of title in which the designation is made is not required to be delivered to the beneficiary or beneficiaries in order for the designation to be effective. If the owner of the motor vehicle is married at the time of the designation, the designation of a beneficiary other than the owner's spouse requires the spouse's written consent.

Subd. 3. **Interest of beneficiary.** The transfer-on-death beneficiary or beneficiaries have no interest in the motor vehicle until the death of the owner or the last survivor of joint owners with rights of survivorship. A beneficiary designation may be changed at any time by the owner or by all joint owners with rights of survivorship, without the consent of the beneficiary or beneficiaries, by filing an application for a new certificate of title.

Subd. 4. **Vesting of ownership in beneficiary.** Ownership of a motor vehicle titled in transfer-on-death form vests in the designated beneficiary or beneficiaries on the death of the owner or the last of the joint owners with rights of survivorship, subject to the rights of secured parties. The transfer-on-death beneficiary or beneficiaries who survive the owner may apply for a new certificate of title to the motor vehicle upon submitting a certified death record of the owner of the motor vehicle. If no transfer-on-death beneficiary or beneficiaries survive the owner of a motor vehicle, the motor vehicle must be included in the probate estate of the deceased owner. A transfer of a motor vehicle to a transfer-on-death beneficiary or beneficiaries is not a testamentary transfer.

Subd. 5. **Rights of creditors.** (a) This section does not limit the rights of any secured party or creditor of the owner of a motor vehicle against a transfer-on-death beneficiary or beneficiaries.

(b) The state or a county agency with a claim or lien authorized by section 246.53, 256B.15, 261.04, or 270C.63, is a creditor for purposes of this subdivision. A claim or lien under those sections continues to apply against the designated beneficiary or beneficiaries after the transfer under this section if other assets of the deceased owner's estate are insufficient to pay the amount of the claim. The claim or lien continues to apply to the motor vehicle until the designated beneficiary sells or transfers it to a person against whom the claim or lien does not apply and who did not have actual notice or knowledge of the claim or lien.

Sec. 7. Minnesota Statutes 2014, section 168A.29, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** (a) The department must be paid the following fees:

(1) for filing an application for and the issuance of an original certificate of title, the sum of:

(i) until December 31, 2016, \$6.25 of which \$3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705, and from July 1, 2012, to June 30, ~~2016~~ 2019, a surcharge of \$1 must be added to the fee and credited to the driver and vehicle services technology account; and

(ii) on and after January 1, 2017, \$8.25 of which \$4.15 must be paid into the vehicle services operating account;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction, the sum of \$2, except that no fee is due for a security interest filed by a public authority under section 168A.05, subdivision 8;

(3) until December 31, 2016, for the transfer of the interest of an owner and the issuance of a new certificate of title, the sum of \$5.50 of which \$2.50 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705, and from July 1, 2012, to June 30, ~~2016~~ 2019, a surcharge of \$1 must be added to the fee and credited to the driver and vehicle services technology account;

(4) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, the sum of \$1; and

(5) for issuing a duplicate certificate of title, the sum of \$7.25 of which \$3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705; from July 1, 2012, to June 30, ~~2016~~ 2019, a surcharge of \$1 must be added to the fee and credited to the driver and vehicle services technology account.

(b) In addition to the fee required under paragraph (a), clause (1), the department must be paid \$3.50. The additional \$3.50 fee collected under this paragraph must be deposited in the special revenue fund and credited to the public safety motor vehicle account established in section 299A.70.

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

Sec. 8. Minnesota Statutes 2014, section 169.345, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purpose of section 168.021 and this section, the following terms have the meanings given them in this subdivision.

(b) "Health professional" means a licensed physician, licensed physician assistant, advanced practice registered nurse, or licensed chiropractor.

(c) "Long-term certificate" means a certificate issued for a period greater than 12 months but not greater than 71 months.

(d) "Organization certificate" means a certificate issued to an entity other than a natural person for a period of three years.

(e) "Permit" refers to a permit that is issued for a period of 30 days, in lieu of the certificate referred to in subdivision 3, while the application is being processed.

(f) "Physically disabled person" means a person who:

(1) because of disability cannot walk without significant risk of falling;

- (2) because of disability cannot walk 200 feet without stopping to rest;
- (3) because of disability cannot walk without the aid of another person, a walker, a cane, crutches, braces, a prosthetic device, or a wheelchair;
- (4) is restricted by a respiratory disease to such an extent that the person's forced (respiratory) expiratory volume for one second, when measured by spirometry, is less than one liter;
- (5) has an arterial oxygen tension (PaO<sub>2</sub>) of less than 60 mm/Hg on room air at rest;
- (6) uses portable oxygen;
- (7) has a cardiac condition to the extent that the person's functional limitations are classified in severity as class III or class IV according to standards set by the American Heart Association;
- (8) has lost an arm or a leg and does not have or cannot use an artificial limb; or
- (9) has a disability that would be aggravated by walking 200 feet under normal environmental conditions to an extent that would be life threatening; or
- (10) has been diagnosed with a form of dementia that is progressive in nature with physical complications, or the condition either impacts activities of daily living or presents an unreasonable safety risk.

(g) "Short-term certificate" means a certificate issued for a period greater than six months but not greater than 12 months.

(h) "Six-year certificate" means a certificate issued for a period of six years.

(i) "Temporary certificate" means a certificate issued for a period not greater than six months.

Sec. 9. Minnesota Statutes 2014, section 171.06, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver's License	D-\$17.25	C-\$21.25	B-\$28.25	A-\$36.25
Classified Under-21 D.L.	D-\$17.25	C-\$21.25	B-\$28.25	A-\$16.25
Enhanced Driver's License	D-\$32.25	C-\$36.25	B-\$43.25	A-\$51.25
Instruction Permit				\$5.25
Enhanced Instruction Permit				\$20.25
Commercial Learner's Permit				\$2.50
Provisional License				\$8.25
Enhanced Provisional License				\$23.25
Duplicate License or duplicate identification card				\$6.75

Enhanced Duplicate License or enhanced duplicate identification card	\$21.75
Minnesota identification card or Under-21 Minnesota identification card, other than duplicate, except as otherwise provided in section 171.07, subdivisions 3 and 3a	\$11.25
Enhanced Minnesota identification card	\$26.25

In addition to each fee required in this paragraph, the commissioner shall collect a surcharge of: (1) \$1.75 until June 30, 2012; and (2) \$1.00 from July 1, 2012, to June 30, ~~2016~~ 2019. Surcharges collected under this paragraph must be credited to the driver and vehicle services technology account in the special revenue fund under section 299A.705.

(b) Notwithstanding paragraph (a), an individual who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, shall have a \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(c) In addition to the driver's license fee required under paragraph (a), the commissioner shall collect an additional \$4 processing fee from each new applicant or individual renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department shall not charge these applicants any other fee to receive or renew the endorsement.

(d) In addition to the fee required under paragraph (a), a driver's license agent may charge and retain a filing fee as provided under section 171.061, subdivision 4.

(e) In addition to the fee required under paragraph (a), the commissioner shall charge a filing fee at the same amount as a driver's license agent under section 171.061, subdivision 4. Revenue collected under this paragraph must be deposited in the driver services operating account.

(f) An application for a Minnesota identification card, instruction permit, provisional license, or driver's license, including an application for renewal, must contain a provision that allows the applicant to add to the fee under paragraph (a), a \$2 donation for the purposes of public information and education on anatomical gifts under section 171.075.

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

Sec. 10. Minnesota Statutes 2014, section 174.185, is amended to read:

**174.185 PAVEMENT LIFE-CYCLE COST ANALYSIS.**

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

(a) "Life-cycle cost" is the sum of the cost of the initial pavement project and all anticipated costs for maintenance, repair, and resurfacing over the life of the pavement. Anticipated costs must be based on Minnesota's actual or reasonably projected maintenance, repair, and resurfacing schedules, and costs determined by the Department of Transportation district personnel based upon recently awarded local projects and experience with local material costs.

(b) "Life-cycle cost analysis" is a comparison of life-cycle costs among competing paving materials using ~~equal design lives and~~ equal comparison periods.

Subd. 2. **Required analysis.** For each project in the reconditioning, resurfacing, and road repair funding categories, the commissioner shall perform a life-cycle cost analysis and shall document the lowest life-cycle costs and all alternatives considered. The commissioner shall document the chosen pavement strategy and, if the lowest life cycle is not selected, document the justification for the chosen strategy. ~~A life-cycle cost analysis is required for projects to be constructed after July 1, 2011. For projects to be constructed prior to July 1, 2011, when feasible, the department will use its best efforts to perform life-cycle cost analyses.~~

Subd. 3. **Report.** The commissioner shall report ~~annually~~ by January 15 of each year to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over transportation finance ~~beginning on January 1, 2012~~, the results of the analyses required in subdivision 2.

Sec. 11. Minnesota Statutes 2014, section 174.30, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) The operating standards for special transportation service adopted under this section do not apply to special transportation provided by:

(1) a common carrier operating on fixed routes and schedules public transit provider receiving financial assistance under sections 174.24 or 473.371 to 473.449;

(2) a volunteer driver using a private automobile;

(3) a school bus as defined in section 169.011, subdivision 71; or

(4) an emergency ambulance regulated under chapter 144.

(b) The operating standards adopted under this section only apply to providers of special transportation service who receive grants or other financial assistance from either the state or the federal government, or both, to provide or assist in providing that service; except that the operating standards adopted under this section do not apply to any nursing home licensed under section 144A.02, to any board and care facility licensed under section 144.50, or to any day training and habilitation services, day care, or group home facility licensed under sections 245A.01 to 245A.19 unless the facility or program provides transportation to nonresidents on a regular basis and the facility receives reimbursement, other than per diem payments, for that service under rules promulgated by the commissioner of human services.

(c) Notwithstanding paragraph (b), the operating standards adopted under this section do not apply to any vendor of services licensed under chapter 245D that provides transportation services to consumers or residents of other vendors licensed under chapter 245D and transports 15 or fewer persons, including consumers or residents and the driver.

Sec. 12. Minnesota Statutes 2014, section 174.30, is amended by adding a subdivision to read:



Subd. 1a. **Definition.** For purposes of this section, unless the context clearly indicates otherwise, "disqualified" means an individual disqualified under chapter 245C who has not received a disqualification set-aside under sections 245C.22 and 245C.23 specific to that special transportation service provider.

Sec. 13. Minnesota Statutes 2015 Supplement, section 174.30, subdivision 4, is amended to read:

Subd. 4. **Vehicle and equipment inspection; rules; decal; complaint contact information; restrictions on name of service.** (a) The commissioner shall inspect or provide for the inspection of vehicles at least annually. In addition to scheduled annual inspections and reinspections scheduled for the purpose of verifying that deficiencies have been corrected, unannounced inspections of any vehicle may be conducted.

(b) On determining that a vehicle or vehicle equipment is in a condition that is likely to cause an accident or breakdown, the commissioner shall require the vehicle to be taken out of service immediately. The commissioner shall require that vehicles and equipment not meeting standards be repaired and brought into conformance with the standards and shall require written evidence of compliance from the operator before allowing the operator to return the vehicle to service. The commissioner may prohibit a vehicle from being placed in or returned to service under a certificate of compliance until the vehicle fully complies with all of the requirements in Minnesota Rules, chapter 8840.

(c) The commissioner shall provide in the rules procedures for inspecting vehicles, removing unsafe vehicles from service, determining and requiring compliance, and reviewing driver qualifications.

(d) The commissioner shall design a distinctive decal to be issued to special transportation service providers with a current certificate of compliance under this section. A decal is valid for one year from the last day of the month in which it is issued. A person who is subject to the operating standards adopted under this section may not provide special transportation service in a vehicle that does not conspicuously display a decal issued by the commissioner.

(e) All special transportation service providers shall pay an annual fee of \$45 to obtain a decal. Providers of ambulance service, as defined in section 144E.001, subdivision 3, are exempt from the annual fee. Fees collected under this paragraph must be deposited in the trunk highway fund, and are appropriated to the commissioner to pay for costs related to administering the special transportation service program.

(f) Special transportation service providers shall prominently display in each vehicle all contact information for the submission of complaints regarding the transportation services provided to that individual. All vehicles providing service under section 473.386 shall display contact information for the Metropolitan Council. All other special transportation service vehicles shall display contact information for the commissioner of transportation.

(g) Nonemergency medical transportation providers must comply with Minnesota Rules, part 8840.5450, except that a provider may use the phrase "nonemergency medical transportation" in its name or in advertisements or information describing the service.

Sec. 14. Minnesota Statutes 2014, section 174.30, subdivision 4a, is amended to read:

Subd. 4a. **Certification of special transportation provider.** (a) The commissioner may refuse to issue a certificate of compliance if an individual specified in subdivision 10, paragraph (a), clauses (1) to (3), is disqualified.

(b) The commissioner shall annually evaluate or provide for the evaluation of each provider of special transportation service regulated under this section and certify that the provider is in compliance with the standards under this section.

Sec. 15. Minnesota Statutes 2014, section 174.30, subdivision 8, is amended to read:

Subd. 8. **Administrative penalties; loss of certificate of compliance.** (a) The commissioner may issue an order requiring violations of this section and the operating standards adopted under this section to be corrected and assessing monetary penalties of up to \$1,000 for all violations identified during a single inspection, investigation, or audit. Section 221.036 applies to administrative penalty orders issued under this section or section 174.315. The commissioner shall suspend, without a hearing, a special transportation service provider's certificate of compliance for failure to pay, or make satisfactory arrangements to pay, an administrative penalty when due.

(b) If the commissioner determines that an individual subject to background studies under subdivision 10, paragraph (a), is disqualified, the commissioner must issue a written notice ordering the special transportation service provider to immediately cease permitting the individual to perform services or functions listed in subdivision 10, paragraph (a). The written notice must include a warning that failure to comply with the order may result in the suspension or revocation of the provider's certificate of compliance under this section.

(c) The commissioner may suspend or revoke a provider's certificate of compliance upon determining that, following receipt by a provider of written notice under paragraph (b), the individual has continued to perform services or functions listed in subdivision 10, paragraph (a), for the provider. A provider whose certificate is suspended or revoked may appeal the commissioner's action in a contested case proceeding under chapter 14.

(d) Penalties collected under this section must be deposited in the state treasury and credited to the trunk highway fund.

Sec. 16. Minnesota Statutes 2015 Supplement, section 174.30, subdivision 10, is amended to read:

Subd. 10. **Background studies.** (a) Providers of special transportation service regulated under this section must initiate background studies in accordance with chapter 245C on the following individuals:

(1) each person with a direct or indirect ownership interest of five percent or higher in the transportation service provider;

(2) each controlling individual as defined under section 245A.02, subdivision 5a;

(3) managerial officials as defined in section 245A.02, subdivision 5a;

(4) each driver employed by the transportation service provider;

(5) each individual employed by the transportation service provider to assist a passenger during transport; and

(6) all employees of the transportation service agency who provide administrative support, including those who:

(i) may have face-to-face contact with or access to passengers, their personal property, or their private data;

(ii) perform any scheduling or dispatching tasks; or

(iii) perform any billing activities.

(b) The transportation service provider must initiate the background studies required under paragraph (a) using the online NETStudy system operated by the commissioner of human services.

(c) The transportation service provider shall not permit any individual to provide any service or function listed in paragraph (a) until the transportation service provider has received notification from the commissioner of human services indicating that the individual:

(1) is not disqualified under chapter 245C; or

(2) is disqualified, but has received a set-aside of that disqualification according to section sections 245C.22 and 245C.23 related to that transportation service provider.

(d) When a local or contracted agency is authorizing a ride under section 256B.0625, subdivision 17, by a volunteer driver, and the agency authorizing the ride has reason to believe the volunteer driver has a history that would disqualify the individual or that may pose a risk to the health or safety of passengers, the agency may initiate a background study to be completed according to chapter 245C using the commissioner of human services' online NETStudy system, or through contacting the Department of Human Services background study division for assistance. The agency that initiates the background study under this paragraph shall be responsible for providing the volunteer driver with the privacy notice required under section 245C.05, subdivision 2c, and payment for the background study required under section 245C.10, subdivision 11, before the background study is completed.

Sec. 17. Minnesota Statutes 2014, section 219.015, is amended to read:

**219.015 STATE RAIL SAFETY INSPECTOR INSPECTION PROGRAM.**

Subdivision 1. **Positions established; duties.** (a) The commissioner of transportation shall establish three state rail safety inspector positions ~~in the Office of Freight and Commercial Vehicle Operations of the Minnesota Department of Transportation. On or after July 1, 2015, and the commissioner may establish a fourth~~ up to nine state rail safety inspector ~~position~~ positions following consultation with railroad companies. The commissioner shall apply to and enter into agreements with the Federal Railroad Administration (FRA) of the United States Department of Transportation to participate in the federal State Rail Safety Participation Program for training and certification of an inspector under authority of United States Code, title 49, sections 20103, 20105, 20106, and 20113, and Code of Federal Regulations, title 49, part 212.

(b) A state rail safety inspector ~~shall~~ may inspect mainline track, secondary track, and yard and industry track; inspect railroad right-of-way, including adjacent or intersecting drainage, culverts, bridges, overhead structures, and traffic and other public crossings; inspect yards and physical plants; inspect train equipment; review and enforce safety requirements; review maintenance and repair records; and review railroad security measures.

(c) A state rail safety inspector may perform, but is not limited to, the duties described in the federal State Rail Safety Participation Program. An inspector may train, be certified, and participate in any of the federal State Rail Safety Participation Program disciplines, including: track, signal and train control, motive power and equipment, operating practices compliance, hazardous materials, and highway-rail grade crossings.

(d) To the extent delegated by the Federal Railroad Administration and authorized by the commissioner, an inspector may issue citations for violations of this chapter, or to ensure railroad employee and public safety and welfare.

Subd. 2. **Railroad company assessment; account; appropriation.** (a) As provided in this subdivision, the commissioner shall annually assess railroad companies that are (1) defined as common carriers under section 218.011; (2) classified by federal law or regulation as Class I Railroads, Class I Rail Carriers, Class II Railroads, or Class II Carriers; and (3) operating in this state.

(b) ~~The assessment must be by a division of~~ calculated to allocate state rail safety ~~inspector inspection~~ program costs ~~in equal proportion between~~ proportionally among carriers based on route miles operated in Minnesota, ~~assessed in equal amounts for 365 days of the calendar year at the time of assessment.~~ The commissioner shall ~~assess~~ include in the assessment calculation all program or additional position start-up or re-establishment costs; all related costs of initiating the state rail safety ~~inspector inspection~~ program, including but not limited to inspection, administration, supervision, travel, equipment, and training; and costs of ongoing state rail inspector duties.

(c) ~~The assessments collected under this subdivision must be deposited in a special account in the special revenue fund, to be known as the state rail safety inspection account, which is established in the special revenue fund. The account consists of funds as provided by this subdivision, and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is appropriated to the commissioner for the establishment and ongoing responsibilities of the state rail safety inspector inspection program.~~

Subd. 3. **Work site safety coaching program.** The commissioner may exempt a common carrier not federally classified as Class I from violations for a period of up to two years if the common carrier applies for participation in a work site safety coaching program, such as the "MNSharp" program administered by the Minnesota Department of Labor and Industry, and the commissioner determines such participation to be preferred enforcement for safety or security violations.

Subd. 4. **Appeal.** Any person aggrieved by an assessment levied under this section may appeal within 90 days any assessment, violation, or administrative penalty to the Office of Administrative Hearings, with further appeal and review by the district court.

Subd. 5. **Inspection program information.** (a) The commissioner must maintain on the department's public Web site information on state rail safety inspection program activity under this section.

(b) At a minimum, the Web site information must include:

(1) summaries of defects and violations by (i) railroad company, (ii) shipper company, (iii) State Rail Safety Participation Program discipline, (iv) type of defect or violation, (v) level of severity, and (vi) geographic location such as city or region;

(2) to the extent permitted by federal law, inspection reports or basic details regarding any identified critical or major defects, or critical or major violations;

(3) a summary of any enforcement activity;

(4) a review of corrective actions taken; and

(5) a review of revenue sources for and summary of expenditures from the state rail safety inspection account.

(c) In addition, the Web site information must include railroad bridge inspection reports provided to the commissioner under section 219.925, subdivision 5.

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

Sec. 18. Minnesota Statutes 2014, section 219.1651, is amended to read:

**219.1651 GRADE CROSSING SAFETY ACCOUNT.**

A Minnesota grade crossing safety account is created in the special revenue fund, consisting of money credited to the account by law. The account consists of funds as provided by law, and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is appropriated to the commissioner of transportation for rail-highway grade crossing safety projects on public streets and highways, including planning, engineering costs, and other costs associated with the administration and delivery of grade crossing safety projects. At the discretion of the commissioner of transportation, money in the account at the end of each biennium may cancel to the trunk highway fund.

**Sec. 19. [219.925] INCIDENT EMERGENCY RESPONSE; PREPAREDNESS AND INFORMATION.**

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

(b) "Emergency manager" means the director of a local organization for emergency management under section 12.25.

(c) "Hazardous substance" has the meaning given in Code of Federal Regulations, title 49, section 171.8.

(d) "Oil" has the meaning given in section 115E.01, subdivision 8.

(e) "Rail carrier" means a railroad company that is (1) defined as a common carrier under section 218.011; (2) classified by federal law or regulation as Class I Railroad, Class I Rail Carrier, Class II Railroad, Class II Carrier, Class III Railroad, or Class III Carrier; and (3) operating in this state.

Subd. 2. **Emergency response capability notification.** (a) A rail carrier must provide an emergency response capability notification to each emergency manager and fire chief having jurisdiction along the routes over which oil and other hazardous substances are transported and to the commissioner of public safety. At a minimum, the notification must include geographic inventories of:

(1) life-safety emergency response equipment and related major supplies, including details on fire-suppression equipment, equipment capacity, and supply amounts; and

(2) response staff, including information on number and expertise areas of personnel responding from each geographic location.

(b) Each inventory under paragraph (a), clauses (1) and (2), must specify storage or starting locations of equipment, supplies, and personnel, and must provide estimates of travel times to a sample of reasonable locations along the routes over which oil and other hazardous substances are transported.

(c) A rail carrier must promptly provide an updated notification following any material change in the information under this subdivision.

Subd. 3. **Route planning risk assessment.** A rail carrier must provide a copy of the route planning and analysis, including risk assessment information, required under Code of Federal Regulations, title 49, section 172.820, or successor requirements, to each emergency manager and fire chief having jurisdiction along the routes over which oil and other hazardous substances are transported and to the commissioner of public safety.

Subd. 4. **Hazardous materials response plans.** A rail carrier must provide a copy of the carrier's hazardous materials emergency response plan to each emergency manager and fire chief having jurisdiction along the routes over which oil and other hazardous substances are transported for integration and coordination with local emergency operations planning.

Subd. 5. **Bridge inspection reports.** A rail carrier must provide a copy of bridge inspection reports on railroad bridges along the routes over which oil and other hazardous substances are transported to:

(1) each emergency manager, for those bridges located within the emergency manager's jurisdiction;

(2) each city or county engineer, for those bridges over a roadway under the engineer's jurisdiction; and

(3) the commissioner of transportation, for all applicable bridges.

Subd. 6. **Software program; comprehensive oil and other hazardous materials transportation tracking.** (a) All rail carriers subject to this section shall collectively maintain a single software program that must be accessible both by a downloadable application and by means of the Internet. The program must provide comprehensive, accurate, and real-time information regarding transportation of oil and other hazardous substances.

(b) At a minimum, the software program must:

(1) contain data that is updated on a real-time basis, including, as practicable, updates due to rail car switching, assembly and disassembly, and storage operations;

(2) contain information on all tanker railcars carrying oil and other hazardous substances in this state, which must include:

(i) identification of the specific substance in each railcar; and

(ii) reasonable estimates of the volume of the substance in each railcar;

(3) be available to emergency first responders having jurisdiction along the routes over which oil and other hazardous substances are transported, and to employees in the Department of Public Safety designated by the commissioner of public safety; and

(4) provide a user interface that is accessible by authorized individuals through a Web site.

(c) The requirement under paragraph (b), clause (3), does not prevent access through software applications on wireless communications devices if it is made available for each operating system commonly in use.

Subd. 7. **Data-sharing requirements.** (a) A rail carrier must provide all data required under subdivisions 2 to 6 in its entirety, without abridgment.

(b) A railroad is prohibited from, as a condition of providing any data required under this section, requiring an emergency manager or fire chief to enter into an agreement that restricts the ability of the emergency manager or fire chief to share the data with:

(1) local emergency responders in the same jurisdiction; or

(2) other emergency managers or fire chiefs, if information sharing is for emergency life-safety response planning and coordination purposes.

Subd. 8. **Transported substances community notice.** (a) As provided in this subdivision, each rail carrier must provide a community notice concerning all oil and other hazardous substance transportation within or through the state. The notice requirement under this subdivision does not apply to transportation of goods that are not oil or other hazardous substances. All rail carriers subject to this section must collectively maintain the community notices on a public Web site.

(b) A notice under this subdivision must include:

(1) the specific routes over which the oil or other hazardous substance is transported;

(2) the transportation schedule, including the time, frequency, and volume of oil or other hazardous substance transported on a daily or other reasonable basis as authorized by the commissioner;

(3) the number of tanker railcars transported;

(4) a description of the material transported, including, as applicable, the gravity as measured by industry standards and the vapor pressure;

(5) all applicable emergency response information required under Code of Federal Regulations, title 49, part 172, subpart G, or successor requirements; and

(6) contact information, including name, title, telephone number, and address, of at least one qualified company employee who is responsible for serving as a point of contact for discharge response.

(c) A railroad must provide a community notice prior to transporting oil and other hazardous substances, and must provide an updated notice prior to any material change in the information under paragraph (b).

**EFFECTIVE DATE.** This section is effective July 1, 2016, except that subdivision 6 is effective July 1, 2017.

Sec. 20. Minnesota Statutes 2014, section 222.49, is amended to read:

**222.49 RAIL SERVICE IMPROVEMENT ACCOUNT; APPROPRIATION.**

The rail service improvement account is created in the special revenue fund ~~in the state treasury~~. ~~The commissioner shall deposit in this account all~~ consists of funds as provided by law, and any other money appropriated to or received by the department for the purpose of rail service improvement ~~donated, allotted, transferred, or otherwise provided to the account, excluding bond proceeds as authorized by article XI, section 5, clause (i)<sub>2</sub> of the Minnesota Constitution. All money so deposited is appropriated to the department for expenditure for rail service improvement in accordance with applicable state and federal law. This appropriation shall not lapse but shall be available until the purpose for which it was appropriated has been accomplished. No money appropriated to the department for the purposes of administering the rail service improvement program shall be deposited in the rail service improvement account nor shall such administrative costs be paid from the account.~~

Sec. 21. Minnesota Statutes 2014, section 222.50, subdivision 6, is amended to read:

Subd. 6. **Grants.** ~~The commissioner may approve grants from the rail service improvement account for payment of up to 50 percent of the nonfederal share of the cost of any rail line project under the federal rail service continuation program~~ freight rail service improvements that support economic development.

Sec. 22. Minnesota Statutes 2015 Supplement, section 222.50, subdivision 7, is amended to read:

Subd. 7. **Expenditures.** (a) The commissioner may expend money from the rail service improvement account for the following purposes:

(1) to make transfers as provided under section 222.57 or to pay interest adjustments on loans guaranteed under the state rail user and rail carrier loan guarantee program;

(2) to pay a portion of the costs of capital improvement projects designed to improve rail service of a rail user or a rail carrier;

(3) to pay a portion of the costs of rehabilitation projects designed to improve rail service of a rail user or a rail carrier;

(4) to acquire, maintain, manage, and dispose of railroad right-of-way pursuant to the state rail bank program;

(5) to provide for aerial photography survey of proposed and abandoned railroad tracks for the purpose of recording and reestablishing by analytical triangulation the existing alignment of the in-place track;

(6) to pay a portion of the costs of acquiring a rail line by a regional railroad authority established pursuant to chapter 398A;

(7) to pay the state matching portion of federal grants for rail-highway grade crossing improvement projects;

(8) ~~for expenditures made before July 1, 2017, to pay the state matching portion of grants under the federal Transportation Investment Generating Economic Recovery (TIGER) program of the~~



United States Department of Transportation to pay the state matching portion of federal grants for freight rail projects;

(9) to fund rail planning studies activities and other administrative and program expenses; and

(10) to pay a portion of the costs of capital improvement projects designed to improve capacity or safety at rail yards.

(b) All money derived by the commissioner from the disposition of railroad right-of-way or of any other property acquired pursuant to sections 222.46 to 222.62 shall be deposited in the rail service improvement account.

Sec. 23. Minnesota Statutes 2015 Supplement, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services.

(b) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. Medical transportation must be provided by:

(1) nonemergency medical transportation providers who meet the requirements of this subdivision;

(2) ambulances, as defined in section 144E.001, subdivision 2;

(3) taxicabs;

(4) public transit, as defined in section 174.22, subdivision 7; or

(5) not-for-hire vehicles, including volunteer drivers.

(c) Medical assistance covers nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, and in consultation with the Minnesota Department of Transportation. All nonemergency medical transportation providers shall bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements outlined in this paragraph.

(d) An organization may be terminated, denied, or suspended from enrollment if:

(1) the provider has not initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3); or

(2) the provider has initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3), and:

(i) the commissioner has sent the provider a notice that the individual has been disqualified under section 245C.14; and

(ii) the individual has not received a disqualification set-aside specific to the special transportation services provider under sections 245C.22 and 245C.23.

~~(d)~~ (e) The administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee;

(2) pay nonemergency medical transportation providers for services provided to Minnesota health care programs beneficiaries to obtain covered medical services;

(3) provide data monthly to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips by mode; and

(4) by July 1, 2016, in accordance with subdivision 18e, utilize a Web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services.

~~(e)~~ (f) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level-of-service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes of transportation under paragraph ~~(h)~~ (i), clauses (4), (5), (6), and (7).

~~(f)~~ (g) The commissioner may use an order by the recipient's attending physician or a medical or mental health professional to certify that the recipient requires nonemergency medical transportation services. Nonemergency medical transportation providers shall perform driver-assisted services for eligible individuals, when appropriate. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs or stretchers in the vehicle.

Nonemergency medical transportation providers must take clients to the health care provider using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the local agency.

Nonemergency medical transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Nonemergency medical transportation providers must maintain trip logs, which include pickup and drop-off times, signed by the medical provider or client, whichever is deemed most appropriate, attesting to mileage traveled to obtain covered medical services. Clients requesting client mileage reimbursement must sign the trip log attesting mileage traveled to obtain covered medical services.

~~(g)~~ (h) The administrative agency shall use the level of service process established by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee to determine the client's most appropriate mode of transportation. If public transit or a certified transportation provider is not available to provide the appropriate service mode for the client, the client may receive a onetime service upgrade.

~~(h)~~ (i) The covered modes of transportation, which may not be implemented without a new rate structure, are:

(1) client reimbursement, which includes client mileage reimbursement provided to clients who have their own transportation, or to family or an acquaintance who provides transportation to the client;

(2) volunteer transport, which includes transportation by volunteers using their own vehicle;

(3) unassisted transport, which includes transportation provided to a client by a taxicab or public transit. If a taxicab or public transit is not available, the client can receive transportation from another nonemergency medical transportation provider;

(4) assisted transport, which includes transport provided to clients who require assistance by a nonemergency medical transportation provider;

(5) lift-equipped/ramp transport, which includes transport provided to a client who is dependent on a device and requires a nonemergency medical transportation provider with a vehicle containing a lift or ramp;

(6) protected transport, which includes transport provided to a client who has received a prescreening that has deemed other forms of transportation inappropriate and who requires a provider: (i) with a protected vehicle that is not an ambulance or police car and has safety locks, a video recorder, and a transparent thermoplastic partition between the passenger and the vehicle driver; and (ii) who is certified as a protected transport provider; and

(7) stretcher transport, which includes transport for a client in a prone or supine position and requires a nonemergency medical transportation provider with a vehicle that can transport a client in a prone or supine position.

~~(i)~~ (j) The local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph ~~(h)~~ (i) according to paragraphs ~~(h)~~ (m) and ~~(m)~~ (n) when the commissioner has developed, made available, and funded the Web-based single administrative structure, assessment tool, and level of need assessment under subdivision 18e. The local agency's financial obligation is limited to funds provided by the state or federal government.

~~(j)~~ (k) The commissioner shall:

(1) in consultation with the Nonemergency Medical Transportation Advisory Committee, verify that the mode and use of nonemergency medical transportation is appropriate;

(2) verify that the client is going to an approved medical appointment; and

(3) investigate all complaints and appeals.

~~(k)~~ (l) The administrative agency shall pay for the services provided in this subdivision and seek reimbursement from the commissioner, if appropriate. As vendors of medical care, local agencies are subject to the provisions in section 256B.041, the sanctions and monetary recovery actions in section 256B.064, and Minnesota Rules, parts 9505.2160 to 9505.2245.

~~(h)~~ (m) Payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph ~~(g)~~ (h), not the type of vehicle used to provide the service. The

medical assistance reimbursement rates for nonemergency medical transportation services that are payable by or on behalf of the commissioner for nonemergency medical transportation services are:

- (1) \$0.22 per mile for client reimbursement;
- (2) up to 100 percent of the Internal Revenue Service business deduction rate for volunteer transport;
- (3) equivalent to the standard fare for unassisted transport when provided by public transit, and \$11 for the base rate and \$1.30 per mile when provided by a nonemergency medical transportation provider;
- (4) \$13 for the base rate and \$1.30 per mile for assisted transport;
- (5) \$18 for the base rate and \$1.55 per mile for lift-equipped/ramp transport;
- (6) \$75 for the base rate and \$2.40 per mile for protected transport; and
- (7) \$60 for the base rate and \$2.40 per mile for stretcher transport, and \$9 per trip for an additional attendant if deemed medically necessary.

~~(m)~~ (n) The base rate for nonemergency medical transportation services in areas defined under RUCA to be super rural is equal to 111.3 percent of the respective base rate in paragraph ~~(h)~~ (m), clauses (1) to (7). The mileage rate for nonemergency medical transportation services in areas defined under RUCA to be rural or super rural areas is:

- (1) for a trip equal to 17 miles or less, equal to 125 percent of the respective mileage rate in paragraph ~~(h)~~ (m), clauses (1) to (7); and
- (2) for a trip between 18 and 50 miles, equal to 112.5 percent of the respective mileage rate in paragraph ~~(h)~~ (m), clauses (1) to (7).

~~(n)~~ (o) For purposes of reimbursement rates for nonemergency medical transportation services under paragraphs ~~(h)~~ (m) and ~~(m)~~ (n), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

~~(o)~~ (p) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural.

Sec. 24. Minnesota Statutes 2014, section 256B.15, subdivision 1a, is amended to read:

Subd. 1a. **Estates subject to claims.** (a) If a person receives any medical assistance hereunder, on the person's death, if single, or on the death of the survivor of a married couple, either or both of whom received medical assistance, or as otherwise provided for in this section, the total amount paid for medical assistance rendered for the person and spouse shall be filed as a claim against the estate of the person or the estate of the surviving spouse in the court having jurisdiction to probate the estate or to issue a decree of descent according to sections 525.31 to 525.313.

(b) For the purposes of this section, the person's estate must consist of:

- (1) the person's probate estate;
- (2) all of the person's interests or proceeds of those interests in real property the person owned as a life tenant or as a joint tenant with a right of survivorship at the time of the person's death;

(3) all of the person's interests or proceeds of those interests in securities the person owned in beneficiary form as provided under sections 524.6-301 to 524.6-311 at the time of the person's death, to the extent the interests or proceeds of those interests become part of the probate estate under section 524.6-307;

(4) all of the person's interests in joint accounts, multiple-party accounts, and pay-on-death accounts, brokerage accounts, investment accounts, or the proceeds of those accounts, as provided under sections 524.6-201 to 524.6-214 at the time of the person's death to the extent the interests become part of the probate estate under section 524.6-207; and

(5) assets conveyed to a survivor, heir, or assign of the person through survivorship, living trust, transfer-on-death of title or deed, or other arrangements.

(c) For the purpose of this section and recovery in a surviving spouse's estate for medical assistance paid for a predeceased spouse, the estate must consist of all of the legal title and interests the deceased individual's predeceased spouse had in jointly owned or marital property at the time of the spouse's death, as defined in subdivision 2b, and the proceeds of those interests, that passed to the deceased individual or another individual, a survivor, an heir, or an assign of the predeceased spouse through a joint tenancy, tenancy in common, survivorship, life estate, living trust, or other arrangement. A deceased recipient who, at death, owned the property jointly with the surviving spouse shall have an interest in the entire property.

(d) For the purpose of recovery in a single person's estate or the estate of a survivor of a married couple, "other arrangement" includes any other means by which title to all or any part of the jointly owned or marital property or interest passed from the predeceased spouse to another including, but not limited to, transfers between spouses which are permitted, prohibited, or penalized for purposes of medical assistance.

(e) A claim shall be filed if medical assistance was rendered for either or both persons under one of the following circumstances:

(1) the person was over 55 years of age, and received services under this chapter;

(2) the person resided in a medical institution for six months or longer, received services under this chapter, and, at the time of institutionalization or application for medical assistance, whichever is later, the person could not have reasonably been expected to be discharged and returned home, as certified in writing by the person's treating physician. For purposes of this section only, a "medical institution" means a skilled nursing facility, intermediate care facility, intermediate care facility for persons with developmental disabilities, nursing facility, or inpatient hospital; or

(3) the person received general assistance medical care services under chapter 256D.

(f) The claim shall be considered an expense of the last illness of the decedent for the purpose of section 524.3-805. Notwithstanding any law or rule to the contrary, a state or county agency with a claim under this section must be a creditor under section 524.6-307. Any statute of limitations that purports to limit any county agency or the state agency, or both, to recover for medical assistance granted hereunder shall not apply to any claim made hereunder for reimbursement for any medical assistance granted hereunder. Notice of the claim shall be given to all heirs and devisees of the decedent, and to other persons with an ownership interest in the real property owned by the decedent at the time of the decedent's death, whose identity can be ascertained with reasonable diligence. The notice must include procedures and instructions for making an application for a hardship waiver

under subdivision 5; time frames for submitting an application and determination; and information regarding appeal rights and procedures. Counties are entitled to one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort. Counties are entitled to ten percent of the collections for alternative care directly attributable to county effort.

Sec. 25. Minnesota Statutes 2014, section 297B.01, subdivision 16, is amended to read:

Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor vehicle, whether absolutely or conditionally, for a consideration in money or by exchange or barter for any purpose other than resale in the regular course of business.

(b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or by holding it in an effort to so lease it, and which is put to no other use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale.

(c) The terms also shall include any transfer of title or ownership of a motor vehicle by other means, for or without consideration, except that these terms shall not include:

(1) the acquisition of a motor vehicle by inheritance from or by bequest of, or transfer-on-death of title by, a decedent who owned it;

(2) the transfer of a motor vehicle which was previously licensed in the names of two or more joint tenants and subsequently transferred without monetary consideration to one or more of the joint tenants;

(3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with no monetary or other consideration or expectation of consideration and the parties to the transfer submit an affidavit to that effect at the time the title transfer is recorded;

(4) the transfer of a motor vehicle by gift between:

(i) spouses;

(ii) parents and a child; or

(iii) grandparents and a grandchild;

(5) the voluntary or involuntary transfer of a motor vehicle between a husband and wife in a divorce proceeding; or

(6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code when the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

Sec. 26. Minnesota Statutes 2014, section 299A.41, subdivision 3, is amended to read:

Subd. 3. **Killed in the line of duty.** "Killed in the line of duty" does not include deaths from natural causes, except as provided in this subdivision. In the case of a ~~peace~~ public safety officer, "killed in the line of duty" includes the death of an a public safety officer caused by accidental means while the ~~peace~~ public safety officer is acting in the course and scope of duties as a ~~peace~~ public safety officer. Killed in the line of duty also means if a public safety officer dies as the direct and

proximate result of a heart attack, stroke, or vascular rupture, that officer shall be presumed to have died as the direct and proximate result of a personal injury sustained in the line of duty if:

(1) that officer, while on duty:

(i) engaged in a situation, and that engagement involved nonroutine stressful or strenuous physical law enforcement, fire suppression, rescue, hazardous material response, emergency medical services, prison security, disaster relief, or other emergency response activity; or

(ii) participated in a training exercise, and that participation involved nonroutine stressful or strenuous physical activity;

(2) that officer died as a result of a heart attack, stroke, or vascular rupture suffered:

(i) while engaging or participating under clause (1);

(ii) while still on duty after engaging or participating under clause (1); or

(iii) not later than 24 hours after engaging or participating under clause (1); and

(3) the presumption is not overcome by competent medical evidence to the contrary.

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

Sec. 27. Minnesota Statutes 2014, section 299A.41, subdivision 4, is amended to read:

Subd. 4. **Public safety officer.** "Public safety officer" includes:

(1) a peace officer defined in section 626.84, subdivision 1, paragraph (c) or (d);

(2) a correction officer employed at a correctional facility and charged with maintaining the safety, security, discipline, and custody of inmates at the facility;

(3) an individual employed on a full-time basis by the state or by a fire department of a governmental subdivision of the state, who is engaged in any of the following duties:

(i) firefighting;

(ii) emergency motor vehicle operation;

(iii) investigation into the cause and origin of fires;

(iv) the provision of emergency medical services; or

(v) hazardous material responder;

(4) a legally enrolled member of a volunteer fire department or member of an independent nonprofit firefighting corporation who is engaged in the hazards of firefighting;

(5) a good samaritan while complying with the request or direction of a public safety officer to assist the officer;

(6) a reserve police officer or a reserve deputy sheriff while acting under the supervision and authority of a political subdivision;

(7) a driver or attendant with a licensed basic or advanced life-support transportation service who is engaged in providing emergency care;

(8) a first responder who is certified by the emergency medical services regulatory board to perform basic emergency skills before the arrival of a licensed ambulance service and who is a member of an organized service recognized by a local political subdivision to respond to medical emergencies to provide initial medical care before the arrival of an ambulance; and

(9) a person, other than a state trooper, employed by the commissioner of public safety and assigned to the State Patrol, whose primary employment duty is either Capitol security or the enforcement of commercial motor vehicle laws and regulations.

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

Sec. 28. Minnesota Statutes 2014, section 299A.55, is amended to read:

**299A.55 RAILROAD AND PIPELINE SAFETY INCIDENT PREPAREDNESS; OIL AND OTHER HAZARDOUS MATERIALS SUBSTANCES.**

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

(b) "Applicable rail carrier" means a railroad company that is subject to an assessment under section 219.015, subdivision 2.

(c) "Hazardous substance" has the meaning given in ~~section 115B.02, subdivision 8~~ Code of Federal Regulations, title 49, section 171.8.

(d) "Oil" has the meaning given in section 115E.01, subdivision 8.

(e) "Pipeline company" means any individual, partnership, association, or public or private corporation who owns and operates pipeline facilities and is required to show specific preparedness under section 115E.03, subdivision 2.

Subd. 2. **Railroad and pipeline safety incident account.** (a) A railroad and pipeline safety incident account is created in the special revenue fund. The account consists of funds collected under subdivision 4 and funds donated, allotted, transferred, or otherwise provided to the account.

(b) ~~\$104,000 is annually~~ \$345,000 in fiscal year 2017, and \$250,000 annually beginning in fiscal year 2018 are appropriated from the railroad and pipeline safety incident account to the commissioner of the Pollution Control Agency for environmental protection activities related to railroad discharge preparedness under chapter 115E.

(c) Following the appropriation in paragraph (b), the remaining money in the account is annually appropriated to the commissioner of public safety for the purposes specified in subdivision 3.

Subd. 3. **Allocation of funds.** (a) Subject to funding appropriated for this subdivision, the commissioner shall provide funds for training and response preparedness related to (1) derailments, discharge incidents, or spills involving trains carrying oil or other hazardous substances, and (2) pipeline discharge incidents or spills involving oil or other hazardous substances.

(b) The commissioner shall allocate available funds as follows:

(1) \$100,000 annually for emergency response teams; and

(2) the remaining amount to the Board of Firefighter Training and Education under section 299N.02 and the Division of Homeland Security and Emergency Management.



(c) Prior to making allocations under paragraph (b), the commissioner shall consult with the Fire Service Advisory Committee under section 299F.012, subdivision 2.

(d) The commissioner and the entities identified in paragraph (b), clause (2), shall prioritize uses of funds based on:

- (1) firefighter training needs;
- (2) community risk from discharge incidents or spills;
- (3) geographic balance; and
- (4) risks to the general public; and
- (5) recommendations of the Fire Service Advisory Committee.

(e) The following are permissible uses of funds provided under this subdivision:

(1) training costs, which may include, but are not limited to, training curriculum, trainers, trainee overtime salary, other personnel overtime salary, and tuition;

(2) costs of gear and equipment related to hazardous materials readiness, response, and management, which may include, but are not limited to, original purchase, maintenance, and replacement;

(3) supplies related to the uses under clauses (1) and (2); and

(4) emergency preparedness planning and coordination;

(5) life-safety emergency response exercises, including coordinated or comprehensive exercises in conjunction with the requirements under section 115E.042, subdivision 5; and

(6) public education and outreach, including but not limited to: (i) informing and engaging the public regarding hazards of derailments and discharge incidents; (ii) assisting in development of evacuation readiness; (iii) undertaking public information campaigns; and (iv) providing accurate information to the media on likelihood and consequences of derailments and discharge incidents.

(f) Notwithstanding paragraph (b), clause (2), from funds in the railroad and pipeline safety incident account provided for the purposes under this subdivision, the commissioner may retain a balance in the account for budgeting in subsequent fiscal years.

Subd. 4. **Assessments.** (a) The commissioner of public safety shall annually assess \$2,500,000 to railroad and pipeline companies based on the formula specified in paragraph (b). The commissioner shall deposit funds collected under this subdivision in the railroad and pipeline safety incident account under subdivision 2.

(b) The assessment for each railroad is 50 percent of the total annual assessment amount, divided in equal proportion between applicable rail carriers based on route miles operated in Minnesota. The assessment for each pipeline company is 50 percent of the total annual assessment amount, divided in equal proportion between companies based on the yearly aggregate gallons of oil and hazardous substance transported by pipeline in Minnesota.

(c) The assessments under this subdivision expire July 1, 2017.

Sec. 29. Minnesota Statutes 2014, section 299D.03, subdivision 5, is amended to read:

Subd. 5. **Traffic fines and forfeited bail money.** (a) All fines and forfeited bail money collected from persons apprehended or arrested by officers of the State Patrol shall be transmitted by the person or officer collecting the fines, forfeited bail money, or installments thereof, on or before the tenth day after the last day of the month in which these moneys were collected, to the commissioner of management and budget. Except where a different disposition is required in this subdivision or section 387.213, or otherwise provided by law, three-eighths of these receipts must be deposited in the state treasury and credited to the state general fund. The other five-eighths of these receipts must be deposited in the state treasury and credited as follows: (1) the first ~~\$1,000,000~~ \$2,500,000 in each fiscal year must be credited to the Minnesota grade crossing safety account in the special revenue fund, and (2) remaining receipts must be credited to the state trunk highway fund. If, however, the violation occurs within a municipality and the city attorney prosecutes the offense, and a plea of not guilty is entered, one-third of the receipts shall be deposited in the state treasury and credited to the state general fund, one-third of the receipts shall be paid to the municipality prosecuting the offense, and one-third shall be deposited in the state treasury and credited to the Minnesota grade crossing safety account or the state trunk highway fund as provided in this paragraph. When section 387.213 also is applicable to the fine, section 387.213 shall be applied before this paragraph is applied. All costs of participation in a nationwide police communication system chargeable to the state of Minnesota shall be paid from appropriations for that purpose.

(b) All fines and forfeited bail money from violations of statutes governing the maximum weight of motor vehicles, collected from persons apprehended or arrested by employees of the state of Minnesota, by means of stationary or portable scales operated by these employees, shall be transmitted by the person or officer collecting the fines or forfeited bail money, on or before the tenth day after the last day of the month in which the collections were made, to the commissioner of management and budget. Five-eighths of these receipts shall be deposited in the state treasury and credited to the state highway user tax distribution fund. Three-eighths of these receipts shall be deposited in the state treasury and credited to the state general fund.

Sec. 30. Minnesota Statutes 2014, section 353.01, subdivision 43, is amended to read:

Subd. 43. **Line of duty death.** "Line of duty death" means:

(1) a death that occurs while performing or as a direct result of performing normal or less frequent duties which are specific to protecting the property and personal safety of others and that present inherent dangers that are specific to the positions covered by the public employees police and fire plan; or

(2) a death determined by the commissioner of public safety that meets the requirements of sections 299A.41 to 299A.46.

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

Sec. 31. Minnesota Statutes 2014, section 360.013, is amended by adding a subdivision to read:

Subd. 47a. **Drones.** "Drone" means a powered aircraft that is operated without the possibility of direct human intervention from within or on the aircraft.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 32. Minnesota Statutes 2014, section 360.075, subdivision 1, is amended to read:

Subdivision 1. **Misdemeanor.** Every person who:

(1) operates an aircraft either on or over land or water in this state without the consent of the owner of such aircraft;

(2) operates aircraft while in the possession of any federal license, certificate, or permit or any certificate of registration issued by the ~~Transportation~~ department of ~~this state~~, or displays, or causes or permits to be displayed, such federal license, certificate, or permit or such state certificate of registration, knowing either to have been canceled, revoked, suspended, or altered;

(3) lends to, or knowingly permits the use of by, one not entitled thereto of any federal airman's or aircraft license, certificate, or permit, or any state airman's or aircraft certificate of registration issued to that person;

(4) displays or represents as the person's own any federal airman's or aircraft license, certificate, or permit or any state airman's or aircraft certificate of registration not issued to that person;

(5) tampers with, climbs upon or into, makes use of, or navigates any aircraft without the knowledge or consent of the owner or person having control thereof, whether while the same is in motion or at rest, or hurls stones or any other missiles at aircraft, or the occupants thereof, or otherwise damages or interferes with the same, or places upon any portion of any airport any object, obstruction, or other device tending to injure aircraft or parts thereof;

(6) uses a false or fictitious name, gives a false or fictitious address, knowingly makes any false statement or report, or knowingly conceals a material fact, or otherwise commits a fraud in any application or form required under the provisions of sections 360.011 to 360.076, or by any rules or orders of the commissioner;

(7) operates any aircraft ~~in such a manner so~~ as to indicate either a reckless willful or a wanton disregard for the safety of persons or property;

(8) carries on or over land or water in this state in an aircraft other than a public aircraft any explosive substance except as permitted by ~~the Federal Explosives Act, being the Act of October 6, 1917, as amended by Public Law 775, 77th Congress, approved November 24, 1942~~ United States Code, title 18, chapter 40; Code of Federal Regulations, title 27, part 555; and successor laws and regulations;

(9) discharges a gun, pistol, or other weapon in or from any aircraft in this state except as the hunting of certain wild animals from aircraft may be permitted by other laws of this state, or unless the person is the pilot or officer in command of the aircraft or a peace officer or a member of the military or naval forces of the United States, engaged in the performance of duty;

(10) carries in any aircraft, other than a public aircraft, any shotgun, rifle, pistol, or small arms ammunition except in the manner in which such articles may be lawfully carried in motor vehicles in this state, or is a person excepted from the provisions of clause (9);

(11) engages in acrobatic or stunt flying without being equipped with a parachute and without providing any other occupants of the aircraft with parachutes and requiring that they be worn;

(12) while in flying over a thickly inhabited area or over a public gathering in this state, engages in trick or acrobatic flying or in any acrobatic feat;

(13) except while in landing or taking off, flies at such low levels as to endanger persons on the surface beneath, or engages in advertising through the playing of music or transcribed or oral

announcements, or makes any noise with any siren, horn, whistle, or other audible device which is not necessary for the normal operation of the aircraft, except that sound amplifying devices may be used in aircraft when operated by or under the authority of any agency of the state or federal government for the purpose of giving warning or instructions to persons on the ground;

(14) drops any object, except loose water, loose fuel, or loose sand ballast, without the prior written consent of the commissioner of transportation and the prior written consent of the municipality or property owner where objects may land; drops objects from an aircraft that endanger person or property on the ground, or drops leaflets for any purpose whatsoever; ~~or~~

(15) while in flight in an aircraft, whether as a pilot, passenger, or otherwise, endangers, kills, or attempts to kill any birds or animals or uses any aircraft for the purpose of concentrating, driving, rallying, or stirring up migratory waterfowl;

(16) uses a drone with intent to damage, disrupt, or otherwise interfere with an aircraft that is in motion on the ground or in the air; or

(17) knowingly operates a drone within an emergency zone established by a law enforcement agency, fire department, or emergency medical service provider, or within one mile of a helicopter being operated by one of these entities;

except as may be permitted by other laws of this state, shall be guilty of a misdemeanor.

Notwithstanding section 609.035 or 609.04, a prosecution for or conviction of violating clause (16) is not a bar to conviction of or punishment for any other crime.

**EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to crimes committed on and after that date.

Sec. 33. Minnesota Statutes 2014, section 360.075, subdivision 2, is amended to read:

Subd. 2. **Gross misdemeanor.** ~~Every A person who shall commit any of the acts specified in commits a violation of subdivision 1 for a second or other subsequent time shall be after having previously been convicted of violating subdivision 1 is guilty of a gross misdemeanor.~~

**EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to crimes committed on and after that date.

Sec. 34. Minnesota Statutes 2014, section 360.55, is amended by adding a subdivision to read:

Subd. 9. **Drones.** A drone that weighs up to a maximum of 55 pounds may be subject to fees under section 360.679, and is exempt from taxes and fees under sections 360.511 to 360.67.

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 35. **[360.679] DRONE; COMMERCIAL USE PERMIT.**

Subdivision 1. **Requirements for commercial use permit.** The commissioner shall issue a commercial use permit to an owner of a drone weighing up to a maximum of 55 pounds, when the owner:

(1) utilizes the drone for any purpose other than hobby or recreational use;

(2) provides proof of payment of sales tax on the purchase of the drone;

(3) identifies each individual who will operate the drone and certifies to the commissioner that each operator meets the qualifications under subdivision 3;

(4) provides proof of insurance that complies with the requirements of and limits in section 360.59, subdivision 10;

(5) pays an annual permit fee of \$25; and

(6) provides additional information the commissioner deems to be necessary or desirable.

Subd. 2. **Deposit of fee.** The proceeds of the fee required under subdivision 1 must be collected by the commissioner, paid into the state treasury, and credited to the state airports fund.

Subd. 3. **Qualifications for drone operators.** The commissioner shall develop and administer a written knowledge test for drone operators that complies with all applicable state and federal regulations. To be eligible to take the knowledge test, a person must:

(1) be at least 17 years of age;

(2) possess a valid driver's license issued by this state, another state or territory of the United States, or the District of Columbia; and

(3) satisfy all other applicable state or federal requirements.

A drone operator must pass the test and meet all qualifications under this subdivision in this state or in a state with comparable requirements.

Subd. 4. **Commercial use permit process.** The commissioner shall implement a permit application process, including a requirement that the department provide notice to an applicant of the department's permit issuance decision no later than ten days from the date the department receives the application. The commissioner shall offer technical guidance for permit applicants and permit holders to enable compliance with program requirements.

Subd. 5. **Unlawful operations.** A person who owns or operates a drone in violation of this section is guilty of a misdemeanor.

**EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to crimes committed on and after that date.

Sec. 36. Laws 1994, chapter 643, section 15, subdivision 8, is amended to read:

Subd. 8. Trunk Highway Facility Projects 13,016,000

To the commissioner of transportation for the purposes specified in this subdivision. The appropriations in this subdivision are from the trunk highway fund.

(a) Installation of automatic fire sprinkler systems at maintenance headquarters in Virginia, Owatonna, and Windom 365,000

(b) Repair, replace, or construct chemical and salt storage buildings at 36 department of transportation locations statewide 1,030,000

(c) Construct, furnish, and equip a truck enforcement site and weigh scale in the Albert Lea area to replace the Lakeville site 886,000

(d) Construct, furnish, and equip a truck station and maintenance facility in Hutchinson on a new site to replace the current facility 897,000

(e) Construct, furnish, and equip a new truck station on Maryland Avenue in St. Paul to replace the current facility 5,440,000

(f) Construct an addition to the Detroit Lakes welding shop 355,000

(g) Remodel facilities and construct additions to truck stations in Ely, Montgomery, and Forest Lake 302,000

(h) Purchase, remodel, and expand the Minnesota National Guard truck maintenance facility in Tracy to fit the needs of a department of transportation truck station 359,000

(i) Build an unheated equipment storage building at the Golden Valley headquarters site 435,000

(j) Construct, furnish, and equip a truck station in Wadena on a new site to replace the current facility 527,000

(k) Remodel facility and construct an addition to the Preston truck station 174,000

(l) Construct, furnish, and equip class II safety rest areas in Darwin Winter park, Preston/Fountain vicinity, Pioneer monument, Camp Release historic monument, and Lake Shetek 200,000

(m) Land acquisition for new replacement truck station sites at Illgen City, Rushford, Gaylord, Madelia, Sherburne, and Litchfield 250,000

(n) Design fees to complete construction drawings for projects at Windom, Maplewood, Hastings, central services building, Arden Hills training center, and Albert Lea weigh scale 371,000

(o) Construct pole type storage buildings at department of transportation locations throughout the state 611,000

(p) Remove asbestos from various department of transportation buildings statewide 150,000

(q) Remodel facility and construct an addition to the Carlton truck station 259,000

(r) Remodel facility and construct an addition to the Sauk Centre truck station 255,000

(s) Remodel the old Burlington Northern train depot in Floodwood into a safety information center and rest area and phase out the wayside rest at Trunk Highways 2 and 73 150,000

After completion of the project, the commissioner of transportation shall convey the newly remodeled rest area for no or nominal consideration to the city of Floodwood, ~~which thereafter shall operate and maintain it.~~

(t) The commissioner may use the balance of funds appropriated by Laws 1985, first special

session chapter 15, section 9, subdivision 6, paragraph (c), for land acquisition for a weigh station on interstate highway 94 at Moorhead to supplement funds appropriated by Laws of 1989, chapter 269, section 2, subdivision 11, paragraph (d), for construction of the Moorhead weigh station.

Sec. 37. Laws 2014, chapter 312, article 11, section 10, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective November 30, ~~2016~~ 2018, and applies to permits issued on and after that date.

Sec. 38. Laws 2014, chapter 312, article 11, section 11, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective November 30, ~~2016~~ 2018, and applies to permits issued on and after that date.

Sec. 39. Laws 2014, chapter 312, article 11, section 13, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective November 30, ~~2016~~ 2018, and applies to permits issued on and after that date.

Sec. 40. Laws 2014, chapter 312, article 11, section 16, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective November 30, ~~2016~~ 2018, and applies to permits issued on and after that date.

Sec. 41. Laws 2014, chapter 312, article 11, section 18, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective November 30, ~~2016~~ 2018, and applies to permits issued on and after that date.

Sec. 42. **MINNESOTA LICENSE AND REGISTRATION SYSTEM OPERATING COSTS; REPORT.**

Before January 1, 2019, the commissioners of public safety and MN.IT services must submit a report documenting the costs of operating the new Minnesota License and Registration System, including any recommendations for ongoing funding, to the chairs and ranking members of the committees in the house of representatives and the senate having jurisdiction over transportation and public safety policy and finance.

Sec. 43. **TRANSPORTATION PROJECT SELECTION PROCESS.**

Subdivision 1. **Adoption of best practices.** (a) The commissioner of transportation, after consultation with the Federal Highway Administration, metropolitan planning organizations, regional development commissions, area transportation partnerships, local governments, the Metropolitan Council, and transportation stakeholders, shall develop, adopt, and implement best practices for project evaluation and selection to apply to the standard process and to special programs, such as corridors of commerce. The commissioner must adopt and begin implementing the best practices no later than October 2017 and may update the best practices as appropriate. The commissioner shall publicize the best practices and updates on the department's Web site and through other effective means selected by the commissioner.

(b) The best practices adopted under this section must include:

(1) a description of each selection process and identification of ranking criteria and weight of each criterion with respect to any selection process;

(2) identification and application of all relevant criteria contained in enacted Minnesota or federal law, or added by the commissioner;

(3) identification to the stakeholders and general public of each candidate project selected under each selection process, including identification of all the projects considered that are not selected;

(4) involvement in the process of scoring and ranking candidate projects of area transportation partnerships and other local authorities as appropriate for the projects under consideration; and

(5) means of publicizing scoring, ranking, and decision outcomes concerning each candidate project, including the projects that were considered and were not selected.

Subd. 2. **Report to legislature.** By March 1, 2017, the commissioner shall report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over transportation policy and finance concerning the adopted best practices and how these best practices are anticipated to improve the consistency, objectivity, and transparency of the selection process. The report must include information on input from members of the public and the organizations identified in subdivision 1.

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

**Sec. 44. ESTABLISHMENT OF AUTONOMOUS VEHICLES TASK FORCE.**

Subdivision 1. **Purpose.** The autonomous vehicles task force is established to design a demonstration project, analyze policy and recommended legislation, and report to the legislature concerning issues related to the use by people with disabilities of autonomous vehicles on public roads and highways.

Subd. 2. **Definition of autonomous vehicle.** For the purposes of this section, "autonomous vehicle" is a vehicle equipped with technology that has the capability to drive a vehicle without the active control or monitoring of a human operator. Autonomous vehicle excludes a motor vehicle enabled with active safety systems or driver assistance systems, including, without limitation, a system to provide electronic blind spot assistance, crash avoidance, emergency braking, parking assistance, adaptive cruise control, lane keep assistance, lane departure warning, or traffic jam and queuing assistant, unless the system alone or in combination with other systems enables the vehicle to drive without the active control or monitoring by a human operator.

Subd. 3. **Task force membership.** (a) The autonomous vehicles task force consists of 21 members, all of whom are voting members and who must be appointed by July 31, 2016, as follows:

(1) two senators, including one senator appointed by the senate majority leader and one senator appointed by the senate minority leader;

(2) two members of the house of representatives, including one member appointed by the speaker of the house of representatives and one member appointed by the minority leader;

(3) the commissioner of public safety or a designee;

(4) the commissioner of transportation or a designee;



- (5) the commissioner of commerce or a designee;
- (6) one member appointed by the Minnesota State Council on Disability;
- (7) one member with experience in greater Minnesota paratransit administration appointed by the commissioner of transportation;
- (8) one member with experience in metropolitan-area paratransit administration appointed by the Metropolitan Council;
- (9) three members who are not public officials, and at least one of whom represents the disability community, appointed by the senate majority leader;
- (10) three members who are not public officials, and at least one of whom represents the disability community, appointed by the speaker of the house of representatives;
- (11) three members who are not public officials, and at least one of whom represents the disability community, appointed by the governor;
- (12) one member with expertise in autonomous vehicle technology, appointed by the commissioner of transportation; and
- (13) one member representing the Alliance of Automobile Manufacturers, appointed by the commissioner of commerce.

(b) The appointing authorities for the members appointed under clauses (9), (10), and (11), shall to the extent practicable make their appointments to reflect geographic balance across the state. The governor must select one of the appointees under paragraph (a), clause (11), to serve as chair of the task force.

Subd. 4. **First meeting; chair.** The member who is appointed to serve as the chair shall convene the first meeting of the task force by October 15, 2016. The task force may elect from among its members a cochair and any other officers the task force determines are necessary or convenient.

Subd. 5. **Duties.** The task force shall examine and report to the legislature concerning ways in which autonomous vehicles can best be equipped and utilized to provide mobility service for people with disabilities. To further this goal, the task force shall design a demonstration project.

Subd. 6. **Authorization.** The task force may solicit gifts, grants, or donations of any kind from any private or public source to carry out the purposes of this act. All gifts, grants, or donations received by the task force must be deposited in an autonomous vehicle project account established in the special revenue fund. Money in the account is appropriated to the commissioner of transportation for the activities of the task force and implementation of the demonstration project.

Subd. 7. **Compensation.** Public members of the task force shall receive no compensation or per diem payments for participating on the task force.

Subd. 8. **Administrative support.** The commissioner of transportation must provide meeting space, administrative support, and staff support for the task force. The task force may hold meetings in any publicly accessible location in the state.

Subd. 9. **Open Meeting Law.** Meetings of the task force are subject to Minnesota Statutes, chapter 13D.

Subd. 10. **Reports.** The task force shall report its findings and recommendations to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over transportation policy and finance. By January 31, 2017, the task force shall report its findings and recommendations for implementing the technology demonstration project to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over transportation policy and finance. By December 31, 2018, the task force shall report findings concerning recommended legislation, administrative rules, and policies to utilize autonomous vehicles in the provision of equitable, safe, and cost-effective transportation solutions to people with disabilities both in the metropolitan area and greater Minnesota. The report must analyze benefits, costs, business models, liability issues, legal implications, and safety issues.

Subd. 11. **Sunset.** This section expires June 30, 2019.

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

Sec. 45. **TRANSITWAY DEVELOPMENT OUTREACH PILOT GRANT PROGRAM.**

Subdivision 1. **Grant program.** The Metropolitan Council shall fund a grant to the city of St. Paul to conduct a transitway development outreach pilot program, under which the city shall award grants to entities selected through a competitive process to conduct outreach, education, and engagement activities. These activities must be directed to minority communities, relating to the status and future development of transitways, including, but not limited to, Rush Line corridor, Red Rock corridor, and Gateway Corridor Gold Line. The program must focus on minorities and new American communities, especially Karen, Somali, Hispanic, and Hmong, whose members live, work, or own businesses in the areas to be served by transitway development. A portion of the grant proceeds must be used for ethnic radio programs and dissemination of information by credible liaisons in the oral-culture communities.

Subd. 2. **Report.** By September 1, 2017, the Metropolitan Council shall report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over transportation policy and budget concerning the use of this appropriation, the nature of activities funded, and results achieved.

Sec. 46. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall recodify Minnesota Statutes, section 115E.042, subdivision 2, as Minnesota Statutes, section 219.925, subdivision 9, and Minnesota Statutes, section 115E.042, subdivision 3, as Minnesota Statutes, section 219.925, subdivision 10. The revisor shall correct any cross-references made necessary by this recodification.

## ARTICLE 12

### GENERAL EDUCATION

Section 1. Minnesota Statutes 2015 Supplement, section 120A.41, is amended to read:

**120A.41 LENGTH OF SCHOOL YEAR; HOURS OF INSTRUCTION.**

A school board's annual school calendar must include at least 425 hours of instruction for a kindergarten student without a disability, 935 hours of instruction for a student in grades 1 through 6, and 1,020 hours of instruction for a student in grades 7 through 12, not including summer school. The school calendar for all-day kindergarten must include at least 850 hours of instruction for the

school year. The school calendar for a prekindergarten student under section 124D.151, if offered by the district, must include at least 350 hours of instruction for the school year. A school board's annual calendar must include at least 165 days of instruction for a student in grades 1 through 11 unless a four-day week schedule has been approved by the commissioner under section 124D.126.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 2. Minnesota Statutes 2014, section 124D.1158, subdivision 3, is amended to read:

Subd. 3. **Program reimbursement.** Each school year, the state must reimburse each participating school 30 cents for each reduced-price breakfast, 55 cents for each fully paid breakfast served to students in grades 1 to 12, and \$1.30 for each fully paid breakfast served to a prekindergarten student enrolled in an approved voluntary prekindergarten program under section 124D.151 or a kindergarten student.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 3. Minnesota Statutes 2014, section 124D.1158, subdivision 4, is amended to read:

Subd. 4. **No fees.** A school that receives school breakfast aid under this section must make breakfast available without charge to all participating students in grades 1 to 12 who qualify for free or reduced-price meals and to all prekindergarten students enrolled in an approved voluntary prekindergarten program under section 124D.151 and all kindergarten students.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 4. **[124D.151] VOLUNTARY PREKINDERGARTEN PROGRAM.**

Subdivision 1. **Establishment; purpose.** A district, a charter school, a group of districts, a group of charter schools, or a group of districts and charter schools may establish a voluntary prekindergarten program. The purpose of a voluntary prekindergarten program is to prepare children for success as they enter kindergarten in the following year.

Subd. 2. **Program requirements.** (a) A voluntary prekindergarten program provider must:

(1) measure each child's cognitive and social skills using a formative measure aligned to the state's early learning standards when the child enters and again before the child leaves the program, screening and progress monitoring measures, and others from the state-approved menu of kindergarten entry profile measures;

(2) provide comprehensive program content including the implementation of curriculum, assessment, and instructional strategies aligned with the state early learning standards, and kindergarten through third grade academic standards;

(3) provide instructional content and activities that are of sufficient length and intensity to address learning needs including offering a program with at least 350 hours of instruction per school year for a prekindergarten student;

(4) provide voluntary prekindergarten instructional staff salaries comparable to the salaries of local kindergarten through grade 12 instructional staff;

(5) coordinate appropriate kindergarten transition with families, community-based prekindergarten programs, and school district kindergarten programs;

(6) involve parents in program planning and transition planning by implementing parent engagement strategies that include culturally and linguistically responsive activities in prekindergarten through third grade that are aligned with early childhood family education under section 124D.13;

(7) coordinate with relevant community-based services, including health and social service agencies, to ensure children have access to comprehensive services;

(8) coordinate with all relevant school district programs and services including early childhood special education, homeless students, and English learners;

(9) ensure staff-to-child ratios of one-to-ten and a maximum group size of 20 children;

(10) provide high-quality coordinated professional development, training, and coaching for both school district and community-based early learning providers that is informed by a measure of adult-child interactions and enables teachers to be highly knowledgeable in early childhood curriculum content, assessment, native and English language development programs, and instruction; and

(11) implement strategies that support the alignment of professional development, instruction, assessments, and prekindergarten through grade three curricula.

(b) A voluntary prekindergarten program must ensure that all classroom teachers have an early childhood license issued by the Board of Teaching, or special permission, by the 2022-2023 school year and later.

(c) Districts and charter schools must include their strategy for implementing and measuring the impact of their voluntary prekindergarten program under section 120B.11 and provide results in their world's best workforce annual summary to the commissioner of education.

Subd. 3. **Mixed delivery of services.** A district or charter school may contract with a charter school, Head Start or child care centers, family child care programs licensed under section 245A.03, or a community-based organization to provide eligible children with developmentally appropriate services that meet the program requirements in subdivision 2. Components of a mixed-delivery plan include strategies for recruitment, contracting, and monitoring of fiscal compliance and program quality.

Subd. 4. **Eligibility.** A child who is four years of age as of September 1 in the calendar year in which the school year commences is eligible to participate in a voluntary prekindergarten program free of charge. Each eligible child must complete a health and developmental screening within 90 days of program enrollment under sections 121A.16 to 121A.19, and provide documentation of required immunizations under section 121A.15.

Subd. 5. **Application process; priority for high poverty schools.** (a) To qualify for program approval for fiscal year 2017, a district or charter school must submit an application to the commissioner by July 1, 2016. To qualify for program approval for fiscal year 2018 and later, a district or charter school must submit an application to the commissioner by January 30 of the fiscal year prior to the fiscal year in which the program will be implemented. The application must include:

(1) a description of the proposed program, including the number of hours per week the program will be offered at each school site or mixed-delivery location;

(2) an estimate of the number of eligible children to be served in the program at each school site or mixed-delivery location; and

(3) a statement of assurances signed by the superintendent or charter school director that the proposed program meets the requirements of subdivision 2.

(b) The commissioner must review all applications submitted for fiscal year 2017 by August 1, 2016, and must review all applications submitted for fiscal year 2018 and later by March 1 of the fiscal year in which the applications are received and determine whether each application meets the requirements of paragraph (a).

(c) The commissioner must divide all applications for new or expanded programs meeting the requirements of paragraph (a) into four groups as follows: the Minneapolis and St. Paul school districts; other school districts located in the metropolitan equity region as defined in section 126C.10, subdivision 28; school districts located in the rural equity region as defined in section 126C.10, subdivision 28; and charter schools. Within each group, the applications must be ordered by rank using a sliding scale based on the following criteria:

(1) concentration of kindergarten students eligible for free or reduced-price lunches by school site on October 1 of the previous school year. For school district programs to be operated at locations that do not have free and reduced-price lunch concentration data for kindergarten programs for October 1 of the previous school year, including mixed-delivery programs, the school district average concentration of kindergarten students eligible for free or reduced-price lunches must be used for the rank ordering;

(2) presence or absence of a three- or four-star Parent Aware rated program within the school district or close proximity of the district. School sites with the highest concentration of kindergarten students eligible for free or reduced-price lunches that do not have a three- or four-star Parent Aware program within the district or close proximity of the district shall receive the highest priority, and school sites with the lowest concentration of kindergarten students eligible for free or reduced-price lunches that have a three- or four-star Parent Aware rated program within the district or close proximity of the district shall receive the lowest priority. If a tie exists in the rank order of applications under this paragraph, the commissioner must give priority among the tied applications to the applicant with the highest proportion of prekindergarten classroom teachers with an early childhood license issued by the Board of Teaching.

(d) The aid available for the program as specified in subdivision 6, paragraph (b), must initially be allocated among the four groups based on each group's percentage share of the statewide kindergarten enrollment on October 1 of the previous school year. Within each group, the available aid must be allocated among school sites in priority order until that region's share of the aid limit is reached. If the aid limit is not reached for all groups, the remaining amount must be allocated to the highest priority school sites, as designated under this section, not funded in the initial allocation on a statewide basis.

(e) Once a school site is approved for aid under this subdivision, it shall remain eligible for aid if it continues to meet program requirements, regardless of changes in the concentration of students eligible for free or reduced-price lunches.

(f) If the total aid entitlement approved based on applications submitted under paragraph (a) is less than the aid entitlement limit under subdivision 6, paragraph (b), the commissioner must notify all school districts and charter schools of the amount that remains available within 30 days of the

initial application deadline under paragraph (a), and complete a second round of allocations based on applications received within 60 days of the initial application deadline.

(g) Procedures for approving applications submitted under paragraph (f) shall be the same as specified in paragraphs (a) to (d), except that the allocations shall be made to the highest priority school sites not funded in the initial allocation on a statewide basis.

Subd. 6. **Program and aid entitlement limits.** (a) Notwithstanding section 126C.05, subdivision 1, paragraph (d), the pupil units for a voluntary prekindergarten program for an eligible school district or charter school must not exceed 60 percent of the kindergarten pupil units for that school district or charter school under section 126C.05, subdivision 1, paragraph (e).

(b) In reviewing applications under subdivision 5, the commissioner must limit the estimated state aid entitlement approved under this section to \$27,092,000 for fiscal year 2017, \$33,095,000 for fiscal year 2018, and \$40,203,000 for fiscal year 2019 and later. If the actual state aid entitlement based on final data exceeds the limit in any year, the aid of the participating districts must be prorated so as not to exceed the limit.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 5. Minnesota Statutes 2015 Supplement, section 124D.59, subdivision 2, is amended to read:

Subd. 2. **English learner.** (a) "English learner" means a pupil in kindergarten through grade 12 or a prekindergarten student enrolled in an approved voluntary prekindergarten program under section 124D.151 who meets the requirements under subdivision 2a or the following requirements:

(1) the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil is determined by a valid assessment measuring the pupil's English language proficiency and by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in academic classes taught in English.

(b) A pupil enrolled in a Minnesota public school in any grade 4 through 12 who in the previous school year took a commissioner-provided assessment measuring the pupil's emerging academic English, shall be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall generate state English learner aid under section 124D.65, subdivision 5, if the pupil scored below the state cutoff score or is otherwise counted as a nonproficient participant on the assessment measuring the pupil's emerging academic English, or, in the judgment of the pupil's classroom teachers, consistent with section 124D.61, clause (1), the pupil is unable to demonstrate academic language proficiency in English, including oral academic language, sufficient to successfully and fully participate in the general core curriculum in the regular classroom.

(c) Notwithstanding paragraphs (a) and (b), a pupil in ~~kindergarten~~ prekindergarten under section 124D.151, through grade 12 shall not be counted as an English learner in calculating English learner

pupil units under section 126C.05, subdivision 17, and shall not generate state English learner aid under section 124D.65, subdivision 5, if:

(1) the pupil is not enrolled during the current fiscal year in an educational program for English learners under sections 124D.58 to 124D.64; or

(2) the pupil has generated seven or more years of average daily membership in Minnesota public schools since July 1, 1996.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 6. Minnesota Statutes 2014, section 124D.68, subdivision 2, is amended to read:

Subd. 2. **Eligible pupils.** (a) A pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to participate in the graduation incentives program, if the pupil:

(1) performs substantially below the performance level for pupils of the same age in a locally determined achievement test;

(2) is behind in satisfactorily completing coursework or obtaining credits for graduation;

(3) is pregnant or is a parent;

(4) has been assessed as chemically dependent;

(5) has been excluded or expelled according to sections 121A.40 to 121A.56;

(6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 124D.69;

(7) is a victim of physical or sexual abuse;

(8) has experienced mental health problems;

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program;

(10) speaks English as a second language or is an English learner; or

(11) has withdrawn from school or has been chronically truant; or

(12) is being treated in a hospital in the seven-county metropolitan area for cancer or other life threatening illness or is the sibling of an eligible pupil who is being currently treated, and resides with the pupil's family at least 60 miles beyond the outside boundary of the seven-county metropolitan area.

(b) For the 2016-2017 school year only, a pupil otherwise qualifying under paragraph (a) who is at least 21 years of age and not yet 22 years of age and is an English learner with an interrupted formal education according to section 124D.59, subdivision 2a, is eligible to participate in the graduation incentives program under section 124D.68 and in concurrent enrollment courses offered under section 124D.09, subdivision 10, and is funded in the same manner as other pupils under this section.

Sec. 7. Minnesota Statutes 2015 Supplement, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under chapter 124E; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individualized education program is counted as the ratio of the number of hours of assessment and education service to 825 times 1.0 with a minimum average daily membership of 0.28, but not more than 1.0 pupil unit.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.0.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individualized education program to 875, but not more than one.

(d) A prekindergarten pupil who is not included in paragraph (a) or (b) and is enrolled in an approved voluntary prekindergarten program under section 124D.151 is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil units.

~~(d)~~ (e) A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil unit if the pupil is enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school that meets the minimum hours requirement in section 120A.41, or is counted as .55 pupil unit, if the pupil is not enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school.

~~(e)~~ (f) A pupil who is in any of grades 1 to 6 is counted as 1.0 pupil unit.

~~(f)~~ (g) A pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

~~(g)~~ (h) A pupil who is in the postsecondary enrollment options program is counted as 1.2 pupil units.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 8. Minnesota Statutes 2014, section 126C.05, subdivision 3, is amended to read:

Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units for fiscal year 1998 and thereafter must be computed according to this subdivision.

(a) The compensation revenue concentration percentage for each building in a district equals the product of 100 times the ratio of:



(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; to

(2) the number of pupils enrolled in the building on October 1 of the previous fiscal year.

(b) The compensation revenue pupil weighting factor for a building equals the lesser of one or the quotient obtained by dividing the building's compensation revenue concentration percentage by 80.0.

(c) The compensation revenue pupil units for a building equals the product of:

(1) the sum of the number of pupils enrolled in the building eligible to receive free lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the previous fiscal year; times

(2) the compensation revenue pupil weighting factor for the building; times

(3) .60.

(d) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten programs under section 124D.151, charter schools, and contracted alternative programs in the first year of operation, compensation revenue pupil units shall be computed using data for the current fiscal year. If the voluntary prekindergarten program, charter school, or contracted alternative program begins operation after October 1, compensatory revenue pupil units shall be computed based on pupils enrolled on an alternate date determined by the commissioner, and the compensation revenue pupil units shall be prorated based on the ratio of the number of days of student instruction to 170 days.

(e) The percentages in this subdivision must be based on the count of individual pupils and not on a building average or minimum.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 9. Minnesota Statutes 2014, section 126C.10, subdivision 2d, is amended to read:

Subd. 2d. **Declining enrollment revenue.** (a) A school district's declining enrollment revenue equals the greater of zero or the product of: (1) 28 percent of the formula allowance for that year and (2) the difference between the adjusted pupil units for the preceding year and the adjusted pupil units for the current year.

(b) Notwithstanding paragraph (a), for fiscal years 2015, 2016, and 2017 only, a pupil enrolled at the Crosswinds school shall not generate declining enrollment revenue for the district or charter school in which the pupil was last counted in average daily membership.

(c) Notwithstanding paragraph (a), for fiscal years 2017, 2018, and 2019 only, prekindergarten pupil units under section 126C.05, subdivision 1, paragraph (d), must be excluded from the calculation of declining enrollment revenue.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 10. Minnesota Statutes 2015 Supplement, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals ~~\$14,500 for fiscal years 2015 and 2016, \$14,740~~ \$16,680 for fiscal year 2017, ~~\$17,473~~ \$21,523 for fiscal year 2018, and ~~\$20,510~~ \$27,678 for fiscal year 2019 and later.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 11. Minnesota Statutes 2014, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted pupil unit amount of basic revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted pupil units for that year; times (2) the sum of (i) \$14, plus (ii) \$80, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted pupil units for that year times \$14.

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's adjusted pupil units times the difference between ten percent of the statewide average amount of referendum revenue per adjusted pupil unit for that year and the district's referendum revenue per adjusted pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for that year.

(e) A school district's equity revenue for a school district ~~located in the metro equity region with~~ any of its area located within Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

(f) A school district's additional equity revenue equals \$50 times its adjusted pupil units.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2018 and later.

Sec. 12. Laws 2011, First Special Session chapter 11, article 4, section 8, is amended to read:

Sec. 8. **EARLY REPAYMENT.**

(a) A school district that received a maximum effort capital loan prior to January 1, 1997, may repay the full outstanding original principal on its capital loan prior to July 1, 2012, and the liability of the district on the loan is satisfied and discharged and interest on the loan ceases.

(b) A school district with an outstanding capital loan balance that received a maximum effort capital loan prior to January 1, 2007, may repay to the commissioner of education by November 30,

2016, the full outstanding original principal on its capital loan and the liability of the district on the loan is satisfied and discharged and interest on the loan ceases.

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

Sec. 13. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 2, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

	<del>6,624,310,000</del>		
\$	<u>6,649,435,000</u>	.....	2016
	<del>6,761,574,000</del>		
\$	<u>6,815,589,000</u>	.....	2017

The 2016 appropriation includes \$622,908,000 for 2015 and ~~\$6,001,405,000~~ \$6,026,527,000 for 2016.

The 2017 appropriation includes ~~\$638,812,000~~ \$641,412,000 for 2016 and ~~\$6,122,762,000~~ \$6,174,177,000 for 2017.

Sec. 14. Laws 2015, First Special Session chapter 3, article 7, section 7, subdivision 2, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

	<del>15,661,000</del>		
\$	<u>16,251,000</u>	.....	2016
	<del>15,818,000</del>		
\$	<u>16,775,000</u>	.....	2017

Sec. 15. Laws 2015, First Special Session chapter 3, article 7, section 7, subdivision 3, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

	<del>9,731,000</del>		
\$	<u>9,457,000</u>	.....	2016
	<del>10,361,000</del>		
\$	<u>10,365,000</u>	.....	2017

Sec. 16. **RECIPROCITY AGREEMENT EXEMPTION; HENDRICKS.**

Notwithstanding Minnesota Statutes, sections 124D.04, subdivision 6, paragraph (b); 124D.041, subdivision 3, paragraph (b); and 124D.05, subdivision 2a, the provisions of Minnesota Statutes, section 124D.041, and the agreement shall not apply to Independent School District No. 402, Hendricks.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

### ARTICLE 13

#### EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2014, section 13.321, is amended by adding a subdivision to read:

Subd. 11. **Student-user privacy requirements.** Section 125B.27 governs privacy and information practices of online educational services.

Sec. 2. Minnesota Statutes 2014, section 120B.021, subdivision 1, is amended to read:

Subdivision 1. **Required academic standards.** (a) The following subject areas are required for statewide accountability:

- (1) language arts;
- (2) mathematics;
- (3) science;
- (4) social studies, including history, geography, economics, and government and citizenship;
- (5) physical education;
- (6) health, for which locally developed academic standards apply; and

(7) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

(b) For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education program team has determined that the required academic standards are inappropriate. An individualized education program team that makes this determination must establish alternative standards.

(c) The department must adopt the most recent National Association of Sport and Physical Education kindergarten through grade 12 standards and benchmarks for physical education as the required physical education academic standards. The department may modify and adapt the national standards to accommodate state interest. The modification and adaptations must maintain the purpose and integrity of the national standards. The department must make available sample assessments for school districts to assess students' mastery of the physical education standards beginning in the 2018-2019 school year.

(e) (d) District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

Sec. 3. Minnesota Statutes 2014, section 120B.021, subdivision 3, is amended to read:

Subd. 3. **Rulemaking.** The commissioner, consistent with the requirements of this section and section 120B.022, must adopt statewide rules under section 14.389 for implementing statewide

rigorous core academic standards in language arts, mathematics, science, social studies, physical education, and the arts. After the rules authorized under this subdivision are initially adopted, the commissioner may not amend or repeal these rules nor adopt new rules on the same topic without specific legislative authorization. The academic standards for language arts, mathematics, and the arts must be implemented for all students beginning in the 2003-2004 school year. The academic standards for science and social studies must be implemented for all students beginning in the 2005-2006 school year.

Sec. 4. Minnesota Statutes 2015 Supplement, section 120B.021, subdivision 4, is amended to read:

Subd. 4. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a ten-year cycle to review and, consistent with the review, revise state academic standards and related benchmarks, consistent with this subdivision. During each ten-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area. The commissioner must include the contributions of Minnesota American Indian tribes and communities as related to the academic standards during the review and revision of the required academic standards.

(b) The commissioner must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2020-2021 school year and every ten years thereafter.

(c) The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year and every ten years thereafter.

(d) The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year and every ten years thereafter.

(e) The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year and every ten years thereafter.

(f) The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year and every ten years thereafter.

(g) The commissioner must implement a review of the academic standards and related benchmarks in physical education beginning in the 2024-2025 school year and every ten years thereafter.

(h) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

Sec. 5. **[120B.026] PHYSICAL EDUCATION.**

Subdivision 1. **Exclusion from class; recess.** A student may be excused from a physical education class if the student submits written information signed by a physician stating that physical activity will jeopardize the student's health. A student may be excused from a physical education class if being excused meets the child's unique and individualized needs according to the child's individualized education program, federal 504 plan, or individualized health plan. A student may be excused if a parent or guardian requests an exemption on religious grounds. A student with a disability must be provided with modifications or adaptations that allow physical education class to meet their needs. Schools are strongly encouraged not to exclude students in kindergarten through grade 5 from recess due to punishment or disciplinary action.

Subd. 2. **Teachers.** Physical education must be taught by teachers who are licensed to teach physical education. A physical education teacher shall be adequately prepared and regularly participate in professional development activities under section 122A.60.

Sec. 6. Minnesota Statutes 2014, section 120B.232, is amended to read:

**120B.232 CHARACTER DEVELOPMENT EDUCATION.**

Subdivision 1. **Character development education.** (a) The legislature encourages districts to integrate or offer instruction on character education including, but not limited to, character qualities such as attentiveness, truthfulness, respect for authority, diligence, gratefulness, self-discipline, patience, forgiveness, respect for others, peacemaking, and resourcefulness. Instruction should be integrated into a district's existing programs, curriculum, or the general school environment. The commissioner shall provide assistance at the request of a district to develop character education curriculum and programs.

(b) Character development education under paragraph (a) may include a voluntary elementary, middle, and high school program that incorporates the history and values of Congressional Medal of Honor recipients and may be offered as part of the social studies, English language arts, or other curriculum, as a schoolwide character building and veteran awareness initiative, or as an after-school program, among other possibilities.

Subd. 1a. **Staff development; continuing education.** (a) Staff development opportunities under section 122A.60 may include training in character development education that incorporates the history and values of Congressional Medal of Honor recipients under subdivision 1, paragraph (b), and is provided without cost to the interested school or district.

(b) Local continuing education and relicensure committees or other local relicensure committees under section 122A.18, subdivision 4, are encouraged to approve up to six clock hours of continuing education for licensed teachers who complete the training in character development education under paragraph (a).

Subd. 2. **Funding sources.** The commissioner must first use federal funds for character development education programs to the extent available under United States Code, title 20, section 7247. Districts may accept funds from private and other public sources for character development education programs developed and implemented under this section, including programs funded through the Congressional Medal of Honor Foundation, among other sources.

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

Sec. 7. Minnesota Statutes 2014, section 120B.30, subdivision 2, is amended to read:

Subd. 2. **Department of Education assistance.** (a) The Department of Education shall contract for professional and technical services according to competitive solicitation procedures under chapter 16C for purposes of this section.

(b) A proposal submitted under this section must include disclosures containing:

(1) comprehensive information regarding test administration monitoring practices; and

(2) data privacy safeguards for student information to be transmitted to or used by the proposing entity.

Information provided in the proposal is not security information or trade secret information for purposes of section 13.37.

Sec. 8. Minnesota Statutes 2014, section 120B.30, is amended by adding a subdivision to read:

Subd. 6. **Database.** The commissioner shall establish a reporting system for teachers, administrators, and students to report service disruptions and technical interruptions. The information reported through this system shall be maintained in a database accessible through the department's Web site.

Sec. 9. Minnesota Statutes 2015 Supplement, section 120B.31, subdivision 4, is amended to read:

Subd. 4. **Student performance data.** In developing policies and assessment processes to hold schools and districts accountable for high levels of academic standards under section 120B.021, the commissioner shall aggregate and disaggregate student data over time to report summary student performance and growth levels and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data measured at the school, school district, and statewide level. When collecting and reporting the performance data, The commissioner shall use the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, to organize and report the data so that state and local policy makers can understand the educational implications of changes in districts' demographic profiles over time, including student categories of homelessness; ethnicity; race; home language; immigrant; refugee status; English language learners under section 124D.59; free or reduced-price lunch; and other categories designated by federal law, as data are available, among other demographic factors. Any report the commissioner disseminates containing summary data on student performance must integrate student performance and the demographic factors that strongly correlate with that performance.

**EFFECTIVE DATE.** This section is effective for the 2017-2018 school year and later.

Sec. 10. Minnesota Statutes 2014, section 120B.31, is amended by adding a subdivision to read:

Subd. 6. **Test preparation costs.** The department must annually compile and publish data relating to expenditures by school districts for preparation of all assessments administered pursuant to section 120B.30, including the costs of materials and staff time.

Sec. 11. Minnesota Statutes 2014, section 120B.35, is amended to read:

**120B.35 STUDENT ACADEMIC ACHIEVEMENT AND GROWTH.**

Subdivision 1. ~~School and Student indicators of growth and achievement.~~ The commissioner must develop and implement a system for measuring and reporting academic achievement and individual student growth, consistent with the statewide educational accountability and reporting system. The system components must measure and separately report the adequate yearly progress of schools and the growth of individual students: students' current achievement in schools under subdivision 2; and individual students' educational growth over time under subdivision 3. The system also must include statewide measures of student academic growth that identify schools with high levels of growth, and also schools with low levels of growth that need improvement. ~~When determining a school's effect,~~ The data must include both statewide measures of student achievement and, to the extent annual tests are administered, indicators of achievement growth that take into account a student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide summative, interim, or formative assessments. Indicators that take into account a student's prior achievement must not be used to disregard a school's low achievement or to exclude a school from a program to improve low achievement levels.

Subd. 2. **Federal Expectations for student academic achievement.** (a) Each school year, a school district must determine if the student achievement levels at each school site meet federal expectations. If student achievement levels at a school site do not meet federal expectations and the site has not made adequate yearly progress for two consecutive school years, beginning with the 2001-2002 school year, the district must work with the school site to adopt a plan to raise student achievement levels to meet federal expectations. The commissioner of education shall establish student academic achievement levels to comply with this paragraph.

(b) School sites identified as not meeting federal expectations must develop continuous improvement plans in order to meet federal expectations for student academic achievement. The department, at a district's request, must assist the district and the school ~~site~~ sites in developing a plan to improve student achievement. The plan must include parental involvement components.

(c) The commissioner must:

(1) assist school sites and districts identified as not meeting federal expectations; and

(2) provide technical assistance to schools that integrate student achievement measures into the school continuous improvement plan.

(d) The commissioner shall establish and maintain a continuous improvement Web site designed to make aggregated and disaggregated student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data on every school and district available to parents, teachers, administrators, community members, and the general public, consistent with this section.

Subd. 3. **State growth target; other state measures.** (a) The state's educational assessment system measuring individual students' educational growth is based on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide summative, interim, or formative assessments.



(b) The commissioner, in consultation with a stakeholder group that includes assessment and evaluation directors, district staff, experts in culturally responsive teaching, and researchers, must implement a model that uses a value-added growth indicator and includes criteria for identifying schools and school districts that demonstrate medium and high growth under section 120B.299, subdivisions 8 and 9, and may recommend other value-added measures under section 120B.299, subdivision 3. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model must allow users to:

(1) report student growth consistent with this paragraph; and

(2) for all student categories, report and compare aggregated and disaggregated state student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data Elementary and Secondary Education Act, as most recently reauthorized, and, in addition to the Karen community, other student categories as determined by the total Minnesota population at or above the 1,000-person threshold based on the most recent decennial census, including ethnicity; race; refugee status; English language learners under section 124D.59; home language; free or reduced-price lunch; immigrant; and all students enrolled in a Minnesota public school who are currently or were previously in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

The commissioner must report measures of student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data, consistent with this paragraph, including the English language development, academic progress, and oral academic development of English learners and their native language development if the native language is used as a language of instruction, and include data on all pupils enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59.

(c) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:

(1) a preparation measure indicating the number and percentage of high school graduates in the most recent school year who completed course work important to preparing them for postsecondary academic and career opportunities, consistent with the core academic subjects required for admission to Minnesota's public colleges and universities as determined by the Office of Higher Education under chapter 136A; and

(2) a rigorous coursework measure indicating the number and percentage of high school graduates in the most recent school year who successfully completed one or more college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses or programs.

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the ~~nine~~ student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data. Elementary and Secondary Education Act, as most recently reauthorized, and, in addition to the Karen community, other student categories as determined by the total Minnesota population at or above the 1,000-person threshold based on the most recent decennial census, including ethnicity; race; refugee status; English language learners under section 124D.59; home language; free or reduced-price lunch; immigrant; and all students enrolled in a Minnesota public school who are currently or were previously enrolled in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

(d) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2014, must report summary data on school safety and students' engagement and connection at school. The commissioner must also analyze and report separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and, in addition to the Karen community, other student categories as determined by the total Minnesota population at or above the 1,000-person threshold based on the most recent decennial census, including ethnicity; race; English language learners under section 124D.59; home language; free or reduced-price lunch; immigrant; refugee status; and all students enrolled in a Minnesota public school who are currently or were previously enrolled in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student. The summary data under this paragraph are separate from and must not be used for any purpose related to measuring or evaluating the performance of classroom teachers. The commissioner, in consultation with qualified experts on student engagement and connection and classroom teachers, must identify highly reliable variables that generate summary data under this paragraph. The summary data may be used at school, district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

(e) For purposes of statewide educational accountability, the commissioner must identify and report measures that demonstrate the success of learning year program providers under sections 123A.05 and 124D.68, among other such providers, in improving students' graduation outcomes. The commissioner, beginning July 1, 2015, must annually report summary data on:

- (1) the four- and six-year graduation rates of students under this paragraph;
- (2) the percent of students under this paragraph whose progress and performance levels are meeting career and college readiness benchmarks under section 120B.30, subdivision 1; and
- (3) the success that learning year program providers experience in:
  - (i) identifying at-risk and off-track student populations by grade;
  - (ii) providing successful prevention and intervention strategies for at-risk students;

(iii) providing successful recuperative and recovery or reenrollment strategies for off-track students; and

(iv) improving the graduation outcomes of at-risk and off-track students.

The commissioner may include in the annual report summary data on other education providers serving a majority of students eligible to participate in a learning year program.

(f) The commissioner, in consultation with recognized experts with knowledge and experience in assessing the language proficiency and academic performance of all English learners enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59, must identify and report appropriate and effective measures to improve current categories of language difficulty and assessments, and monitor and report data on students' English proficiency levels, program placement, and academic language development, including oral academic language.

Subd. 4. **Improving schools.** Consistent with the requirements of this section, beginning June 20, 2012, the commissioner of education must annually report to the public and the legislature best practices implemented in those schools that demonstrate high growth compared to the state growth target.

Subd. 5. **Improving graduation rates for students with emotional or behavioral disorders.** (a) A district must develop strategies in conjunction with parents of students with emotional or behavioral disorders and the county board responsible for implementing sections 245.487 to 245.4889 to keep students with emotional or behavioral disorders in school, when the district has a drop-out rate for students with an emotional or behavioral disorder in grades 9 through 12 exceeding 25 percent.

(b) A district must develop a plan in conjunction with parents of students with emotional or behavioral disorders and the local mental health authority to increase the graduation rates of students with emotional or behavioral disorders. A district with a drop-out rate for children with an emotional or behavioral disturbance in grades 9 through 12 that is in the top 25 percent of all districts shall submit a plan for review and oversight to the commissioner.

**EFFECTIVE DATE.** This section is effective for the 2017-2018 school year and later.

Sec. 12. Minnesota Statutes 2014, section 120B.36, as amended by Laws 2015, First Special Session chapter 3, article 2, section 8, is amended to read:

**120B.36 SCHOOL ACCOUNTABILITY; ~~APPEALS PROCESS.~~**

Subdivision 1. **School performance reports.** (a) The commissioner shall report student academic performance data under section 120B.35, ~~subdivision subdivisions 2, paragraph (b), and 3;~~ the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the percentage of students under section 120B.35, subdivision 3, paragraph (b), clause (2), whose progress and performance levels are meeting career and college readiness benchmarks under sections 120B.30, subdivision 1, and 120B.35, subdivision 3, paragraph (e); longitudinal data on the progress of eligible districts in reducing disparities in students' academic achievement and realizing racial and economic integration under section 124D.861; the acquisition

of English, and where practicable, native language academic literacy, including oral academic language, and the academic progress of all English learners under section 124D.59, subdivisions 2 and 2a enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; all students enrolled in a Minnesota public school course or program who are currently or were previously in foster care, student homelessness, and district mobility; and extracurricular activities. The report also must indicate a school's adequate yearly progress status under applicable federal law, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance reports.

(c) The commissioner must make available performance reports by the beginning of each school year.

(d) A school or district may appeal its adequate yearly progress status in writing to the commissioner within 30 days of receiving the notice of its status. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance data are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. The commissioner shall annually post school performance reports to the department's public Web site no later than September 1, except that in years when the reports reflect new performance standards, the commissioner shall post the school performance reports no later than October 1.

**Subd. 2. Adequate yearly student progress and other data.** All data the department receives, collects, or creates to determine adequate yearly progress status under Public Law 107-110, section 1116, set state growth targets, and determine student growth, learning, and outcomes under section 120B.35 are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. Districts must provide parents sufficiently detailed summary data to permit parents to appeal under Public Law 107-110, section 1116(b)(2). The commissioner shall annually post federal adequate yearly progress data and state student growth, learning, and outcome data to the department's public Web site no later than September 1, except that in years when adequate yearly progress reflects new performance standards, the commissioner shall post federal adequate yearly progress data and state student growth data no later than October 1.

**EFFECTIVE DATE.** This section is effective for the 2017-2018 school year and later.

Sec. 13. Minnesota Statutes 2015 Supplement, section 120B.36, subdivision 1, is amended to read:

**Subdivision 1. School performance reports.** (a) The commissioner shall report student academic performance under section 120B.35, subdivision 2; the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the percentage of students under section 120B.35, subdivision 3, paragraph (b), clause (2), whose progress and performance levels are meeting career and college readiness benchmarks under sections 120B.30,

subdivision 1, and 120B.35, subdivision 3, paragraph (e); longitudinal data on the progress of eligible districts in reducing disparities in students' academic achievement and realizing racial and economic integration under section 124D.861; the acquisition of English, and where practicable, native language academic literacy, including oral academic language, and the academic progress of English learners under section 124D.59, subdivisions 2 and 2a; the weekly amount of time students in kindergarten through grade 8 are scheduled to spend in physical education class, the percent of students in kindergarten through grade 12 who receive a passing grade in physical education, and the number of required physical education credits high school students must complete to graduate; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; student homelessness and district mobility; and extracurricular activities. The report also must indicate a school's adequate yearly progress status under applicable federal law, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance reports.

(c) The commissioner must make available performance reports by the beginning of each school year.

(d) A school or district may appeal its adequate yearly progress status in writing to the commissioner within 30 days of receiving the notice of its status. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance data are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. The commissioner shall annually post school performance reports to the department's public Web site no later than September 1, except that in years when the reports reflect new performance standards, the commissioner shall post the school performance reports no later than October 1.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to reports for the 2017-2018 school year and later.

Sec. 14. Minnesota Statutes 2015 Supplement, section 122A.21, subdivision 2, is amended to read:

Subd. 2. **Licensure via portfolio.** (a) An eligible candidate may use licensure via portfolio to obtain an initial licensure or to add a licensure field, consistent with applicable Board of Teaching licensure rules.

(b) A candidate for initial licensure must submit to the Educator Licensing Division at the department one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) A candidate seeking to add a licensure field must submit to the Educator Licensing Division at the department one portfolio demonstrating content competence.

(d) The Board of Teaching must notify a candidate who submits a portfolio under paragraph (b) or (c) within 90 calendar days after the portfolio is received whether or not the portfolio was approved. If the portfolio was not approved, the board must immediately inform the candidate how

to revise the portfolio to successfully demonstrate the requisite competence. The candidate may resubmit a revised portfolio at any time and the Educator Licensing Division at the department must approve or disapprove the portfolio within 60 calendar days of receiving it.

(e) A candidate must pay to the executive secretary of the Board of Teaching a \$300 fee for the first portfolio submitted for review and a \$200 fee for any portfolio submitted subsequently. The fees must be paid to the executive secretary of the Board of Teaching. The revenue generated from the fee ~~must be~~ is deposited in an education licensure portfolio account in the special revenue fund and is appropriated to the commissioner of education for licensure via portfolio expenditures. The fees set by the Board of Teaching are nonrefundable for applicants not qualifying for a license. The Board of Teaching may waive or reduce fees for candidates based on financial need.

Sec. 15. Minnesota Statutes 2015 Supplement, section 122A.415, subdivision 4, is amended to read:

Subd. 4. **Basic alternative teacher compensation aid.** (a) The basic alternative teacher compensation aid for a school with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under subdivision 1. The basic alternative teacher compensation aid for a charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous year, or on October 1 of the current year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under subdivision 1.

(b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed ~~\$88,118,000 for fiscal year 2017 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits~~ \$75,840,000 for fiscal year 2016. Basic alternative teacher compensation aid for an intermediate district or other cooperative unit equals \$3,000 times the number of licensed teachers employed by the intermediate district or cooperative unit on October 1 of the previous school year.

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

Sec. 16. Minnesota Statutes 2015 Supplement, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. **Staff development revenue for school districts.** A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for:

- (1) teacher development and evaluation under section 122A.40, subdivision 8, or 122A.41, subdivision 5;
- (2) principal development and evaluation under section 123B.147, subdivision 3;
- (3) professional development under section 122A.60; and
- (4) in-service education for programs under section 120B.22, subdivision 2.

To the extent extra funds remain, staff development revenue may be used for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' mentoring under section 122A.70 and evaluation, teachers' workshops, teacher conferences, the cost of substitute teachers for staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017 and later.

Sec. 17. Minnesota Statutes 2014, section 122A.61, is amended by adding a subdivision to read:

Subd. 1a. **Staff development aid for intermediate school districts and other cooperative units.** (a) An intermediate school district or other cooperative unit providing instruction to students in federal instructional settings of level 4 or higher qualifies for staff development aid equal to \$675 times the full-time equivalent number of licensed instructional staff, related services staff, and nonlicensed classroom aides employed by the intermediate school district or other cooperative unit during the previous fiscal year.

(b) Staff development aid received under this subdivision must be used for activities related to enhancing services to students who may have challenging behaviors or mental health issues or be suffering from trauma. Specific qualifying staff development activities include but are not limited to:

- (1) proactive behavior management;
- (2) personal safety training;
- (3) de-escalation techniques;
- (4) adaptation of published curriculum and pedagogy for students with complex learning and behavioral needs; and
- (5) other staff development activities specific to the population in this paragraph.

(c) The aid received under this subdivision must be reserved and spent only on the activities specified in this subdivision.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017 and later.

Sec. 18. Minnesota Statutes 2014, section 122A.63, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) A grant program is established to assist American Indian people to become teachers and to provide additional education for American Indian teachers. The commissioner may award a joint grant to each of the following:

- (1) the Duluth campus of the University of Minnesota and Independent School District No. 709, Duluth;
- (2) Bemidji State University and Independent School District No. 38, Red Lake;

(3) Moorhead State University and one of the school districts located within the White Earth Reservation; and

(4) Augsburg College, Independent School District No. 625, St. Paul, and Special School District No. 1, Minneapolis.

(b) If additional funds are available, the commissioner may award additional joint grants to other postsecondary institutions and school districts.

Sec. 19. Minnesota Statutes 2014, section 123B.04, subdivision 2, is amended to read:

Subd. 2. **Agreement.** (a) The school board and a school site may enter into an agreement under this section solely to develop and implement an individualized learning and achievement contract under subdivision 4.

(b) Upon the request of 60 percent of the licensed employees of a site or a school site decision-making team, the school board shall enter into discussions to reach an agreement concerning the governance, management, or control of the school. A school site decision-making team may include the school principal, teachers in the school or their designee, other employees in the school, representatives of pupils in the school, or other members in the community. A school site decision-making team must include at least one parent of a pupil in the school. For purposes of formation of a new site, a school site decision-making team may be a team of teachers that is recognized by the board as a site. The school site decision-making team shall include the school principal or other person having general control and supervision of the school. The site decision-making team must reflect the diversity of the education site. At least one-half of the members shall be employees of the district, unless an employee is the parent of a student enrolled in the school site, in which case the employee may elect to serve as a parent member of the site team.

(c) School site decision-making agreements must delegate powers, duties, and broad management responsibilities to site teams and involve staff members, students as appropriate, and parents in decision making.

(d) An agreement shall include a statement of powers, duties, responsibilities, and authority to be delegated to and within the site.

(e) An agreement may include:

(1) an achievement contract according to subdivision 4;

(2) a mechanism to allow principals, a site leadership team, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated at the site and from whom goods or services are purchased;

(3) a mechanism to implement parental involvement programs under section 124D.895 and to provide for effective parental communication and feedback on this involvement at the site level;

(4) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(5) a provision that would allow teachers to choose the principal or other person having general control;

(6) an amount of revenue allocated to the site under subdivision 3; and



(7) any other powers and duties determined appropriate by the board.

An agreement may assign such powers, duties, and management responsibilities to the licensed teachers at a school site to create teacher-governed schools and qualify the district and site for a grant under subdivision 2a.

The school board of the district remains the legal employer under clauses (4) and (5).

(f) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

(g) Approved agreements shall be filed with the commissioner. If a school board denies a request or the school site and school board fail to reach an agreement to enter into a school site management agreement, the school board shall provide a copy of the request and the reasons for its denial to the commissioner.

(h) A site decision-making grant program is established, consistent with this subdivision, to allow sites to implement an agreement that at least:

(1) notwithstanding subdivision 3, allocates to the site all revenue that is attributable to the students at that site;

(2) includes a provision, consistent with current law and the collective bargaining agreement in effect, that allows the site team to decide who is selected from within the district for licensed and nonlicensed positions at the site and to make staff assignments in the site; and

(3) includes a completed performance agreement under subdivision 4.

The commissioner shall establish the form and manner of the application for a grant and annually, at the end of each fiscal year, report to the house of representatives and senate committees having jurisdiction over education on the progress of the program.

**EFFECTIVE DATE.** This section is effective for fiscal year 2017 and later.

Sec. 20. Minnesota Statutes 2014, section 123B.04, is amended by adding a subdivision to read:

**Subd. 2a. Teacher-governed schools.** (a) Consistent with subdivision 2 allowing a school board to agree to assign powers, duties, and management responsibilities to a school site, and subject to an agreement between the interested school board and the exclusive representative of the teachers, a grant program is established to encourage licensed teachers employed at a school site to explore and develop organizational models for teaching and learning, provide curriculum and corresponding formative, interim, and summative assessments, measure and evaluate teacher performance, assign teaching positions and restructure instructional work, provide professional development to support teachers restructuring their work, allocate revenue, assert autonomy and leadership, and pursue other such policies, strategies, and activities for creating teacher-governed schools.

(b) The commissioner, after receiving the approved agreement filed by the parties under subdivision 2, paragraph (g), shall award planning and start-up grants on a first-come, first-served basis until appropriated funds are expended, distributing the grants throughout Minnesota to the extent practicable and consistent with this subdivision. Subject to the content and projected expenditures of the parties' agreement, the commissioner shall award grants to eligible districts as follows:

(1) a planning grant of up to \$20,000 during the first year of the parties' agreement; and

(2) an implementation grant of up to \$100,000 during each of the next two years of the parties' agreement.

A grant recipient that terminates an agreement before the end of a school year must return a pro rata portion of the grant to the commissioner, the amount of which the commissioner must determine based upon the number of school days remaining in the school year after the agreement is terminated. Grant recipients are encouraged to seek matching funds or in-kind contributions from nonstate sources to supplement the grant awards.

(c) A school district receiving a grant must transmit to the commissioner in an electronic format and post on its Web site by the end of the school year readily accessible information about recommended best practices based on its experience and progress under this section. The commissioner must make information about these recommended best practices readily available to interested districts and schools throughout Minnesota.

**EFFECTIVE DATE.** This section is effective for fiscal year 2017 and later.

Sec. 21. Minnesota Statutes 2014, section 124D.091, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** A district that offers a concurrent enrollment course according to an agreement under section 124D.09, subdivision 10, is eligible to receive aid for the costs of providing postsecondary courses at the high school. ~~Beginning in fiscal year 2011,~~ Districts only are eligible for aid if the college or university concurrent enrollment courses offered by the district are accredited by the National Alliance of Concurrent Enrollment Partnership, in the process of being accredited, or are shown by clear evidence to be of comparable standard to accredited courses, or are technical courses within a recognized career and technical education program of study approved by the commissioner of education and the chancellor of the Minnesota State Colleges and Universities.

Sec. 22. Minnesota Statutes 2014, section 124D.091, subdivision 3, is amended to read:

Subd. 3. **Aid; tuition reimbursement.** (a) An eligible district shall receive ~~\$150~~ \$300 per pupil enrolled in a concurrent enrollment course. The money must be used to defray the cost of delivering the course at the high school. The commissioner shall establish application procedures and deadlines for receipt of aid payments.

(b) Notwithstanding paragraph (a), by mutual agreement of the school board and the exclusive representative of the teachers, up to 25 percent of the aid under this subdivision may be reserved to offset tuition paid to an accredited higher education institution for coursework necessary for secondary teachers to meet a postsecondary institution's accrediting body's requirements to teach concurrent enrollment courses.

(c) A teacher receiving tuition reimbursement under this subdivision must repay the school district if the teacher does not complete the training. If 50 percent or more of a teacher's tuition is reimbursed by the school district, the teacher must continue to teach in the school district for two years after receiving an endorsement under section 122A.09, subdivision 12, or repay the district for the tuition reimbursement.

Sec. 23. Minnesota Statutes 2015 Supplement, section 124D.231, subdivision 2, is amended to read:

Subd. 2. **Full-service community school program.** (a) The commissioner shall provide funding to eligible school sites to plan, implement, and improve full-service community schools. Eligible school sites must meet one of the following criteria:

(1) the school is on a development plan for continuous improvement under section 120B.35, subdivision 2; or

(2) the school is in a district that has an achievement and integration plan approved by the commissioner of education under sections 124D.861 and 124D.862.

(b) An eligible school site may receive up to ~~\$100,000~~ \$150,000 annually. School sites receiving funding under this section shall hire or contract with a partner agency to hire a site coordinator to coordinate services at each covered school site.

(c) Of grants awarded, implementation funding of up to \$20,000 must be available for up to one year for planning for school sites. At the end of this period, the school must submit a full-service community school plan, pursuant to paragraph (g). If the site decides not to use planning funds, the plan must be submitted with the application.

(d) The commissioner shall ~~dispense the funds to~~ consider additional school factors when dispensing funds including: schools with significant populations of students receiving free or reduced-price lunches. ~~Schools with;~~ significant homeless and highly mobile students ~~shall also be a priority. The commissioner must also dispense the funds in a manner to ensure~~ rates; and equity among urban, suburban, and greater Minnesota schools.

(e) A school site must establish a school leadership team responsible for developing school-specific programming goals, assessing program needs, and overseeing the process of implementing expanded programming at each covered site. The school leadership team shall have between 12 to 15 members and shall meet the following requirements:

(1) at least 30 percent of the members are parents and 30 percent of the members are teachers at the school site and must include the school principal and representatives from partner agencies; and

(2) the school leadership team must be responsible for overseeing the baseline analyses under paragraph (f). A school leadership team must have ongoing responsibility for monitoring the development and implementation of full-service community school operations and programming at the school site and shall issue recommendations to schools on a regular basis and summarized in an annual report. These reports shall also be made available to the public at the school site and on school and district Web sites.

(f) School sites must complete a baseline analysis prior to beginning programming as a full-service community school. The analysis shall include:

(1) a baseline analysis of needs at the school site, led by the school leadership team, which shall include the following elements:

(i) identification of challenges facing the school;

(ii) analysis of the student body, including:

(A) number and percentage of students with disabilities and needs of these students;

(B) number and percentage of students who are English learners and the needs of these students;

(C) number of students who are homeless or highly mobile; and

(D) number and percentage of students receiving free or reduced-price lunch and the needs of these students;

(iii) analysis of enrollment and retention rates for students with disabilities, English learners, homeless and highly mobile students, and students receiving free or reduced-price lunch;

(iv) analysis of suspension and expulsion data, including the justification for such disciplinary actions and the degree to which particular populations, including, but not limited to, students of color, students with disabilities, students who are English learners, and students receiving free or reduced-price lunch are represented among students subject to such actions;

(v) analysis of school achievement data disaggregated by major demographic categories, including, but not limited to, race, ethnicity, English learner status, disability status, and free or reduced-price lunch status;

(vi) analysis of current parent engagement strategies and their success; and

(vii) evaluation of the need for and availability of wraparound services, including, but not limited to:

(A) mechanisms for meeting students' social, emotional, and physical health needs, which may include coordination of existing services as well as the development of new services based on student needs; and

(B) strategies to create a safe and secure school environment and improve school climate and discipline, such as implementing a system of positive behavioral supports, and taking additional steps to eliminate bullying;

(2) a baseline analysis of community assets and a strategic plan for utilizing and aligning identified assets. This analysis should include, but is not limited to, a documentation of individuals in the community, faith-based organizations, community and neighborhood associations, colleges, hospitals, libraries, businesses, and social service agencies who may be able to provide support and resources; and

(3) a baseline analysis of needs in the community surrounding the school, led by the school leadership team, including, but not limited to:

(i) the need for high-quality, full-day child care and early childhood education programs;

(ii) the need for physical and mental health care services for children and adults; and

(iii) the need for job training and other adult education programming.

(g) Each school site receiving funding under this section must establish at least two of the following types of programming:

(1) early childhood:

(i) early childhood education; and

(ii) child care services;

(2) academic:

- (i) academic support and enrichment activities, including expanded learning time;
  - (ii) summer or after-school enrichment and learning experiences;
  - (iii) job training, internship opportunities, and career counseling services;
  - (iv) programs that provide assistance to students who have been truant, suspended, or expelled;
- and

(v) specialized instructional support services;

(3) parental involvement:

(i) programs that promote parental involvement and family literacy, including the Reading First and Early Reading First programs authorized under part B of title I of the Elementary and Secondary Education Act of 1965, United States Code, title 20, section 6361, et seq.;

(ii) parent leadership development activities; and

(iii) parenting education activities;

(4) mental and physical health:

(i) mentoring and other youth development programs, including peer mentoring and conflict mediation;

(ii) juvenile crime prevention and rehabilitation programs;

(iii) home visitation services by teachers and other professionals;

(iv) developmentally appropriate physical education;

(v) nutrition services;

(vi) primary health and dental care; and

(vii) mental health counseling services;

(5) community involvement:

(i) service and service-learning opportunities;

(ii) adult education, including instruction in English as a second language; and

(iii) homeless prevention services;

(6) positive discipline practices; and

(7) other programming designed to meet school and community needs identified in the baseline analysis and reflected in the full-service community school plan.

(h) The school leadership team at each school site must develop a full-service community school plan detailing the steps the school leadership team will take, including:

(1) timely establishment and consistent operation of the school leadership team;

(2) maintenance of attendance records in all programming components;

(3) maintenance of measurable data showing annual participation and the impact of programming on the participating children and adults;

(4) documentation of meaningful and sustained collaboration between the school and community stakeholders, including local governmental units, civic engagement organizations, businesses, and social service providers;

(5) establishment and maintenance of partnerships with institutions, such as universities, hospitals, museums, or not-for-profit community organizations to further the development and implementation of community school programming;

(6) ensuring compliance with the district nondiscrimination policy; and

(7) plan for school leadership team development.

Sec. 24. Minnesota Statutes 2014, section 124D.59, is amended by adding a subdivision to read:

Subd. 9. **English learner data.** When data on English learners are reported for purposes of educational accountability, English learner data must include all pupils enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under this section. Reported data must be disaggregated by currently counted and previously counted English learners.

**EFFECTIVE DATE.** This section is effective for the 2017-2018 school year and later.

Sec. 25. **[125B.27] STUDENT-USER PRIVACY IN EDUCATION RIGHTS.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision and section 13.32, subdivision 1, apply to this section.

(b) "Online educational service" means a Web site, online service or application, or mobile application that a student or the student's parent or legal guardian can access via the Internet for school purposes. Online educational service includes a cloud computing service.

(c) "Operator" means, to the extent it is operating in this capacity, a person who operates an online educational service with actual knowledge that it is used primarily for school purposes and was designed and marketed for these purposes. Operator includes a vendor.

(d) "Protected information" means personally identifiable information or materials or information that is linked to personally identifiable information or materials, in any media or format that is not publicly available, and:

(1) is created or provided by a student or the student's parent or legal guardian to an operator in the course of the use of the operator's site, service, or application for school purposes;

(2) is created or provided by an employee or agent of the school to an operator in the course of the use of the operator's site, service, or application for school purposes; or

(3) is gathered by an operator through the operation of an online educational service and personally identifies a student, including but not limited to information in the student's educational record or e-mail, first and last name, home address, telephone number, e-mail address, or other information that allows physical or online contact, discipline records, test results, special education data, juvenile records, grades, evaluations, criminal records, health records, Social Security number, biometric information, disabilities, socioeconomic information, food purchases, political

affiliations, religious information, text messages, documents, student identifiers, search activity, photos, voice recordings, or geolocation information.

(e) "School purposes" means purposes that (1) are directed by or customarily take place at the direction of the school, teacher, or school district or aid in the administration of school activities, including instruction in the classroom or at home, administrative activities, and collaboration between students, school personnel, or parents or legal guardians, or (2) are for the use and benefit of the school.

(f) "Student" means a student in prekindergarten through grade 12.

(g) "Vendor" means a person who enters into a contract with a school to provide an online educational service.

(h) "Targeted advertising" means presenting advertisements to a student where the advertisement is selected based on information obtained or inferred over time from that student's online behavior, usage of applications, or covered information. It does not include advertising to a student at an online location based upon that student's current visit to that location, or in response to that student's request for information or feedback, without the retention of that student's online activities or requests over time for the purpose of targeting subsequent ads.

**Subd. 2. Prohibited activities; targeted advertising; creation of student profiles; sale or unauthorized disclosure of information.** (a) An operator must not engage in any of the following activities:

(1)(i) targeted advertising on the operator's online educational service; or

(ii) targeted advertising on any other site, service, or application when the targeting of the advertising is based upon information, including protected information and unique identifiers, that the operator has acquired or created because of the use of that operator's online educational service;

(2) gather, use, or share information, including persistent unique identifiers, acquired or created by the operator's online educational service, to create a profile about a student, except in furtherance of school purposes. "Create a profile" does not include the collection and retention of account information that remains under the control of the student, the student's parent or guardian, or kindergarten through grade 12 school;

(3) sell a student's information, including protected information. This prohibition does not apply to the purchase, merger, or other type of acquisition of an operator by another person, provided that the operator or successor continues to be subject to this section with respect to previously acquired student information or to national assessment providers if the provider secures the express written consent of the parent or student, given in response to clear and conspicuous notice, solely to provide access to employment, educational scholarships or financial aid, or postsecondary educational opportunities; or

(4) disclose protected information, unless the disclosure:

(i) is made in furtherance of the educational purpose of the site, service, or application, provided the recipient of the protected information must not further disclose the information unless done to allow or improve operability and functionality of the operator's online educational service;

(ii) is legally required to comply with subdivision 3;

(iii) is made to ensure legal and regulatory compliance, to respond to or participate in judicial process, or to protect the safety of users or others or the security or integrity of the site;

(iv) is for a school, educational, or employment purpose requested by the student or the student's parent or guardian, provided that the information is not used or further disclosed for any other purposes; or

(v) is made pursuant to a contract between the operator and a service provider. A contract must prohibit the service provider from using protected information for any purpose other than providing the contracted service to, or on behalf of, the operator; prohibit the service provider from disclosing protected information provided by the operator to third parties; and require the service provider to implement and maintain reasonable security procedures and practices as provided in subdivision 3.

(b) This subdivision does not prohibit the operator's use of information for maintaining, developing, supporting, improving, or diagnosing the operator's site, service, or application.

Subd. 3. **Security procedures and practices.** An operator shall:

(1) implement and maintain reasonable security procedures and practices appropriate to the nature of the protected information designed to protect that information from unauthorized access, destruction, use, modification, or disclosure; and

(2) delete a student's protected information within a reasonable period of time and in any case within 60 days if the school requests deletion of data under the control of the school.

Subd. 4. **Permissible disclosures.** Notwithstanding subdivision 2, paragraph (a), clause (4), an operator may use or disclose protected information of a student under the following circumstances:

(1) if other provisions of federal or state law require the operator to disclose the information and the operator complies with the requirements of federal or state law in protecting and disclosing that information;

(2) as long as no covered information is used for advertising or to create a profile on the student for purposes other than educational purposes, for legitimate research purposes:

(i) as required by state or federal law and subject to the restrictions under applicable law; or

(ii) as allowed by state or federal law and in furtherance of educational purposes or postsecondary educational purposes; and

(3) to a state or local educational agency, including schools and school districts, for school purposes as permitted by state or federal law.

Subd. 5. **Use of information by operator.** This section does not prohibit an operator from doing any of the following:

(1) using protected information within the operator's site, service, or application or other sites, services, or applications owned by the operator to improve educational products;

(2) using protected information that is not associated with an identified student to demonstrate the effectiveness of the operator's products or services, including marketing;



(3) sharing aggregate information that does not directly, indirectly, or in combination with other information identify a student for the development and improvement of educational sites, services, or applications;

(4) using recommendation engines to recommend to a student either of the following:

(i) additional content relating to an educational, other learning, or employment opportunity purpose within an online site, service, or application if the recommendation is not determined in whole or in part by payment or other consideration from a third party; or

(ii) additional services relating to an educational, other learning, or employment opportunity purpose within an online site, service, or application if the recommendation is not determined in whole or in part by payment or other consideration from a third party; or

(5) responding to a student's request for information or for feedback without the information or response being determined in whole or in part by payment or other consideration from a third party.

Subd. 6. **Certain activities not affected.** (a) This section does not limit the authority of a law enforcement agency to obtain information from an operator as authorized by law or pursuant to a court order.

(b) This section does not limit the ability of an operator to use student information, including protected information, for adaptive learning or customized student learning purposes.

(c) This section does not apply to general audience Web sites, general audience online services, general audience online applications, or general audience mobile applications, even if log-in credentials created for an operator's online educational service may be used to access those general audience Web sites, services, or applications.

(d) This section does not limit Internet service providers from providing Internet connectivity to schools or students and their families.

(e) This section does not prohibit an operator of a Web site, online service, online application, or mobile application from the general marketing of educational products to parents or legal guardians so long as the marketing is not based on the use of protected information obtained by the operator through the provision of services governed by this section.

(f) This section does not impose a duty upon a provider of an electronic store, gateway, marketplace, or other means of purchasing or downloading software or applications to review or enforce compliance with this section on those applications or software.

(g) This section does not impose a duty on a provider of an interactive computer service, as defined in United States Code, title 47, section 230, to review or enforce compliance with this section by third-party content providers.

(h) This section does not impede the ability of students to download, transfer, export, or otherwise save or maintain their own data or documents.

**Sec. 26. [136A.1275] GRANTS TO STUDENT TEACHERS IN SHORTAGE AREAS.**

Subdivision 1. **Establishment.** The commissioner of the Office of Higher Education must establish a grant program for student teachers.

Subd. 2. **Eligibility.** In order to receive a grant, the applicant must:

(1) be enrolled in a Minnesota teacher preparation program at an eligible institution that would enable the applicant, upon graduation, to teach in a Minnesota school district in a shortage area. "Shortage area" has the same meaning given in section 122A.18, subdivision 4a;

(2) be a teacher candidate completing a student-teacher requirement by teaching in a shortage area; and

(3) demonstrate financial need in the form and manner prescribed by the commissioner of the Office of Higher Education.

Subd. 3. **Administration.** The office must determine the time and manner of applications. The office must determine the stipend amount based on the money available and the number of eligible applicants each academic year.

Sec. 27. Laws 2012, chapter 263, section 1, as amended by Laws 2014, chapter 312, article 15, section 24, is amended to read:

**Section 1. INNOVATIVE DELIVERY OF EDUCATION SERVICES AND SHARING OF SCHOOL OR DISTRICT RESOURCES; PILOT PROJECT.**

Subdivision 1. **Establishment; requirements for participation.** (a) A pilot project is established to improve student ~~and~~, career and college readiness, and school outcomes by allowing ~~groups of one or more school districts or charter schools to work together or with postsecondary institutions or employers to:~~

(1) provide innovative education programs and activities that are consistent with Minnesota Statutes, section 124D.52, subdivision 9, governing the standard adult high school diploma, or with Minnesota Statutes, section 124D.085, governing experiential and applied learning opportunities;

(2) conduct research with rigorous methodology on these innovative education programs and activities that may include career and college readiness assessments and interim assessments that comply with the federal Every Student Succeeds Act; and

(3) share district or school and other resources, with the goal of improving students' career and college readiness as defined under Minnesota Statutes, section 120B.30, subdivision 1, paragraph (p), and consistent with the requirements of the world's best workforce under Minnesota Statutes, section 120B.11.

The pilot project may last until June 30, ~~2018~~ 2021, or for up to five years, whichever is ~~less earlier~~, except that innovation partnerships formed during the period of the pilot project may continue past June 30, ~~2018~~ 2021, with the agreement of the partnership members.

(b) To participate in this pilot project to improve student ~~and~~, school, and career and college readiness outcomes, a group of two or more school districts or charter schools, one or more school districts and charter schools, one or more school districts or charter schools and postsecondary institutions, or one or more school districts or charter schools and employers must collaborate with school staff ~~and~~, postsecondary faculty, or employees, as appropriate, to form a partnership, prepare a plan, and complete an application to participate in a pilot project. A school district partner must receive formal school board approval to form a partnership and a charter school partner must receive formal approval from its board of directors to form a partnership. The partnership must ~~develop a~~ plan to provide challenging programmatic options for students, create professional development opportunities for educators, increase student engagement and connection and challenging learning

opportunities for students, or demonstrate efficiencies in delivering financial and other services. The plan evaluations must provide for a rigorous evaluation premised on returns on investment, program effectiveness, or beat-the-odds analysis and may offer career and college readiness assessments or other interim assessments.

(c) An interested partnership may structure its application and plan to:

(1) reduce duplicative assessments that educators and psychometricians identify as less useful for informing instruction or identifying and diagnosing areas where students require targeted interventions under Minnesota Statutes, section 120B.30, subdivision 1, paragraphs (c), clause (2), and (d);

(2) establish expectations for career and college readiness under Minnesota Statutes, section 120B.30, subdivision 1, paragraphs (d) and (g);

(3) use fully adaptive, on and off-grade assessments under Minnesota Statutes, section 120B.30, subdivision 1;

(4) provide students with predictive information to enable them to successfully explore and realize their educational, career, and college interests, aptitudes, and aspirations under Minnesota Statutes, section 120B.125;

(5) use career and college readiness assessments or other interim or formative assessments highly correlated with the Minnesota comprehensive assessments in reading and math;

(6) notwithstanding Minnesota Statutes, section 120B.024, allow a student to use a course in applied mathematics or STEM as an equivalent to algebra II; or

(7) include student assessment data under this section in the district's annual world's best workforce report, consistent with Minnesota Statutes, section 120B.11, subdivisions 5 and 9, paragraph (a).

Notwithstanding Minnesota Statutes, section 120B.30, or any other law to the contrary, a participating school district or charter school may use alternative assessments under this paragraph in place of the Minnesota comprehensive assessments administered in high school. A participating school district or charter school, whose approved program under this section lasts longer than four years for a high school student, may count those students in the four-year graduation rate upon completion of all state and local graduation requirements even though the student continues in an innovative postsecondary program. Notwithstanding other law to the contrary, a participating school district or charter school may take attendance only once per school day so long as the district or charter school ensures that students in attendance are not otherwise identified as truant. The plan must ~~establish~~ include:

(1) collaborative educational goals and objectives;

(2) strategies and processes to implement those goals and objectives, including a budget process with periodic expenditure reviews;

(3) valid and reliable measures to evaluate progress in realizing the goals and objectives;

(4) an implementation timeline; and

(5) other applicable conditions, regulations, responsibilities, duties, provisions, fee schedules, and legal considerations needed to fully implement the plan.

A partnership may invite additional ~~districts~~ eligible partners to join the partnership during the pilot project term ~~after notifying~~ and must notify the commissioner when additional partners intend to join the partnership. The commissioner may reject the addition of an eligible partner if the addition causes the state to become out of compliance with federal requirements.

~~(e)~~ (d) A school district member or a charter school member of an interested partnership ~~of interested districts~~ must apply by February 1 of any year submit an application to the education commissioner in the form and manner the commissioner determines, consistent with the requirements of this section. The application must contain the formal approval adopted by the school board in each district or by the charter school board of directors to participate in the plan.

~~(d)~~ (e) Notwithstanding other law to the contrary, a participating school district under this section continues to: receive revenue and maintain its taxation authority; be organized and governed by an elected school board with general powers under Minnesota Statutes, section 123B.02; and be subject to employment agreements under Minnesota Statutes, chapter 122A, and Minnesota Statutes, section 179A.20; and district employees continue to remain employees of the employing school district.

(f) Participating school district and charter schools must submit a biennial evaluation by February 1 in each odd-numbered year to the chairs and the ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education and the education commissioner that includes longitudinal data under Minnesota Statutes, section 127A.70, subdivision 2, paragraph (b), governing SLEDS, and is premised on return on investment, program effectiveness, or beat-the-odds analysis in the context of students' career and college readiness.

Subd. 2. **Commissioner's role.** ~~Interested groups of school districts partnerships~~ must submit a completed application to the commissioner by March 1 of any year in the form and manner determined by the commissioner, consistent with the requirements of this section. For 2016 only, the school district member or charter school member must submit an application by July 1. The education commissioner must convene an advisory panel composed of a teacher appointed by Education Minnesota, a school principal appointed by the Minnesota Association of Secondary School Principals, a school board member appointed by the Minnesota School Boards Association, a researcher appointed by the commissioner of the Office of Higher Education, a researcher appointed by the University of Minnesota Educational Psychology Department, and a school superintendent appointed by the Minnesota Association of School Administrators to advise the commissioner on applicants' qualifications to participate in this pilot project. The commissioner may select, for the period encompassing the 2016-2017 through 2020-2021 school years, must authorize up to six eight qualified applicants under subdivision 1 by April 1 of any year to participate in this pilot project, ensuring seeking an equitable geographical distribution of project participants to the extent practicable. The commissioner may approve no more than two partnerships applying to conduct research using alternative measures in place of the Minnesota comprehensive assessments under subdivision 1, paragraph (c), clause (7), and those partnerships may include up to three school districts or charter schools. The commissioner must select authorize only those applicants that fully comply with the requirements in subdivision 1. The commissioner must terminate a project participant that fails to effectively implement the goals and objectives contained in its application and according to its stated timeline.

Subd. 3. **Pilot project evaluation.** Participating school districts and charter schools must submit pilot project data to the education commissioner ~~in the form and manner determined by the commissioner~~ and the legislature, consistent with this section. Consistent with Minnesota Statutes, section 13.05, on the duties of state agencies regarding the use and dissemination of data on individuals, the education commissioner must analyze the data on participating districts' progress and on participating charter schools' progress in realizing their educational goals and objectives to work together in providing provide innovative education programs and activities and sharing share resources to improve students' career and college readiness. The commissioner must include the analysis of best practices in a report to the legislative committees with jurisdiction over kindergarten through grade 12 education finance and policy on the efficacy of this pilot project. The commissioner shall submit an interim project report by ~~February 1, 2016~~ March 30, 2019, and must submit a final report to the legislature by February 1, ~~2019,~~ recommending whether or not to ~~continue or expand the pilot project~~ 2022.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to those applications submitted to the commissioner after that date. Districts already approved for an innovation zone pilot project may continue to operate under Laws 2012, chapter 263, section 1, as amended by Laws 2014, chapter 312, article 15, section 24.

Sec. 28. Laws 2012, chapter 263, section 2, is amended to read:

Sec. 2. **APPROPRIATION.**

\$25,000 is appropriated in fiscal year 2013 from the general fund to the commissioner of education for the review of applicants, selection of participants, and evaluation of the pilot projects authorized in section 1. The base for the Department of Education is increased by \$25,000 for fiscal year 2014 through fiscal year ~~2018~~ 2021.

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

Sec. 29. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 2, is amended to read:

Subd. 2. **Alternative compensation.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

	<u>78,331,000</u>		
\$	<u>78,656,000</u>	.....	2016
	<u>87,147,000</u>		
\$	<u>98,159,000</u>	.....	2017

The 2016 appropriation includes \$7,766,000 for 2015 and ~~\$70,565,000~~ \$70,890,000 for 2016.

The 2017 appropriation includes ~~\$7,840,000~~ \$7,876,000 for 2016 and ~~\$79,307,000~~ \$90,283,000 for 2017.

Sec. 30. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 3, is amended to read:

Subd. 3. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

	<del>65,539,000</del>		
\$	<u>65,439,000</u>	.....	2016
	<del>68,745,000</del>		
\$	<u>69,372,000</u>	.....	2017

The 2016 appropriation includes \$6,382,000 for 2015 and ~~\$59,157,000~~ \$59,057,000 for 2016.

The 2017 appropriation includes ~~\$6,573,000~~ \$6,561,000 for 2016 and ~~\$62,172,000~~ \$62,811,000 for 2017.

Sec. 31. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 6, is amended to read:

Subd. 6. **Reading Corps.** For grants to ServeMinnesota for the Minnesota Reading Corps under Minnesota Statutes, section 124D.42, subdivision 8:

\$	6,125,000	.....	2016
	<del>6,125,000</del>		
\$	<u>9,125,000</u>	.....	2017

Any balance in the first year does not cancel but is available in the second year. The base appropriation for fiscal year 2018 and later years is \$5,625,000.

Sec. 32. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 9, is amended to read:

Subd. 9. **Concurrent enrollment program.** For concurrent enrollment programs under Minnesota Statutes, section 124D.091:

\$	\$4,000,000	.....	2016
	<del>\$4,000,000</del>		
\$	<u>6,250,000</u>	.....	2017

If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district.

Any balance in the first year does not cancel but is available in the second year. The base for this appropriation in fiscal year 2018 is \$5,000,000.

Sec. 33. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 12, is amended to read:

Subd. 12. **Collaborative urban educator.** For the collaborative urban educator grant program:

\$	780,000	.....	2016
	<del>780,000</del>		
\$	<u>1,090,000</u>	.....	2017

Grants shall be awarded in equal amounts: ~~\$195,000~~ \$272,500 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; ~~\$195,000~~ \$272,500 each year is for the

collaborative urban educator program at the University of St. Thomas; ~~\$195,000~~ \$272,500 each year is for the Center for Excellence in Urban Teaching at Hamline University; and ~~\$195,000~~ \$272,500 each year is for the East Africa Student to Teacher program at Augsburg College.

Any balance in the first year does not cancel but is available in the second year.

Each institution shall prepare for the legislature, by January 15 of each year, a detailed report regarding the funds used. The report must include the number of teachers prepared as well as the diversity for each cohort of teachers produced. The report must also include the graduation rate for each cohort of teacher candidates, the placement rate for each graduating cohort of teacher candidates, and the retention rate for each graduating cohort of teacher candidates, among other program outcomes.

Sec. 34. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 15, is amended to read:

Subd. 15. **Museums and Education Centers.** For grants to museums and education centers:

\$	351,000	.....	2016
	<del>351,000</del>		
\$	<u>701,000</u>	.....	2017

(a) ~~\$260,000 each year is~~ in fiscal year 2016 and \$560,000 in fiscal year 2017 are for the Minnesota Children's Museum. The base amount in fiscal year 2018 is \$260,000.

(b) \$50,000 each year is for the Duluth Children's Museum.

(c) \$41,000 each year is for the Minnesota Academy of Science.

(d) \$50,000 in fiscal year 2017 and later is for the Headwaters Science Center for hands-on science, technology, engineering, and math (STEM) education.

Any balance in the first year does not cancel but is available in the second year. The base in fiscal year 2018 is \$401,000.

Sec. 35. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 19, is amended to read:

Subd. 19. **Full-service community schools.** For full-service community schools under Minnesota Statutes, section 124D.231:

\$	250,000	.....	2016
	<del>250,000</del>		
\$	<u>2,450,000</u>	.....	2017

This is a onetime appropriation. Up to \$100,000 each year is for administration of this program. Any balance in the first year does not cancel but is available in the second year.

Sec. 36. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 21, is amended to read:

Subd. 21. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

\$	190,000	.....	2016
	<del>190,000</del>		
\$	<u>1,250,000</u>	.....	2017

Sec. 37. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 24, is amended to read:

Subd. 24. **Race 2 Reduce.** For grants to support expanded Race 2 Reduce water conservation programming in Minnesota schools:

\$	81,000	.....	2016
	<del>69,000</del>		
\$	<u>219,000</u>	.....	2017

In the first year, \$28,000 is for H2O for Life; \$38,000 is for Independent School District No. 624, White Bear Lake; and \$15,000 is for Independent School District No. 832, Mahtomedi. In the second year, ~~\$32,000~~ \$102,000 is for H2O for Life; ~~\$22,000~~ \$70,000 is for Independent School District No. 624, White Bear Lake; and ~~\$15,000~~ \$47,000 is for Independent School District No. 832, Mahtomedi.

Any balance in the first year does not cancel but is available in the second year. ~~The base appropriation for fiscal year 2018 and later is \$0.~~

Sec. 38. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 26, is amended to read:

Subd. 26. **Education partnership pilots.** (a) For education partnership pilot grants:

\$	501,000	.....	2016
	<del>501,000</del>		
\$	<u>531,000</u>	.....	2017

(b) Of this amount, \$167,000 in fiscal year 2016 and \$177,000 in each fiscal year 2017 is for the Northfield Healthy Community Initiative for a pilot site in Northfield; \$167,000 in fiscal year 2016 and \$177,000 in each fiscal year 2017 is for the Jones Family Foundation for a pilot site in Red Wing; and \$167,000 in fiscal year 2016 and \$177,000 in each fiscal year 2017 is for Independent School District No. 742, St. Cloud, for a pilot site in St. Cloud. Each partnership pilot program shall support community collaborations focused on academic achievement and youth development, use a comprehensive and data-driven approach to increase student success, and measure outcomes, such as kindergarten readiness, reading proficiency at third grade, high school graduation, and college and career readiness. By February 15, 2016, and by February 15 of every subsequent even-numbered year, each partnership pilot grant recipient shall submit to the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education a report describing the activities funded by the grant, changes in outcome measures attributable to the grant-funded activities, and the recipient's program plan for the following year.

~~This is a onetime appropriation.~~



(c) The base for this program is \$501,000 for fiscal year 2018 and later. Annual grants of \$167,000 shall be awarded to each grant recipient named in paragraph (b).

(d) Any balance from the first year may carry forward into the second year.

Sec. 39. Laws 2015, First Special Session chapter 3, article 3, section 15, subdivision 3, is amended to read:

Subd. 3. **ACT test College entrance examination reimbursement.** To reimburse districts for students who qualify under Minnesota Statutes, section 120B.30, subdivision 1, paragraph (e), for onetime payment of their ACT college entrance examination fee:

\$	3,011,000	.....	2016
\$	3,011,000	.....	2017

The Department of Education must reimburse districts for their onetime payments on behalf of students. Any balance in the first year does not cancel but is available in the second year. This appropriation is available until October 1, 2017. For examinations taken before July 1, 2016, the department may reimburse districts only for ACT examination fees.

Sec. 40. Laws 2015, First Special Session chapter 3, article 10, section 3, subdivision 6, is amended to read:

Subd. 6. **Northside Achievement Zone.** For a grant to the Northside Achievement Zone:

\$	1,200,000	.....	2016
	<del>1,200,000</del>		
\$	<u>1,210,000</u>	.....	2017

Funds appropriated in this section are to reduce multigenerational poverty and the educational achievement gap through increased enrollment of families within the zone, and may be used for Northside Achievement Zone programming and services consistent with federal Promise Neighborhood program agreements and requirements.

The base for this program is \$1,200,000 for fiscal year 2018 and later.

Sec. 41. Laws 2015, First Special Session chapter 3, article 10, section 3, subdivision 7, is amended to read:

Subd. 7. **St. Paul Promise Neighborhood.** For a grant to the St. Paul Promise Neighborhood:

\$	1,200,000	.....	2016
	<del>1,200,000</del>		
\$	<u>1,210,000</u>	.....	2017

Funds appropriated in this section are to reduce multigenerational poverty and the educational achievement gap through increased enrollment of families within the zone, and may be used for St. Paul Promise Neighborhood programming and services consistent with federal Promise Neighborhood program agreements and requirements.

The base for this program is \$1,200,000 for fiscal year 2018 and later.

Sec. 42. **AGRICULTURAL EDUCATOR GRANTS.**

Subdivision 1. **Grant program established.** A grant program is established to support school districts in paying agricultural education teachers for work over the summer with high school students in extended projects.

Subd. 2. **Application.** The commissioner of education shall develop the form and method for applying for the grants. The commissioner shall develop criteria for determining the allocation of the grants, including appropriate goals for the use of the grants.

Subd. 3. **Grant awards.** Grant funding under this section must be matched by funding from the school district for the agricultural education teacher's summer employment. Grant funding for each teacher is limited to the one-half share of 40 working days.

Subd. 4. **Reports.** School districts that receive grant funds shall report to the commissioner of education no later than December 31 of each year regarding the number of teachers funded by the grant program and the outcomes compared to the goals established in the grant application. The Department of Education shall develop the criteria necessary for the reports.

Sec. 43. **EXCELLENCE IN TEACHING INCENTIVE GRANTS.**

The Board of Teaching shall award a onetime incentive grant of \$2,000 to any Minnesota teacher who achieves National Board Certification after June 30, 2016, as long as funds are available. A teacher may apply for a grant in the form and manner determined by the Board of Teaching. The grants must be awarded on a first-come, first-served basis.

Sec. 44. **OUTDOOR PLACE-BASED EDUCATION ADVISORY GROUP.**

Subdivision 1. **Definitions.** For purposes of this section, "outdoor place-based education" means the process of using the local community and outdoor environment as a starting point to teach concepts in language arts, mathematics, social studies, science, history, and other subjects across the curriculum.

Subd. 2. **Advisory group creation.** The outdoor place-based education advisory group consists of the following 14 members:

- (1) the commissioner or director of the following agencies or their designees:
  - (i) the Department of Education;
  - (ii) the Department of Natural Resources; and
  - (iii) the Minnesota Historical Society;
- (2) 11 public members who have demonstrated an interest in outdoor skills and education:
  - (i) one member appointed by Education Minnesota;
  - (ii) one member appointed by the Minnesota Rural Education Association;
  - (iii) one member appointed by the Minnesota School Boards Association;
  - (iv) one member appointed by the Minnesota Association of Charter Schools;
  - (v) one member appointed by the Parks and Trails Council of Minnesota;

- (vi) one public member appointed by the majority leader of the senate;
- (vii) one public member appointed by the minority leader of the senate;
- (viii) one public member appointed by the speaker of the house;
- (ix) one public member appointed by the minority leader of the house of representatives; and
- (x) two public members appointed by the governor.

Subd. 3. **Advisory group duties; report required.** (a) The advisory group must develop recommendations for the design and implementation of a statewide outdoor place-based education plan for students in prekindergarten through grade 12. The advisory group must report proposed recommendations to the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education policy by February 15, 2017.

(b) The report required under this subdivision must, at a minimum:

(1) recommend strategies for the integration of outdoor place-based education in each of the subject areas required for statewide accountability under Minnesota Statutes, section 120B.021, subdivision 1, including any staff development required to support such integration;

(2) identify grades or grade ranges in which outdoor place-based education may have the greatest impact, given limited staff and financial resources;

(3) recommend an assessment instrument that districts may use in order to evaluate the impact of outdoor place-based education; and

(4) estimate the financial and human resources required to implement the recommendations on a statewide basis.

Subd. 4. **Administrative provisions.** (a) The commissioner of education or the commissioner's designee must convene the initial meeting of the advisory group by September 15, 2016. Upon request of the advisory group, the commissioner must provide meeting space and administrative services for the advisory group. The members of the advisory group must elect a chair or cochair from the members of the advisory group at the initial meeting.

(b) Public members of the advisory group serve without compensation, but may be reimbursed for travel expenses.

(c) The advisory group expires February 15, 2017, or upon submission of the report required under this section, whichever is earlier.

Subd. 5. **Deadline for appointments and designations.** The appointments and designations authorized under this section must be completed by August 15, 2016.

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

Sec. 45. **PARAPROFESSIONAL PATHWAY TO TEACHER LICENSURE.**

The commissioner of education must establish a grant program for school districts to design, establish, and maintain a paraprofessional pathway to teacher licensure or a grow your own new teacher program. The programs must allow a current school district paraprofessional to pursue their teaching license while still being employed by the school district. A school district may apply in the form and manner prescribed by the commissioner.

Sec. 46. **SUPPORT OUR STUDENTS GRANT PROGRAM.**

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

(1) "student support services personnel" includes individuals licensed to serve as a school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselor in Minnesota; and

(2) "new position" means a student support services personnel full-time or part-time position not under contract by a school at the start of the 2015-2016 school year.

Subd. 2. Purpose. The purpose of the support our students grant program is to:

(1) address shortages of student support services personnel within Minnesota schools;

(2) decrease caseloads for existing student support services personnel to ensure effective services;

(3) ensure that students receive effective academic guidance and integrated and comprehensive services to improve kindergarten through grade 12 school outcomes and career and college readiness;

(4) ensure that student support services personnel serve within the scope and practice of their training and licensure;

(5) fully integrate learning supports, instruction, and school management within a comprehensive approach that facilitates interdisciplinary collaboration; and

(6) improve school safety and school climate to support academic success and career and college readiness.

Subd. 3. Grant eligibility and application. (a) A school district, charter school, intermediate school district, or other cooperative unit is eligible to apply for a six-year matching grant under this section.

(b) The commissioner of education shall specify the form and manner of the grant application. In awarding grants, the commissioner must give priority to schools in which student support services personnel positions do not currently exist. To the extent practicable, the commissioner must award grants equally between applicants in metro counties and nonmetro counties. Additional criteria must include at least the following:

(1) existing student support services personnel caseloads;

(2) school demographics;

(3) Title 1 revenue;

(4) Minnesota student survey data;

(5) graduation rates; and

(6) postsecondary completion rates.

Subd. 4. **Allowed uses; match requirements.** A grant under this section must be used to hire a new position. A school that receives a grant must match the grant with local funds in each year of the grant. In each of the first four years of the grant, the local match equals \$1 for every \$1 awarded in the same year. In years five and six of the grant, the local match equals \$3 for every \$1 awarded in the same year. The local match may not include federal reimbursements attributable to the new position.

Subd. 5. **Report required.** By February 1 following any fiscal year in which it received a grant, a school must submit a written report to the commissioner indicating how the new positions affected two or more of the following measures:

- (1) school climate;
- (2) attendance rates;
- (3) academic achievement;
- (4) career and college readiness; and
- (5) postsecondary completion rates.

Sec. 47. **TEACHER DEVELOPMENT AND EVALUATION AID.**

(a) For fiscal year 2017 only, teacher development and evaluation aid for a school district, intermediate school district, educational cooperative, education district, or charter school with any school site that does not have an alternative professional pay system agreement under Minnesota Statutes, section 122A.414, subdivision 2, equals \$400.68 times the number of full-time equivalent teachers employed on October 1 of the previous school year in each school site without an alternative professional pay system under Minnesota Statutes, section 122A.414, subdivision 2. Except for charter schools, aid under this section must be reserved for teacher development and evaluation activities consistent with Minnesota Statutes, section 122A.40, subdivision 8, or 122A.41, subdivision 5. For the purposes of this section, "teacher" has the meaning given in Minnesota Statutes, section 122A.40, subdivision 1, or 122A.41, subdivision 1.

(b) Notwithstanding paragraph (a), the state total teacher development and evaluation aid entitlement must not exceed \$10,000,000 for fiscal year 2017. The commissioner must limit the amount of aid under this section so as not to exceed this limit.

(c) One hundred percent of the teacher development and evaluation aid must be paid in fiscal year 2017.

Sec. 48. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Teacher development and evaluation.** For teacher development and evaluation aid:

\$	<u>10,000,000</u>	.....	<u>2017</u>
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This is a onetime appropriation.

Subd. 3. **Support our students grants.** For support our students grants:

\$ 13,100,000 ..... 2017

This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2023. The commissioner may not allot more than \$2,600,000 of this appropriation before July 1, 2019. Up to \$100,000 of this appropriation may be retained by the commissioner for administration of the grant program. Any balance remaining after June 30, 2023, shall cancel to the general fund.

Subd. 4. **Paraprofessional pathway to teacher licensure.** For grants to school districts for grow your own new teacher programs:

\$ 2,250,000 ..... 2017

The base in fiscal year 2018 is \$2,250,000.

Subd. 5. **Minnesota Council on Economic Education.** For a grant to the Minnesota Council on Economic Education to provide staff development to teachers for the implementation of the state graduation standards in learning areas relating to economic education:

\$ 250,000 ..... 2017

The commissioner, in consultation with the council, shall develop expected results of staff development, eligibility criteria for participants, an evaluation procedure, and guidelines for direct and in-kind contributions by the council.

This is a onetime appropriation.

Subd. 6. **Education Innovation Partners Cooperative Center.** For a matching grant to Education Innovation Partners Cooperative Center, No. 6091-50, to provide research-based professional development services, on-site training, and leadership coaching to teachers and other school staff:

\$ 500,000 ..... 2017

A grant under this subdivision must be matched with money or in-kind contributions from nonstate sources. This is a onetime appropriation.

Subd. 7. **Teacher-governed school grants.** For grants to teacher-governed schools under Minnesota Statutes, section 123B.04, subdivision 2a:

\$ 500,000 ..... 2017

This is a onetime appropriation.

Subd. 8. **Outdoor place-based education program.** For an outdoor place-based education literature review:

\$ 35,000 ..... 2017

The commissioner, in collaboration with outdoor place-based education providers, shall provide for a literature review of the existing evidence of the effect of outdoor place-based education on

educational outcomes and development of core competencies that lead to career and college success and deliver the literature review to the outdoor place-based education advisory group no later than November 15, 2016. This is a onetime appropriation. For purposes of this subdivision, "outdoor place-based education" means the process of using the local community and outdoor environment as a starting point to teach concepts in language arts, mathematics, social studies, science, history, and other subjects across the curriculum.

Subd. 9. **Outdoor place-based education advisory group.** For the outdoor place-based education advisory group:

\$            50,000        .....    2017

This is a onetime appropriation.

Subd. 10. **Staff development aid for cooperative units.** For payment of staff development aid to intermediate school districts and other cooperative units under Minnesota Statutes, section 122A.61, subdivision 1a:

\$            1,493,000        .....    2017

Subd. 11. **Student teachers in shortage areas.** For transfer to the commissioner of the Office of Higher Education for the purpose of providing grants to student teachers in shortage areas under Minnesota Statutes, section 136A.1275:

\$            2,000,000        .....    2017

Any balance in the first year does not cancel but is available in the second year.

Subd. 12. **Singing-based pilot program to improve student reading.** (a) For a grant to pilot a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades three to five:

\$            300,000        .....    2017

(b) The commissioner of education shall award a grant to a 501(c)(3) nonprofit organization to implement in at least three Minnesota school districts, charter schools, or school sites, a research-supported, computer-based educational program that uses singing to improve the reading ability of students in grades three to five. The grantee shall be responsible for selecting participating school sites; providing any required hardware and software, including software licenses, for the duration of the grant period; providing technical support, training, and staff to install required project hardware and software; providing on-site professional development and instructional monitoring and support for school staff and students; administering pre- and post-intervention reading assessments; evaluating the impact of the intervention; and other project management services as required. To the extent practicable, the grantee must select participating schools in urban, suburban, and greater Minnesota, and give priority to schools in which a high proportion of students do not read proficiently at grade level and are eligible for free or reduced-price lunch.

(c) By February 15, 2017, the grantee must submit a report detailing expenditures and outcomes of the grant to the commissioner of education and the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education policy and finance.

(d) This is a onetime appropriation.

Subd. 13. **Agricultural educator grants.** For agricultural educator grants:

§                    250,000        .....    2017

This is a onetime appropriation.

Subd. 14. **Grants for vision therapy pilot project.** (a) For a grant to Independent School District No. 12, Centennial, to implement a neuro-optometric vision therapy pilot project:

§                    200,000        .....    2017

This is a onetime appropriation and is available until June 30, 2019.

(b) In each year of the pilot project, second and third grade students identified by a set of criteria created by the district shall be admitted into the pilot study. Identified students shall have a comprehensive eye examination with written standard requirements of testing. Students identified with a diagnosis of convergence insufficiency must undergo a vision efficiency evaluation by a licensed optometrist or ophthalmologist trained in the evaluation of learning-related vision problems. The results of this examination shall determine whether a student will qualify for neuro-optometric vision therapy funded by the grant. The parent or guardian of a student who qualifies for the pilot program under this paragraph may submit a written notification to the school opting the student out of the program. The district must establish guidelines to provide quality standards and measures to ensure an appropriate diagnosis and treatment plan that is consistent with the convergence insufficiency treatment trial study.

(c) The commissioner of education must provide for an evaluation of the pilot project and make a report to the legislative committees with jurisdiction over kindergarten through grade 12 education policy and finance by January 15, 2020.

## ARTICLE 14

### CHARTER SCHOOLS

Section 1. Minnesota Statutes 2015 Supplement, section 124E.10, is amended by adding a subdivision to read:

Subd. 7. **School closures.** (a) Upon the final decision to close a charter school, whether by voluntary action of the charter school's board of directors, nonrenewal or termination of the charter contract by the authorizer, or termination of the charter contract by the commissioner, the board of directors shall appoint a school closure trustee, approved by the authorizer, within 15 business days of the final decision. The board of directors or the authorizer may require the trustee to post a bond, in a sum and nature reflective of the school's current condition and situation.

(b) The trustee must be a resident of Minnesota, possess a bachelor's or postgraduate degree in accounting, law, nonprofit management, educational administration, or other appropriate field, and have at least five years of work experience in their degree area. The trustee must submit to a state and federal criminal background check, must not have been convicted of a felony or other crime involving moral turpitude, and must not have been found liable in a civil court for fraud, breach of fiduciary duty, civil theft, or similar misconduct. The trustee must not be under investigation or



pending criminal prosecution for a felony or other crime. The trustee must not have a history of wage garnishment by the Internal Revenue Service or the state and must not have filed for bankruptcy.

(c) The trustee must not have been an employee or contractor of the charter school during the previous five years and must not have an immediate family member who is an employee or contractor of the charter school or who serves on the charter school's board of directors. The trustee must be independent and have no material interest adverse to the school.

(d) The trustee shall have the responsibility to activate and execute the closure plan for the charter school outlined in the school's charter contract, including the transfer of student records required by subdivision 6, and the reporting of financial and student data to the department necessary for the release of final aid payments under section 124E.25, subdivision 1, paragraph (b). Upon the appointment of the trustee, the trustee must approve all school expenditures before payment and shall be a required signatory on all school accounts and payments made by the school. The trustee has the authority to void and seek reimbursement of any and all extraordinary payments of the school to individuals, contractors, or corporations made within 90 business days of the final decision to close. If during the closure process it is determined by the charter school's board of directors or the authorizer that the trustee is not performing the closure duties in an efficient and effective manner, the authorizer may appoint a new trustee.

(e) The trustee shall be entitled to immunity provided by common law for acts or omissions within the scope of the trustee's appointment. The trustee is not exempt from an illegal or criminal act, nor any act that is a result of malfeasance or misfeasance.

(f) A charter school closure fund shall be established and managed by the Department of Education. The Department of Education may charge the fund a management fee commensurate with the annual activity in the fund. The Department of Education must issue an annual report on the income and expenditures of the fund by September 30 to all charter schools. The fund shall be financed by a per capita pupil fee paid by all charter schools. Until the fund reaches a cap of \$200,000, the per capita pupil fee shall be \$1 per pupil annually. Upon the fund reaching the \$200,000 cap, the annual per capita pupil fee shall equal the per pupil amount needed to maintain the fund at \$200,000. The Department of Education shall have the power to deduct the annual fee from a charter school aid payment in the month of February based on the number of pupils enrolled in charter schools on October 1 of the previous year, and transfer the funding to the charter school closure fund. When an authorizer ceases to authorize schools, the authorizer shall transfer any remaining balance from authorizer fees to the fund.

(g) Funds from the charter school closure fund may only be authorized and used for the following expenses: the cost of the external audits necessary for the school closure process; the cost of liability insurance for the school corporation during the closure process; legal costs for the dissolution of the school corporation; and the trustee's fee, negotiated upon appointment. The charter school closure fund shall not be used for any other expenses related to the closed school and may only be requested after all other school funds and assets of the closed school have been expended. No more than \$70,000 may be expended from the fund for an individual school closure process. The trustee may request funding to cover the authorized expenditures, except for the trustee's fee, which must be requested by the charter school's board of directors or the authorizer if the board of directors is nonoperative.

(h) If a charter school board of directors files for bankruptcy upon the final decision to close the school, the bankruptcy trustee appointed by the bankruptcy court shall have the authority to activate and execute the closure plan in the charter school contract.

Sec. 2. Minnesota Statutes 2014, section 127A.45, subdivision 6a, is amended to read:

Subd. 6a. **Cash flow adjustment.** The board of directors of any ~~charter school serving fewer than 200 students where the percent of students eligible for special education services equals at least 90 percent of the charter school's total enrollment~~ eligible special education charter school under section 124E.21, subdivision 2, may request that the commissioner of education accelerate the school's cash flow under this section. The commissioner must approve a properly submitted request within 30 days of its receipt. The commissioner must accelerate the school's regular special education aid payments according to the schedule in the school's request and modify the payments to the school under subdivision 3 accordingly. A school must not receive current payments of regular special education aid exceeding 90 percent of its estimated aid entitlement for the fiscal year. The commissioner must delay the special education aid payments to all other school districts and charter schools in proportion to each district or charter school's total share of regular special education aid such that the overall aid payment savings from the aid payment shift remains unchanged for any fiscal year.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 3. Laws 2015, First Special Session chapter 3, article 4, section 4, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective the day following final enactment except the provision under paragraph (g) allowing prekindergarten deaf or hard-of-hearing pupils to enroll in a charter school is effective ~~only if the commissioner of education determines there is no added cost attributable to the pupil~~ for the 2016-2017 school year and later.

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

Sec. 4. Laws 2015, First Special Session chapter 3, article 4, section 9, subdivision 2, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section ~~124D.11, subdivision 4~~ 124E.22:

	<u>66,787,000</u>		
\$	<u>63,540,000</u>	.....	2016
	<u>73,603,000</u>		
\$	<u>70,132,000</u>	.....	2017

The 2016 appropriation includes \$6,032,000 for 2015 and ~~\$60,755,000~~ \$57,508,000 for 2016.

The 2017 appropriation includes ~~\$6,750,000~~ \$6,389,000 for 2016 and ~~\$66,853,000~~ \$63,743,000 for 2017.

**ARTICLE 15****SPECIAL EDUCATION**

Section 1. Minnesota Statutes 2015 Supplement, section 125A.08, is amended to read:

**125A.08 INDIVIDUALIZED EDUCATION PROGRAMS.**

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individualized education program team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individualized education program. The individualized education program team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. When a school district makes a determination of other health disability under Minnesota Rules, part 3525.1335, subparts 1, and 2, item A, subitem (1), the student's individualized education program team must seek written and signed documentation by a licensed health provider within the scope of the provider's practice of a medically diagnosed chronic or acute health condition. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individualized education program. The program must address the student's need to develop skills to live and work as independently as possible within the community. The individualized education program team must consider positive behavioral interventions, strategies, and supports that address behavior needs for children. During grade 9, the program must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the program, districts must inform parents of the full range of transitional goals and related services that should be considered. The program must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial evaluation or reevaluation, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and

that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(c) For all paraprofessionals employed to work in programs whose role in part is to provide direct support to students with disabilities, the school board in each district shall ensure that:

(1) before or beginning at the time of employment, each paraprofessional must develop sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs, especially disability-specific and behavioral needs, of the students with whom the paraprofessional works;

(2) annual training opportunities are required to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, the unique and individual needs of each student according to the student's disability and how the disability affects the student's education and behavior, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 2. Minnesota Statutes 2015 Supplement, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraphs (b) to (d), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and ~~unreimbursed building lease and debt service costs for facilities used primarily for special education~~, plus (2) the amount of general education revenue, ~~excluding local optional revenue, plus local optional aid and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus~~ (3) the amount of special education aid for children with a disability under section 125A.76 received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation,

attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. ~~Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76.~~ If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(b) Notwithstanding paragraph (a), when a charter school receiving special education aid under section 124E.21, subdivision 3, provides special instruction and services for a pupil with a disability as defined in section 125A.02, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.46, subdivision 7, paragraphs (b) to (e), special education aid paid to the resident district must be reduced by an amount equal to that calculated under paragraph (a) as if the charter school received aid under section 124E.21, subdivision 1. Notwithstanding paragraph (a), special education aid paid to the charter school providing special instruction and services for the pupil must not be increased by the amount of the reduction in the aid paid to the resident district.

(c) Notwithstanding paragraph (a) and section 127A.47, subdivision 7, paragraphs (b) to (d);:

(1) an intermediate district or a special education cooperative may recover unreimbursed costs of serving pupils with a disability, including building lease, debt service, and indirect costs necessary for the general operation of the organization, by billing membership fees and nonmember access fees to the resident district;

(2) a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, or a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability;

(3) the billing under clause (1) or application under clause (2) must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph clause (2) must be included in the tuition billings or aid adjustments under paragraph (a), or section 127A.47, subdivision 7, paragraphs (b) to (d), as applicable.

(d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraph (b), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding the local optional levy according to section

126C.10, subdivision 2e, paragraph (c), plus the referendum equalization aid according to section 126C.17, subdivision 7.

Sec. 3. Minnesota Statutes 2015 Supplement, section 125A.21, subdivision 3, is amended to read:

**Subd. 3. Use of reimbursements.** ~~Of the reimbursements received, districts may~~ School districts must reserve third-party revenue and must spend the reimbursements received only to:

(1) retain an amount sufficient to compensate the district for its administrative costs of obtaining reimbursements;

(2) regularly obtain from education- and health-related entities training and other appropriate technical assistance designed to improve the district's ability to access third-party payments for individualized education program or individualized family service plan health-related services; or

(3) reallocate reimbursements for the benefit of students with individualized education programs or individualized family service plans in the district.

Sec. 4. Minnesota Statutes 2015 Supplement, section 125A.76, subdivision 2c, is amended to read:

**Subd. 2c. Special education aid.** (a) For fiscal year 2014 and fiscal year 2015, a district's special education aid equals the sum of the district's special education aid under subdivision 5, the district's cross subsidy reduction aid under subdivision 2b, and the district's excess cost aid under section 125A.79, subdivision 7.

(b) For fiscal year 2016 and later, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a and the district's excess cost aid under section 125A.79, subdivision 5.

(c) Notwithstanding paragraph (b), for fiscal year 2016, the special education aid for a school district must not exceed the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, and the product of the district's average daily membership served and the special education aid increase limit.

(d) Notwithstanding paragraph (b), for fiscal year 2017 and later, the special education aid for a school district must not exceed the sum of: (i) the product of the district's average daily membership served and the special education aid increase limit and (ii) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's average daily membership served for the current fiscal year to the district's average daily membership served for fiscal year 2016, and the program growth factor.

(e) Notwithstanding paragraph (b), for fiscal year 2016 and later the special education aid for a school district, not including a charter school or cooperative unit as defined in section 123A.24, must not be less than the lesser of (1) the district's nonfederal special education expenditures for that fiscal year or (2) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as

adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the program growth factor.

(f) Notwithstanding subdivision 2a and section 125A.79, a charter school in its first year of operation shall generate special education aid based on current year data. A newly formed cooperative unit as defined in section 123A.24 may apply to the commissioner for approval to generate special education aid for its first year of operation based on current year data, with an offsetting adjustment to the prior year data used to calculate aid for programs at participating school districts or previous cooperatives that were replaced by the new cooperative.

(g) The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

Sec. 5. Minnesota Statutes 2015 Supplement, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed old formula special education expenditures" means:

(1) old formula special education expenditures for the prior fiscal year; minus

(2) for fiscal years 2014 and 2015, the sum of the special education aid under section 125A.76, subdivision 5, for the prior fiscal year and the cross subsidy reduction aid under section 125A.76, subdivision 2b, and for fiscal year 2016 and later, the special education initial aid under section 125A.76, subdivision 2a; minus

(3) for fiscal year 2016 and later, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(b) "Unreimbursed nonfederal special education expenditures" means:

(1) nonfederal special education expenditures for the prior fiscal year; minus

(2) special education initial aid under section 125A.76, subdivision 2a; minus

(3) the amount of general education revenue, excluding local optional revenue, plus local optional aid, and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(c) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding transportation sparsity revenue, local optional revenue, and total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124E.20, subdivision 1, and transportation revenue according to section 124E.23, excluding referendum equalization aid, transportation sparsity revenue, and operating capital revenue.

Sec. 6. Minnesota Statutes 2015 Supplement, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid as defined in section 125A.11, subdivision 1, paragraph (d), attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76 attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(c) For fiscal year 2015 and later, special education aid paid to a resident district must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing special education and services.

(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(e) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced under paragraph (d) for students at a charter school receiving special education aid under section 124E.21, subdivision 3, calculated as if the charter school received special education aid under section 124E.21, subdivision 1.

(f) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident



district's special education aid is insufficient to make the full adjustment under paragraphs (c), (d), and (e), the remaining adjustment shall be made to other state aids due to the district.

(g) Notwithstanding paragraph (a), general education aid paid to the resident district of a nonspecial education student for whom an eligible special education charter school receives general education aid under section 124E.20, subdivision 1, paragraph (c), must be reduced by an amount equal to the difference between the general education aid attributable to the student under section 124E.20, subdivision 1, paragraph (c), and the general education aid that the student would have generated for the charter school under section 124E.20, subdivision 1, paragraph (a). For purposes of this paragraph, "nonspecial education student" means a student who does not meet the definition of pupil with a disability as defined in section 125A.02 or the definition of a pupil in section 125A.51.

(h) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (f), the district of residence must pay tuition equal to at least 90 and no more than 100 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without compensatory revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

Sec. 7. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 2, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

	<del>1,170,929,000</del>		
\$	<u>1,183,619,000</u>	.....	2016
	<del>1,229,706,000</del>		
\$	<u>1,247,108,000</u>	.....	2017

The 2016 appropriation includes \$137,932,000 for 2015 and ~~\$1,032,997,000~~ \$1,045,687,000 for 2016.

The 2017 appropriation includes ~~\$145,355,000~~ \$147,202,000 for 2016 and ~~\$1,084,351,000~~ \$1,099,906,000 for 2017.

## Sec. 8. APPROPRIATIONS.

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. Restrictive procedures work group. To implement the recommendations from the restrictive procedures work group under Minnesota Statutes, section 125A.0942:

\$	<u>500,000</u>	.....	<u>2017</u>
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**ARTICLE 16****FACILITIES AND TECHNOLOGY**

Section 1. Minnesota Statutes 2014, section 123B.53, subdivision 5, is amended to read:

Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a district equals the sum of the first tier equalized debt service levy and the second tier equalized debt service levy.

(b) A district's first tier equalized debt service levy equals the district's first tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) \$3,400 in fiscal year 2016 and, \$4,430 in fiscal year 2017, and the greater of \$4,430 or 55.33 percent of the initial equalizing factor in fiscal year 2018 and later.

(c) A district's second tier equalized debt service levy equals the district's second tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) \$8,000 in fiscal years 2016 and 2017, and the greater of \$8,000 or 99.91 percent of the initial equalizing factor in fiscal year 2018 and later.

(d) For the purposes of this subdivision, the initial equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in all school districts in the state in the year before the year the levy is certified.

Sec. 2. Minnesota Statutes 2014, section 123B.535, is amended to read:

**123B.535 NATURAL DISASTER ENHANCED DEBT SERVICE EQUALIZATION.**

Subdivision 1. **Definitions; eligibility.** (a) For purposes of this section, the eligible ~~natural disaster~~ enhanced debt service revenue of a district is defined as the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district eligible under paragraphs (b) and (c) that would otherwise qualify under section 123B.53 under the following conditions:

(b) A district that has been negatively affected by a natural disaster qualifies for enhanced debt service equalization under this section if:

(1) the district was impacted by a natural disaster event or area occurring January 1, 2005, or later, as declared by the President of the United States of America, which is eligible for Federal Emergency Management Agency payments;

(2) the natural disaster caused \$500,000 or more in damages to school district buildings; and

(3) the repair and replacement costs are not covered by insurance payments or Federal Emergency Management Agency payments.

(c) A district that consolidated on or after July 1, 2016, with an approved consolidation plat and plan under section 123A.48 that included building or remodeling school facilities is eligible for enhanced debt service equalization under this section.

~~(b)~~ (d) For purposes of this section, the adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in the state for the year prior to the year the levy is certified.

~~(c)~~ (e) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

Subd. 2. **Notification.** A district eligible for ~~natural disaster~~ enhanced debt service equalization revenue under subdivision 1 must notify the commissioner of the amount of its intended ~~natural disaster~~ enhanced debt service revenue calculated under subdivision 1 for all bonds sold prior to the notification by July 1 of the calendar year the levy is certified.

Subd. 3. **Natural disaster Enhanced debt service equalization revenue.** The enhanced debt service equalization revenue of a district that qualifies under subdivision 1, paragraph (b) or (c), equals the greater of zero or the eligible debt service revenue, minus the greater of zero or ~~the difference between:~~

~~(1)~~ the amount raised by a levy of ten percent times the adjusted net tax capacity of the district; and

~~(2) the district's eligible debt service revenue under section 123B.53.~~

Subd. 4. **Equalized natural disaster enhanced debt service levy.** A district's equalized ~~natural disaster~~ enhanced debt service levy equals the district's ~~natural disaster~~ enhanced debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) 300 percent of the statewide adjusted net tax capacity equalizing factor.

Subd. 5. **Natural disaster Enhanced debt service equalization aid.** A district's ~~natural disaster~~ enhanced debt service equalization aid equals the difference between the district's ~~natural disaster~~ enhanced debt service equalization revenue and the district's equalized ~~natural disaster~~ enhanced debt service levy.

Subd. 6. **Natural disaster Enhanced debt service equalization aid payment schedule.** Enhanced debt service equalization aid must be paid according to section 127A.45, subdivision 10.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and later.

Sec. 3. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 1, is amended to read:

Subdivision 1. **Long-term facilities maintenance revenue.** (a) For fiscal year 2017 only, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) \$193 times the

district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591-, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

(b) For fiscal year 2018 only, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) \$292 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591-, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

(c) For fiscal year 2019 and later, long-term facilities maintenance revenue equals the greater of (1) the sum of (i) \$380 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591-, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 4. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 2, is amended to read:

Subd. 2. **Long-term maintenance equalization aid.** For long-term maintenance equalization aid under Minnesota Statutes, section 123B.595:

\$	0	.....	2016
	<del>52,088,000</del>		
\$	<u>52,844,000</u>	.....	2017

The 2017 appropriation includes \$0 for 2016 and ~~\$52,088,000~~ \$52,844,000 for 2017.

Sec. 5. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 9, is amended to read:

Subd. 9. **Quality Rating System.** For transfer to the commissioner of human services for the purposes of expanding the Quality Rating and Improvement System under Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports for providers participating in the Quality Rating and Improvement System:

\$	1,200,000	.....	2016
	<del>\$2,300,000</del> <u>2,800,000</u>	.....	2017

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2018 and later is \$1,750,000.

Sec. 6. **GENERATION CONNECT AID.**

(a) For fiscal year 2017 only, generation connect aid for a school district or charter school equals \$10.88 times the adjusted pupil units for the school year. Aid under this section may be used for any allowable purpose under Minnesota Statutes, section 126C.10, subdivision 14, or Minnesota Statutes, section 124E.20, subdivision 2.

(b) One hundred percent of the aid in this section must be paid in fiscal year 2017.

Sec. 7. **APPROPRIATION.**

Subdivision 1. **Department of Education.** The sum indicated in this section is appropriated from the general fund to the Department of Education for the fiscal year designated.

Subd. 2. **Generation connect aid.** For generation connect aid:

\$	<u>10,104,000</u>	.....	<u>2017</u>
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This is a onetime appropriation.

Subd. 3. **Regional office of career and technical education.** For a grant to the SW/WC Service Cooperative to establish a regional office of career and technical education:

\$	<u>70,000</u>	.....	<u>2017</u>
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The regional office of career and technical education must:

- (1) facilitate the development of highly trained and knowledgeable students who are equipped with technical and workplace skills needed by regional employers, in collaborative participation with three or more school districts;
- (2) improve access to career and technical education programs for students who attend sparsely populated rural school districts by developing public/private partnerships with business and industry leaders and by increasing coordination of high school and postsecondary program options; and
- (3) increase family and student awareness of the availability and benefit of career and technical education courses and training opportunities.

This is a onetime appropriation.

Subd. 4. **Regional career and technical education advisory committee.** For a grant to the SW/WC Service Cooperative for a regional career and technical education advisory committee:

§                    280,000        .....    2017

Eligible uses of this grant are:

(1) capital start-up costs for such items as determined by the committee including, but not limited to, a mobile welding lab, medical equipment and lab, and industrial kitchen equipment;

(2) informational materials for students, families, and residents of the region that communicate the relationship between career and technical education programs, labor market needs, and well-paying employment;

(3) incentive and training grants to develop career and technical education instructors; and

(4) transportation reimbursement grants to provide equitable opportunities throughout the region for students to participate in career and technical education.

This is a onetime appropriation.

## ARTICLE 17

### EARLY CHILDHOOD EDUCATION

Section 1. Minnesota Statutes 2014, section 124D.135, subdivision 6, is amended to read:

Subd. 6. **Home visiting levy revenue.** (a) A district that is eligible to levy for early childhood family education under subdivision 3 and that enters into a collaborative agreement to provide education services and social services to families with young children ~~may levy an amount equal to \$1.60~~ is eligible for home visiting revenue.

(b) Total home visiting revenue for a district equals \$3 times the number of people under five years of age residing in the district on September 1 of the last school year. Levy Revenue under this subdivision must not be included as revenue under subdivision 1. The revenue must be used for home visiting programs under section 124D.13, subdivision 4.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2018 and later.

Sec. 2. Minnesota Statutes 2014, section 124D.135, is amended by adding a subdivision to read:

Subd. 6a. **Home visiting levy.** To obtain home visiting revenue, a district may levy an amount not more than the product of its home visiting revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit to the home visiting equalizing factor. The home visiting equalizing factor equals \$17,250 for fiscal year 2018 and later.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2018 and later.

Sec. 3. Minnesota Statutes 2014, section 124D.135, is amended by adding a subdivision to read:

Subd. 6b. **Home visiting aid.** A district's home visiting aid equals its home visiting revenue minus its home visiting levy times the ratio of the actual amount levied to the permitted levy.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2018 and later.

**Sec. 4. [124D.173] HELP ME GROW SYSTEM.**

**Subdivision 1. Purpose.** The purpose of this section is to develop and implement a comprehensive, statewide, coordinated system of early identification, referral, and follow-up for children, prenatal through age eight, and their families.

**Subd. 2. Establishment and administration.** The commissioner of education shall provide funding and shall work collaboratively through interagency agreements with the commissioners of human services and health to implement this section and maintain annual affiliate status with the Help Me Grow National Center.

**Subd. 3. Duties.** (a) The Help Me Grow system shall coordinate sectors, including child health, early learning and education, and family supports by:

(1) providing child health care provider outreach to support early detection, intervention, and knowledge about local resources;

(2) identifying and providing access to detection tools used to identify young children at risk for developmental and behavioral problems; and

(3) linking children and families to appropriate community-based services.

(b) The Help Me Grow system shall provide community outreach that includes support for, and participation in, the Help Me Grow system, including disseminating information on the system and compiling and maintaining a resource directory that includes, but is not limited to:

(1) primary and specialty medical care providers;

(2) early childhood education and child care programs;

(3) developmental disabilities assessment and intervention programs;

(4) mental health services;

(5) family and social support programs;

(6) child advocacy and legal services;

(7) public health services and resources; and

(8) other appropriate early childhood information.

(c) The Help Me Grow system shall develop a centralized access point for parents and professionals to obtain information, resources, and other support services.

(d) The Help Me Grow system shall collect data to increase understanding of all aspects of the current and ongoing system under this section, including identification of gaps in service, barriers to finding and receiving appropriate service, and lack of resources.

**Subd. 4. Review.** The Department of Education shall annually review and by February 1 report to the chairs and the ranking minority members of the legislative committees with jurisdiction over early childhood education the following:

(1) outcomes achieved by this system;

(2) alignment with overall early childhood goals and objectives; and

(3) impacts on young children.

Sec. 5. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 7, is amended to read:

Subd. 7. **Parent-child home program.** For a grant to the parent-child home program:

\$	350,000	.....	2016
	<del>350,000</del>		
\$	<u>1,350,000</u>	.....	2017

The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing suburban program location. The program must include urban and rural program locations for fiscal years 2016 and 2017. The base for fiscal year 2018 and later is \$1,000,000.

Sec. 6. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Help Me Grow.** For implementation of the Help Me Grow system under Minnesota Statutes, section 124D.173:

\$	<u>1,000,000</u>	.....	<u>2017</u>
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This is a onetime appropriation.

Subd. 3. **Minnesota Learning Resource Center.** For a grant to A Chance to Grow for the Minnesota Learning Resource Center's comprehensive training program for education professionals charged with helping children in prekindergarten programs through grade 3 acquire basic reading and math skills:

\$	<u>300,000</u>	.....	<u>2017</u>
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This is a onetime appropriation.

## ARTICLE 18

### SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. **AFTER-SCHOOL COMMUNITY LEARNING GRANTS.**

Subdivision 1. **Grant program established.** A competitive grant program is established to support community-based organizations, schools, political subdivisions, or child care centers that service young people in kindergarten through grade 12 after school or during nonschool hours. Grants must be used to offer a broad array of enrichment activities that promote positive youth development, including art, music, community engagement, literacy, technology education, health, agriculture, and recreation programs.



Subd. 2. **Application.** The commissioner of education shall develop the form and method for applying for the grants. The application must include information on the applicant's outreach to children and youth that qualify for free or reduced-price lunch and two-year measurable goals and activities linked to research or best practices. The commissioner shall develop criteria for determining the allocation of the grants and appropriate goals for the use of the grants including:

(1) increasing access to protective factors that build young people's capacity to become productive adults, such as connections to a caring adult;

(2) developing children's skills and behaviors necessary to succeed in postsecondary education and career opportunities; and

(3) encouraging attendance and improving performance in school.

Subd. 3. **Grant awards.** To the extent practicable, the selection of applicants shall result in an equitable distribution of grant awards among geographic areas within Minnesota, including rural, suburban, and urban communities. The commissioner shall also give priority to programs that collaborate with and leverage existing community resources that have demonstrated effectiveness.

## Sec. 2. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **After-school community learning grants.** For after-school community learning grants:

\$	<u>500,000</u>	<u>.....</u>	<u>2017</u>
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Up to seven percent of the appropriation in each fiscal year may be used for administration, evaluation, and technical assistance, including partnering with the Minnesota Afterschool Network, Ignite Afterschool, and other appropriate entities to ensure implementation of strategies statewide to ensure the provision of high quality, research-driven learning opportunities.

This is a onetime appropriation.

## ARTICLE 19

### STATE AGENCIES

Section 1. Minnesota Statutes 2014, section 120B.115, is amended to read:

#### **120B.115 REGIONAL CENTERS OF EXCELLENCE.**

(a) Regional centers of excellence are established to assist and support school boards, school districts, school sites, and charter schools in implementing research-based interventions and practices to increase the students' achievement within a region. The centers must develop partnerships with local and regional service cooperatives, postsecondary institutions, integrated school districts, the department, children's mental health providers, or other local or regional entities interested in providing a cohesive and consistent regional delivery system that serves all schools equitably. Centers must assist school districts, school sites, and charter schools in developing similar partnerships. Center support may include assisting school districts, school sites, and charter schools with common principles of effective practice, including:

(1) defining measurable education goals under sections 120B.022, subdivisions 1a and 1b, and 120B.11, subdivision 2;

(2) implementing evidence-based practices, including applied and experiential learning, contextualized learning, competency-based curricula and assessments, and other nontraditional learning opportunities, among other practices;

(3) engaging in data-driven decision-making;

(4) providing multilayered levels of support;

(5) supporting culturally responsive teaching and learning aligning the development of academic English proficiency, state and local academic standards, and career and college readiness benchmarks;

(6) engaging parents, families, youth, and local community members in programs and activities at the school district, school site, or charter school that foster collaboration and shared accountability for the achievement of all students; and

(7) translating district forms and other information such as a multilingual glossary of commonly used education terms and phrases.

Centers must work with school site leadership teams to build the expertise and experience to implement programs that close the achievement gap, provide effective and differentiated programs and instruction for different types of English learners, including English learners with limited or interrupted formal schooling and long-term English learners under section 124D.59, subdivisions 2 and 2a, increase students' progress and growth toward career and college readiness, and increase student graduation rates.

(b) The department must assist the regional centers of excellence to meet staff, facilities, and technical needs, provide the centers with programmatic support, and work with the centers to establish a coherent statewide system of regional support, including consulting, training, and technical support, to help school boards, school districts, school sites, and charter schools effectively and efficiently implement the world's best workforce goals under section 120B.11 and other state and federal education initiatives, including secondary and postsecondary career pathways and technical education.

(c) The department must employ a literacy/dyslexia specialist at one regional center to be determined by the commissioner, and a literacy/dyslexia specialist at the department, to provide technical assistance for dyslexia and related disorders and to serve as the primary source of information and support for schools in addressing the needs of students with dyslexia and related disorders. The literacy/dyslexia specialist shall also act to increase professional awareness and instructional competencies. For purposes of this paragraph, a literacy/dyslexia specialist is a dyslexia therapist, licensed psychologist, certified psychometrist, licensed speech-language pathologist, or certified dyslexia training specialist who has a minimum of three years of field experience in screening, identifying, and treating dyslexia and related disorders. A literacy/dyslexia specialist shall be highly trained in dyslexia and related disorders, and in using scientific, evidence-based interventions and treatment, which incorporate multisensory, systematic, sequential teaching strategies in the areas of phonics, phonemic awareness, vocabulary, fluency, and comprehension.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 2. **[122A.34] CERTIFICATE OF ADVANCED PROFESSIONAL STUDY.**

(a) The Board of Teaching shall adopt rules for a process for approving certificates of advanced professional study. A certificate of advanced professional study is a credential available only to a teacher with a full license in at least one discipline that allows for teaching without further waiver or variance when a licensure program in the discipline does not exist in Minnesota, or when a teacher with a full license in the discipline cannot be found. The certificate of advanced professional study must:

- (1) have fewer requirements than the full license in the discipline;
- (2) set the specific qualifications required to attain it; and
- (3) maintain professional standards for teaching in that discipline.

(b) The rules adopted under paragraph (a) must limit certificates of advanced professional study to:

- (1) disciplines in which at least one geographic area of the state has a demonstrated shortage of fully licensed teachers; and
- (2) emerging disciplines where full licenses or licensure programs do not exist in Minnesota.

Sec. 3. Laws 2015, First Special Session chapter 3, article 12, section 4, subdivision 2, is amended to read:

Subd. 2. **Department.** (a) For the Department of Education:

	<del>21,246,000</del>		
\$	<u>21,276,000</u>	.....	2016
	<del>21,973,000</del>		
\$	<u>28,584,000</u>	.....	2017

Of these amounts:

(1) ~~\$718,000 each year~~ \$748,000 in fiscal year 2016 and zero in fiscal year 2017 is for the Board of Teaching. Any balance in the first year does not cancel, but is available in the second year;

(2) \$228,000 in fiscal year 2016 and \$231,000 in fiscal year 2017 are for the Board of School Administrators;

(3) \$1,000,000 each year is for Regional Centers of Excellence under Minnesota Statutes, section 120B.115;

(4) \$500,000 each year is for the School Safety Technical Assistance Center under Minnesota Statutes, section 127A.052;

(5) \$250,000 each year is for the School Finance Division to enhance financial data analysis; and

(6) \$441,000 in fiscal year 2016 and \$720,000 in fiscal year 2017 is for implementing Laws 2014, chapter 272, article 1, Minnesota's Learning for English Academic Proficiency and Success Act, as amended;

(7) \$2,750,000 in fiscal year 2017 only is for implementation of schoolwide Positive Behavioral Interventions and Supports (PBIS) in schools and districts throughout Minnesota to reduce the use of restrictive procedures and increase use of positive practices. This is a onetime appropriation;

(8) \$2,750,000 in fiscal year 2017 only is for Department of Education information technology enhancements and security. This is a onetime appropriation;

(9) \$250,000 in fiscal year 2017 and later is for employing literacy/dyslexia specialists under Minnesota Statutes, section 120B.115, paragraph (c). The commissioner must employ a literacy/dyslexia specialist at the department as soon as practicable, but no later than September 1, 2016. The commissioner must employ the literacy/dyslexia specialist at one or more regional centers no later than January 1, 2017; and

(10) \$200,000 in fiscal year 2017 only is for the Children's Cabinet system redesign report to the legislature. This is a onetime appropriation.

(b) Any balance in the first year does not cancel but is available in the second year.

(c) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C. office.

(d) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(e) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanism specified in that agreement.

(f) The agency's base budget in fiscal year 2018 is ~~\$21,973,000~~ \$22,371,000. ~~The agency's base budget in fiscal year 2019 is \$21,948,000.~~

#### Sec. 4. SYSTEM REDESIGN; HOMELESS CHILDREN SUPPORTS.

(a) The Children's Cabinet must create a plan for a cross-agency system that provides support for a family that is homeless, especially with children up to four years of age, to access available services. The Children's Cabinet shall create the plan in consultation with the Department of Education, the Department of Human Services, the Department of Health, the Minnesota Housing Finance Agency, and stakeholders including counties, school districts, and nonprofits. The redesigned system must address issues including:

(1) implementation methodology that addresses differences in service delivery in rural versus urban settings;

(2) a training pipeline to increase qualified staff for service providers, including staff of color;

(3) statewide entry and intake forms to assess and identify the educational and developmental needs of the child;

- (4) a support plan that follows the child even after the child is no longer homeless;
  - (5) a common data system that allows for easier sharing of data and the plan components for each child between local entities;
  - (6) identifying and supporting a community outreach system;
  - (7) personalizing assistance for a child who is homeless and the child's family to help the child and the family navigate systems and resources;
  - (8) transportation options to access services; and
  - (9) methods to ensure that all state-funded programs and services for a child who is homeless are adequately staffed with personnel who are trained on the specifics of the program and receive professional development to handle complex, intergenerational trauma.
- (b) The Children's Cabinet must report findings and recommendations regarding the plan, along with draft legislation, to the chairs and ranking minority members of the legislative committees having jurisdiction over early childhood through grade 12 education, housing, and human services policy by January 23, 2017.

**Sec. 5. APPROPRIATIONS; BOARD OF TEACHING.**

(a) The sums indicated in this section are appropriated from the general fund to the Board of Teaching for the fiscal years designated:

<u>\$</u>	<u>1,500,000</u>	<u>.....</u>	<u>2017</u>
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Of these amounts:

- (1) \$302,000 in fiscal year 2017 is for implementation of certificates of advanced professional study. The base appropriation in fiscal year 2018 and thereafter is \$50,000 each year;
  - (2) \$150,000 in fiscal year 2017 only is for Excellence in Teaching incentive grants. This is a onetime appropriation and is available until expended; and
  - (3) \$80,000 in fiscal year 2017 and later is for a contract for an electronic statewide school teacher and administrator job board. The job board must allow school districts to post job openings for prekindergarten through grade 12 teaching and administrative positions. Notwithstanding Minnesota Statutes, section 16E.0466, the board is not required to consult with the Office of MN.IT Services nor transfer any of this appropriation to the Office of MN.IT Services.
- (b) This appropriation includes funds for information technology project services and support subject to Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into an interagency agreement and will be paid to the Office of MN.IT Services by the Board of Teaching under the mechanism specified in that agreement.
- (c) The board's base budget for fiscal year 2018 and later is \$1,098,000.

**ARTICLE 20**

**FORECAST ADJUSTMENTS**

**A. GENERAL EDUCATION**

Section 1. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 4, is amended to read:

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

	<del>2,740,000</del>		
\$	<u>3,051,000</u>	.....	2016
	<del>2,932,000</del>		
\$	<u>3,425,000</u>	.....	2017

The 2016 appropriation includes \$278,000 for 2015 and ~~\$2,462,000~~ \$2,773,000 for 2016.

The 2017 appropriation includes ~~\$273,000~~ \$308,000 for 2016 and ~~\$2,659,000~~ \$3,117,000 for 2017.

Sec. 2. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 5, is amended to read:

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

	<del>292,000</del>		
\$	<u>22,000</u>	.....	2016
	<del>165,000</del>		
\$	<u>0</u>	.....	2017

The 2016 appropriation includes \$22,000 for 2015 and ~~\$270,000~~ \$0 for 2016.

The 2017 appropriation includes ~~\$30,000~~ \$0 for 2016 and ~~\$135,000~~ \$0 for 2017.

Sec. 3. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 6, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

	<del>16,881,000</del>		
\$	<u>16,759,000</u>	.....	2016
	<del>17,460,000</del>		
\$	<u>17,235,000</u>	.....	2017

The 2016 appropriation includes \$1,575,000 for 2015 and ~~\$15,306,000~~ \$15,184,000 for 2016.

The 2017 appropriation includes ~~\$1,700,000~~ \$1,687,000 for 2016 and ~~\$15,760,000~~ \$15,548,000 for 2017.

Sec. 4. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 7, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

	<del>17,654,000</del>		
\$	<u>17,673,000</u>	.....	2016
	<del>17,792,000</del>		
\$	<u>18,103,000</u>	.....	2017

The 2016 appropriation includes \$1,816,000 for 2015 and ~~\$15,838,000~~ \$15,857,000 for 2016.

The 2017 appropriation includes ~~\$1,759,000~~ \$1,761,000 for 2016 and ~~\$16,033,000~~ \$16,342,000 for 2017.

Sec. 5. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 9, is amended to read:

Subd. 9. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

	<del>5,420,000</del>		
\$	<u>5,922,000</u>	.....	2016
	<del>4,405,000</del>		
\$	<u>4,262,000</u>	.....	2017

The 2016 appropriation includes \$574,000 for 2015 and ~~\$4,846,000~~ \$5,348,000 for 2016.

The 2017 appropriation includes ~~\$538,000~~ \$517,000 for 2016 and ~~\$3,867,000~~ \$3,745,000 for 2017.

## B. EDUCATION EXCELLENCE

Sec. 6. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 4, is amended to read:

Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

	<del>44,552,000</del>		
\$	<u>44,538,000</u>	.....	2016
	<del>45,508,000</del>		
\$	<u>45,855,000</u>	.....	2017

The 2016 appropriation includes \$4,683,000 for 2015 and ~~\$39,869,000~~ \$39,855,000 for 2016.

The 2017 appropriation includes ~~\$4,429,000~~ \$4,428,000 for 2016 and ~~\$41,079,000~~ \$41,427,000 for 2017.

Sec. 7. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 5, is amended to read:

Subd. 5. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

	<del>15,023,000</del>		
\$	<u>14,423,000</u>	.....	2016
	<del>15,825,000</del>		
\$	<u>15,193,000</u>	.....	2017

Sec. 8. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 7, is amended to read:

Subd. 7. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

	<del>4,340,000</del>		
\$	<u>3,539,000</u>	.....	2016
	<del>5,090,000</del>		
\$	<u>3,715,000</u>	.....	2017

The 2016 appropriation includes \$204,000 for 2015 and ~~\$4,136,000~~ \$3,335,000 for 2016.

The 2017 appropriation includes ~~\$459,000~~ \$370,000 for 2016 and ~~\$4,631,000~~ \$3,345,000 for 2017.

Sec. 9. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 11, is amended to read:

Subd. 11. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

	<del>7,868,000</del>		
\$	<u>7,740,000</u>	.....	2016
	<del>8,875,000</del>		
\$	<u>8,878,000</u>	.....	2017

The 2016 appropriation includes \$0 for 2015 and ~~\$7,868,000~~ \$7,740,000 for 2016.

The 2017 appropriation includes ~~\$874,000~~ \$860,000 for 2016 and ~~\$8,001,000~~ \$8,018,000 for 2017.

### C. SPECIAL PROGRAMS

Sec. 10. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 3, is amended to read:

Subd. 3. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

	<del>361,000</del>		
\$	<u>416,000</u>	.....	2016
	<del>371,000</del>		
\$	<u>435,000</u>	.....	2017



The 2016 appropriation includes \$35,000 for 2015 and ~~\$326,000~~ \$381,000 for 2016.

The 2017 appropriation includes ~~\$36,000~~ \$42,000 for 2016 and ~~\$335,000~~ \$393,000 for 2017.

Sec. 11. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 5, is amended to read:

Subd. 5. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

	<del>1,406,000</del>		
\$	<u>1,307,000</u>	.....	2016
	<del>1,629,000</del>		
\$	<u>1,516,000</u>	.....	2017

If the appropriation for either year is insufficient, the appropriation for the other year is available.

#### D. FACILITIES AND TECHNOLOGY

Sec. 12. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 3, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$	20,349,000	.....	2016
	<del>22,171,000</del>		
\$	<u>22,926,000</u>	.....	2017

The 2016 appropriation includes \$2,295,000 for 2015 and \$18,054,000 for 2016.

The 2017 appropriation includes \$2,005,000 for 2016 and ~~\$20,166,000~~ \$20,921,000 for 2017.

Sec. 13. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 6, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

	<del>3,520,000</del>		
\$	<u>3,523,000</u>	.....	2016
\$	345,000	.....	2017

The 2016 appropriation includes \$409,000 for 2015 and ~~\$3,111,000~~ \$3,114,000 for 2016.

The 2017 appropriation includes \$345,000 for 2016 and \$0 for 2017.

Sec. 14. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 7, is amended to read:

Subd. 7. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

	<del>501,000</del>		
\$	<u>588,000</u>	.....	2016
	<del>48,000</del>		
\$	<u>57,000</u>	.....	2017

The 2016 appropriation includes \$66,000 for 2015 and ~~\$435,000~~ \$522,000 for 2016.

The 2017 appropriation includes ~~\$48,000~~ \$57,000 for 2016 and \$0 for 2017.

#### E. NUTRITION

Sec. 15. Laws 2015, First Special Session chapter 3, article 7, section 7, subdivision 4, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

	<del>942,000</del>		
\$	<u>788,000</u>	.....	2016
	<del>942,000</del>		
\$	<u>788,000</u>	.....	2017

#### F. EARLY CHILDHOOD EDUCATION, SELF-SUFFICIENCY, AND LIFELONG LEARNING

Sec. 16. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 5, is amended to read:

Subd. 5. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

	<del>28,444,000</del>		
\$	<u>27,948,000</u>	.....	2016
	<del>29,939,000</del>		
\$	<u>29,336,000</u>	.....	2017

The 2016 appropriation includes \$2,713,000 for 2015 and ~~\$25,731,000~~ \$25,235,000 for 2016.

The 2017 appropriation includes ~~\$2,858,000~~ \$2,803,000 for 2016 and ~~\$27,081,000~~ \$26,533,000 for 2017.

Sec. 17. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 6, is amended to read:

Subd. 6. **Developmental screening aid.** For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

	<del>3,363,000</del>		
\$	<u>3,477,000</u>	.....	2016

	<del>3,369,000</del>		
\$	<u>3,488,000</u>	.....	2017

The 2016 appropriation includes \$338,000 for 2015 and ~~\$3,025,000~~ \$3,139,000 for 2016.

The 2017 appropriation includes ~~\$336,000~~ \$348,000 for 2016 and ~~\$3,033,000~~ \$3,140,000 for 2017.

Sec. 18. Laws 2015, First Special Session chapter 3, article 10, section 3, subdivision 2, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

	<del>788,000</del>		
\$	<u>790,000</u>	.....	2016
	<del>554,000</del>		
\$	<u>553,000</u>	.....	2017

The 2016 appropriation includes \$107,000 for 2015 and ~~\$681,000~~ \$683,000 for 2016.

The 2017 appropriation includes \$75,000 for 2016 and ~~\$479,000~~ \$478,000 for 2017.

Sec. 19. Laws 2015, First Special Session chapter 3, article 11, section 3, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

	<del>49,118,000</del>		
\$	<u>48,231,000</u>	.....	2016
	<del>50,592,000</del>		
\$	<u>49,683,000</u>	.....	2017

The 2016 appropriation includes \$4,782,000 for 2015 and ~~\$44,336,000~~ \$43,449,000 for 2016.

The 2017 appropriation includes ~~\$4,926,000~~ \$4,827,000 for 2016 and ~~\$45,666,000~~ \$44,856,000 for 2017.

## ARTICLE 21

### CHILDREN AND FAMILIES

Section 1. Minnesota Statutes 2014, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. **Subsidy restrictions.** (a) Beginning ~~February 3, 2014~~ January 2, 2017, the maximum rate paid for child care assistance in any county or county price cluster under the child care fund shall be the ~~greater of the 25th percentile of the 2011 child care provider rate survey or the maximum rate effective November 28, 2011~~ rate for like-care arrangements effective February 3, 2014, increased by seven percent. The commissioner may: (1) assign a county with no reported provider prices to a similar price cluster; and (2) consider county level access when determining final price clusters.

(b) A rate which includes a special needs rate paid under subdivision 3 may be in excess of the maximum rate allowed under this subdivision.

(c) The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and disability care. The maximum payment to a provider for one day of care must not exceed the daily rate. The maximum payment to a provider for one week of care must not exceed the weekly rate.

(d) Child care providers receiving reimbursement under this chapter must not be paid activity fees or an additional amount above the maximum rates for care provided during nonstandard hours for families receiving assistance.

(e) When the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family co-payment fee.

(f) All maximum provider rates changes shall be implemented on the Monday following the effective date of the maximum provider rate.

(g) Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration fees in effect on January 1, 2013, shall remain in effect.

Sec. 2. Minnesota Statutes 2014, section 145.4716, subdivision 2, is amended to read:

Subd. 2. **Duties of director.** The director of child sex trafficking prevention is responsible for the following:

(1) developing and providing comprehensive training on sexual exploitation of youth for social service professionals, medical professionals, public health workers, and criminal justice professionals;

(2) collecting, organizing, maintaining, and disseminating information on sexual exploitation and services across the state, including maintaining a list of resources on the Department of Health Web site;

(3) monitoring and applying for federal funding for antitrafficking efforts that may benefit victims in the state;

(4) managing grant programs established under sections 145.4716 to 145.4718, and 609.3241, paragraph (c), clause (3);

(5) managing the request for proposals for grants for comprehensive services, including trauma-informed, culturally specific services;

(6) identifying best practices in serving sexually exploited youth, as defined in section 260C.007, subdivision 31;

(7) providing oversight of and technical support to regional navigators pursuant to section 145.4717;

(8) conducting a comprehensive evaluation of the statewide program for safe harbor of sexually exploited youth; and

(9) developing a policy consistent with the requirements of chapter 13 for sharing data related to sexually exploited youth, as defined in section 260C.007, subdivision 31, among regional navigators and community-based advocates.

Sec. 3. Minnesota Statutes 2014, section 145.4716, is amended by adding a subdivision to read:

Subd. 3. **Youth eligible for services.** Youth 24 years of age or younger shall be eligible for all services, support, and programs provided under this section and section 145.4717, and all shelter, housing beds, and services provided by the commissioner of human services to sexually exploited youth and youth at risk of sexual exploitation.

Sec. 4. Minnesota Statutes 2014, section 245A.10, subdivision 2, is amended to read:

Subd. 2. **County fees for background studies and licensing inspections.** (a) Before the implementation of NETStudy 2.0, for purposes of family and group family child care licensing under this chapter, a county agency may charge a fee to an applicant or license holder to recover the actual cost of background studies, but in any case not to exceed \$100 annually. A county agency may also charge a license fee to an applicant or license holder not to exceed \$50 for a one-year license or \$100 for a two-year license.

(b) Before the implementation of NETStudy 2.0, a county agency may charge a fee to a legal nonlicensed child care provider or applicant for authorization to recover the actual cost of background studies completed under section 119B.125, but in any case not to exceed \$100 annually.

(c) Counties may elect to reduce or waive the fees in paragraph (a) or (b):

- (1) in cases of financial hardship;
- (2) if the county has a shortage of providers in the county's area;
- (3) for new providers; or
- (4) for providers who have attained at least 16 hours of training before seeking initial licensure.

(d) Counties may allow providers to pay the applicant fees in paragraph (a) or (b) on an installment basis for up to one year. If the provider is receiving child care assistance payments from the state, the provider may have the fees under paragraph (a) or (b) deducted from the child care assistance payments for up to one year and the state shall reimburse the county for the county fees collected in this manner.

(e) For purposes of adult foster care and child foster care licensing, and licensing the physical plant of a community residential setting, under this chapter, a county agency may charge a fee to a corporate applicant or corporate license holder to recover the actual cost of licensing inspections, not to exceed \$500 annually.

(f) Counties may elect to reduce or waive the fees in paragraph (e) under the following circumstances:

- (1) in cases of financial hardship;
- (2) if the county has a shortage of providers in the county's area; or
- (3) for new providers.

Sec. 5. Minnesota Statutes 2014, section 245C.03, is amended by adding a subdivision to read:

Subd. 6a. **Nonlicensed child care programs.** Beginning October 1, 2017, the commissioner shall conduct background studies on any individual required under section 119B.125 to have a background study completed under this chapter.

Sec. 6. Minnesota Statutes 2014, section 245C.04, subdivision 1, is amended to read:

Subdivision 1. **Licensed programs.** (a) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, at least upon application for initial license for all license types.

(b) Effective October 1, 2017, the commissioner shall conduct a background study of an individual required to be studied specified under section 245C.03, subdivision 1, who is newly affiliated with the license holder. at reapplication for a license for family child care. From October 1, 2017, to September 30, 2019, the commissioner shall conduct a background study of individuals required to be studied under section 245C.03, at the time of reapplication for a family child care license.

(1) The individual shall provide information required under section 245C.05, subdivision 1, paragraphs (a), (b), and (d), to the county agency.

(2) The county agency shall provide the commissioner with the information received under clause (1) to complete the background study.

(3) The background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08.

(c) The commissioner is not required to conduct a study of an individual at the time of reapplication for a license if the individual's background study was completed by the commissioner of human services and the following conditions are met:

(1) a study of the individual was conducted either at the time of initial licensure or when the individual became affiliated with the license holder;

(2) the individual has been continuously affiliated with the license holder since the last study was conducted; and

(3) the last study of the individual was conducted on or after October 1, 1995.

(d) The commissioner of human services shall conduct a background study of an individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated with a child foster care license holder. The county or private agency shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1 and 5. The background study conducted by the commissioner of human services under this paragraph must include a review of the information required under section 245C.08, subdivisions 1, 3, and 4.

(e) The commissioner shall conduct a background study of an individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated with an adult foster care or family adult day services and effective October 1, 2017, with a family child care license holder or a legal nonlicensed child care provider authorized under chapter 119B: (1) the county shall collect and forward to the commissioner the information required under section 245C.05, subdivision 1, paragraphs (a) and (b), and subdivision 5, paragraphs (a) and (b), and (d), for background studies conducted by the commissioner for all family adult day services and for

adult foster care when the adult foster care license holder resides in the adult foster care residence, and for family child care and legal nonlicensed child care authorized under chapter 119B; (2) the license holder shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1, paragraphs (a) and (b); and 5, paragraphs (a) and (b), for background studies conducted by the commissioner for adult foster care when the license holder does not reside in the adult foster care residence; and (3) the background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08, subdivision 1, paragraph (a), and subdivisions 3 and 4.

(f) Applicants for licensure, license holders, and other entities as provided in this chapter must submit completed background study requests to the commissioner using the electronic system known as NETStudy before individuals specified in section 245C.03, subdivision 1, begin positions allowing direct contact in any licensed program.

(g) For an individual who is not on the entity's active roster, the entity must initiate a new background study through NETStudy when:

(1) an individual returns to a position requiring a background study following an absence of 120 or more consecutive days; or

(2) a program that discontinued providing licensed direct contact services for 120 or more consecutive days begins to provide direct contact licensed services again.

The license holder shall maintain a copy of the notification provided to the commissioner under this paragraph in the program's files. If the individual's disqualification was previously set aside for the license holder's program and the new background study results in no new information that indicates the individual may pose a risk of harm to persons receiving services from the license holder, the previous set-aside shall remain in effect.

(h) For purposes of this section, a physician licensed under chapter 147 is considered to be continuously affiliated upon the license holder's receipt from the commissioner of health or human services of the physician's background study results.

(i) For purposes of family child care, a substitute caregiver must receive repeat background studies at the time of each license renewal.

(j) A repeat background study at the time of license renewal is not required if the substitute caregiver's background study was completed by the commissioner on or after October 1, 2017, and the substitute caregiver is on the license holder's active roster in NETStudy 2.0.

Sec. 7. Minnesota Statutes 2014, section 245C.05, subdivision 2b, is amended to read:

Subd. 2b. **County agency to collect and forward information to commissioner.** (a) For background studies related to all family adult day services and to adult foster care when the adult foster care license holder resides in the adult foster care residence, the county agency must collect the information required under subdivision 1 and forward it to the commissioner.

(b) Effective October 1, 2017, for background studies related to family child care and legal nonlicensed child care authorized under chapter 119B, the county agency must collect the information required under subdivision 1 and provide it to the commissioner.

Sec. 8. Minnesota Statutes 2014, section 245C.05, subdivision 4, is amended to read:

Subd. 4. **Electronic transmission.** (a) For background studies conducted by the Department of Human Services, the commissioner shall implement a secure system for the electronic transmission of:

- (1) background study information to the commissioner;
- (2) background study results to the license holder;
- (3) background study results to county and private agencies for background studies conducted by the commissioner for child foster care; and
- (4) background study results to county agencies for background studies conducted by the commissioner for adult foster care and family adult day services and, effective October 1, 2017, family child care and legal nonlicensed child care authorized under chapter 119B.

(b) Unless the commissioner has granted a hardship variance under paragraph (c), a license holder or an applicant must use the electronic transmission system known as NETStudy or NETStudy 2.0 to submit all requests for background studies to the commissioner as required by this chapter.

(c) A license holder or applicant whose program is located in an area in which high-speed Internet is inaccessible may request the commissioner to grant a variance to the electronic transmission requirement.

Sec. 9. Minnesota Statutes 2014, section 245C.05, subdivision 7, is amended to read:

Subd. 7. **Probation officer and corrections agent.** (a) A probation officer or corrections agent shall notify the commissioner of an individual's conviction if the individual:

(1) has been affiliated with a program or facility regulated by the Department of Human Services or Department of Health, a facility serving children or youth licensed by the Department of Corrections, or any type of home care agency or provider of personal care assistance services within the preceding year; and

(2) has been convicted of a crime constituting a disqualification under section 245C.14.

(b) For the purpose of this subdivision, "conviction" has the meaning given it in section 609.02, subdivision 5.

(c) The commissioner, in consultation with the commissioner of corrections, shall develop forms and information necessary to implement this subdivision and shall provide the forms and information to the commissioner of corrections for distribution to local probation officers and corrections agents.

(d) The commissioner shall inform individuals subject to a background study that criminal convictions for disqualifying crimes ~~will~~ shall be reported to the commissioner by the corrections system.

(e) A probation officer, corrections agent, or corrections agency is not civilly or criminally liable for disclosing or failing to disclose the information required by this subdivision.

(f) Upon receipt of disqualifying information, the commissioner shall provide the notice required under section 245C.17, as appropriate, to agencies on record as having initiated a background study or making a request for documentation of the background study status of the individual.



(g) This subdivision does not apply to family child care programs for individuals whose background study was completed in NETStudy 2.0.

Sec. 10. Minnesota Statutes 2015 Supplement, section 245C.08, subdivision 1, is amended to read:

Subdivision 1. **Background studies conducted by Department of Human Services.** (a) For a background study conducted by the Department of Human Services, including background studies conducted effective October 1, 2017, on legal nonlicensed child care providers authorized under chapter 119B, the commissioner shall review:

(1) information related to names of substantiated perpetrators of maltreatment of vulnerable adults that has been received by the commissioner as required under section 626.557, subdivision 9c, paragraph (j);

(2) the commissioner's records relating to the maltreatment of minors in licensed programs, and from findings of maltreatment of minors as indicated through the social service information system;

(3) information from juvenile courts as required in subdivision 4 for individuals listed in section 245C.03, subdivision 1, paragraph (a), when there is reasonable cause;

(4) information from the Bureau of Criminal Apprehension, including information regarding a background study subject's registration in Minnesota as a predatory offender under section 243.166;

(5) except as provided in clause (6), information from the national crime information system when the commissioner has reasonable cause as defined under section 245C.05, subdivision 5, or as required under section 144.057, subdivision 1, clause (2); and

(6) for a background study related to a child foster care application for licensure, a transfer of permanent legal and physical custody of a child under sections 260C.503 to 260C.515, or adoptions, the commissioner shall also review:

(i) information from the child abuse and neglect registry for any state in which the background study subject has resided for the past five years; and

(ii) information from national crime information databases, when the background study subject is 18 years of age or older.

(b) Notwithstanding expungement by a court, the commissioner may consider information obtained under paragraph (a), clauses (3) and (4), unless the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner.

(c) The commissioner shall also review criminal case information received according to section 245C.04, subdivision 4a, from the Minnesota court information system that relates to individuals who have already been studied under this chapter and who remain affiliated with the agency that initiated the background study.

(d) When the commissioner has reasonable cause to believe that the identity of a background study subject is uncertain, the commissioner may require the subject to provide a set of classifiable fingerprints for purposes of completing a fingerprint-based record check with the Bureau of Criminal Apprehension. Fingerprints collected under this paragraph shall not be saved by the commissioner

after they have been used to verify the identity of the background study subject against the particular criminal record in question.

(e) The commissioner may inform the entity that initiated a background study under NETStudy 2.0 of the status of processing of the subject's fingerprints.

Sec. 11. Minnesota Statutes 2014, section 245C.08, subdivision 2, is amended to read:

Subd. 2. **Background studies conducted by a county agency for family child care.** (a) Prior to the implementation of NETStudy 2.0, for a background study studies conducted by a county agency for family child care services, including background studies conducted in connection with legal nonlicensed child care authorized under chapter 119B, the commissioner shall review:

(1) information from the county agency's record of substantiated maltreatment of adults and the maltreatment of minors;

(2) information from juvenile courts as required in subdivision 4 for:

(i) individuals listed in section 245C.03, subdivision 1, paragraph (a), who are ages 13 through 23 living in the household where the licensed services will be provided; and

(ii) any other individual listed under section 245C.03, subdivision 1, when there is reasonable cause; and

(3) information from the Bureau of Criminal Apprehension.

(b) If the individual has resided in the county for less than five years, the study shall include the records specified under paragraph (a) for the previous county or counties of residence for the past five years.

(c) Notwithstanding expungement by a court, the county agency may consider information obtained under paragraph (a), clause (3), unless the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner.

Sec. 12. Minnesota Statutes 2014, section 245C.08, subdivision 4, is amended to read:

Subd. 4. **Juvenile court records.** (a) For a background study conducted by the Department of Human Services, the commissioner shall review records from the juvenile courts for an individual studied under section 245C.03, subdivision 1, paragraph (a), when the commissioner has reasonable cause.

(b) For a background study conducted by a county agency for family child care prior to the implementation of NETStudy 2.0, the commissioner shall review records from the juvenile courts for individuals listed in section 245C.03, subdivision 1, who are ages 13 through 23 living in the household where the licensed services will be provided. The commissioner shall also review records from juvenile courts for any other individual listed under section 245C.03, subdivision 1, when the commissioner has reasonable cause.

(c) The juvenile courts shall help with the study by giving the commissioner existing juvenile court records relating to delinquency proceedings held on individuals described in section 245C.03, subdivision 1, paragraph (a), when requested pursuant to this subdivision.

(d) For purposes of this chapter, a finding that a delinquency petition is proven in juvenile court shall be considered a conviction in state district court.

(e) Juvenile courts shall provide orders of involuntary and voluntary termination of parental rights under section 260C.301 to the commissioner upon request for purposes of conducting a background study under this chapter.

Sec. 13. Minnesota Statutes 2014, section 245C.11, subdivision 3, is amended to read:

Subd. 3. **Criminal history data.** County agencies shall have access to the criminal history data in the same manner as county licensing agencies under this chapter for purposes of background studies completed prior to the implementation of NETStudy 2.0 by county agencies on legal nonlicensed child care providers to determine eligibility for child care funds under chapter 119B.

Sec. 14. Minnesota Statutes 2014, section 245C.17, subdivision 6, is amended to read:

Subd. 6. **Notice to county agency.** For studies on individuals related to a license to provide adult foster care and family adult day services and, effective October 1, 2017, family child care and legal nonlicensed child care authorized under chapter 119B, the commissioner shall also provide a notice of the background study results to the county agency that initiated the background study.

Sec. 15. Minnesota Statutes 2014, section 245C.23, subdivision 2, is amended to read:

Subd. 2. **Commissioner's notice of disqualification that is not set aside.** (a) The commissioner shall notify the license holder of the disqualification and order the license holder to immediately remove the individual from any position allowing direct contact with persons receiving services from the license holder if:

(1) the individual studied does not submit a timely request for reconsideration under section 245C.21;

(2) the individual submits a timely request for reconsideration, but the commissioner does not set aside the disqualification for that license holder under section 245C.22, unless the individual has a right to request a hearing under section 245C.27, 245C.28, or 256.045;

(3) an individual who has a right to request a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14 for a disqualification that has not been set aside, does not request a hearing within the specified time; or

(4) an individual submitted a timely request for a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14, but the commissioner does not set aside the disqualification under section 245A.08, subdivision 5, or 256.045.

(b) If the commissioner does not set aside the disqualification under section 245C.22, and the license holder was previously ordered under section 245C.17 to immediately remove the disqualified individual from direct contact with persons receiving services or to ensure that the individual is under continuous, direct supervision when providing direct contact services, the order remains in effect pending the outcome of a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14.

(c) If the commissioner does not set aside the disqualification under section 245C.22, and the license holder was not previously ordered under section 245C.17 to immediately remove the disqualified individual from direct contact with persons receiving services or to ensure that the individual is under continuous direct supervision when providing direct contact services, the commissioner shall order the individual to remain under continuous direct supervision pending the outcome of a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14.

(d) For background studies related to child foster care, the commissioner shall also notify the county or private agency that initiated the study of the results of the reconsideration.

(e) For background studies related to family child care, adult foster care, and family adult day services, the commissioner shall also notify the county that initiated the study of the results of the reconsideration.

Sec. 16. Minnesota Statutes 2015 Supplement, section 256M.41, subdivision 3, is amended to read:

Subd. 3. **Payments based on performance.** (a) The commissioner shall make payments under this section to each county board on a calendar year basis in an amount determined under paragraph (b).

(b) Calendar year allocations under subdivision 1 shall be paid to counties in the following manner:

(1) 80 percent of the allocation as determined in subdivision 1 must be paid to counties on or before July 10 of each year;

(2) ten percent of the allocation shall be withheld until the commissioner determines if the county has met the performance outcome threshold of 90 percent based on face-to-face contact with alleged child victims. In order to receive the performance allocation, the county child protection workers must have a timely face-to-face contact with at least 90 percent of all alleged child victims of screened-in maltreatment reports. The standard requires that each initial face-to-face contact occur consistent with timelines defined in section 626.556, subdivision 10, paragraph (i). The commissioner shall make threshold determinations in ~~January~~ February of each year and payments to counties meeting the performance outcome threshold shall occur in ~~February~~ March of each year. Any withheld funds from this appropriation for counties that do not meet this requirement shall be reallocated by the commissioner to those counties meeting the requirement; and

(3) ten percent of the allocation shall be withheld until the commissioner determines that the county has met the performance outcome threshold of 90 percent based on face-to-face visits by the case manager. In order to receive the performance allocation, the total number of visits made by caseworkers on a monthly basis to children in foster care ~~and children receiving child protection services while residing in their home~~ must be at least 90 percent of the total number of such visits that would occur if every child were visited once per month. The commissioner shall make such determinations in ~~January~~ February of each year and payments to counties meeting the performance outcome threshold shall occur in ~~February~~ March of each year. Any withheld funds from this appropriation for counties that do not meet this requirement shall be reallocated by the commissioner to those counties meeting the requirement. ~~For 2015, the commissioner shall only apply the standard for monthly foster care visits.~~

(c) The commissioner shall work with stakeholders and the Human Services Performance Council under section 402A.16 to develop recommendations for specific outcome measures that counties should meet in order to receive funds withheld under paragraph (b), and include in those recommendations a determination as to whether the performance measures under paragraph (b) should be modified or phased out. The commissioner shall report the recommendations to the legislative committees having jurisdiction over child protection issues by January 1, 2018.

**EFFECTIVE DATE.** This section is effective July 1, 2016, for allocations made in fiscal year 2017 using calendar year 2016 data.

Sec. 17. Minnesota Statutes 2014, section 256N.26, subdivision 3, is amended to read:

Subd. 3. **Basic monthly rate.** From ~~January 1, 2015~~ July 1, 2016, to June 30, ~~2016~~ 2017, the basic monthly rate must be according to the following schedule:

Ages 0-5	<del>\$565</del> <u>\$650</u> per month
Ages 6-12	<del>\$670</del> <u>\$770</u> per month
Ages 13 and older	<del>\$790</del> <u>\$910</u> per month

Sec. 18. Minnesota Statutes 2015 Supplement, section 256P.06, subdivision 3, is amended to read:

Subd. 3. **Income inclusions.** The following must be included in determining the income of an assistance unit:

- (1) earned income; and
- (2) unearned income, which includes:
  - (i) interest and dividends from investments and savings;
  - (ii) capital gains as defined by the Internal Revenue Service from any sale of real property;
  - (iii) proceeds from rent and contract for deed payments in excess of the principal and interest portion owed on property;
  - (iv) income from trusts, excluding special needs and supplemental needs trusts;
  - (v) interest income from loans made by the participant or household;
  - (vi) cash prizes and winnings;
  - (vii) unemployment insurance income;
  - (viii) retirement, survivors, and disability insurance payments;
  - (ix) nonrecurring income over \$60 per quarter unless earmarked and used for the purpose for which it is intended. Income and use of this income is subject to verification requirements under section 256P.04;
  - (x) retirement benefits;
  - (xi) cash assistance benefits, as defined by each program in chapters 119B, 256D, 256I, and 256J;
  - (xii) tribal per capita payments unless excluded by federal and state law;
  - (xiii) income and payments from service and rehabilitation programs that meet or exceed the state's minimum wage rate;
  - (xiv) income from members of the United States armed forces unless excluded from income taxes according to federal or state law;
  - (xv) all child support payments for programs under chapters 119B, 256D, and 256I;

(xvi) the amount of ~~current~~ child support received that exceeds \$100 for assistance units with one child and \$200 for assistance units with two or more children for programs under chapter 256J; and

(xvii) spousal support.

Sec. 19. **260C.125] CASE TRANSFER PROCESS.**

Subdivision 1. **Purpose.** This section pertains to the transfer of responsibility for the placement and care of an Indian child in out-of-home placement from the responsible social services agency to a tribal title IV-E agency or an Indian tribe in and outside of Minnesota with a title IV-E agreement.

Subd. 2. **Establishment of transfer procedures.** The responsible social services agency shall establish and maintain procedures, in consultation with Indian tribes, for the transfer of responsibility for placement and care of a child to a tribal agency. Transfer of a child's case under this section shall not affect the child's title IV-E and Medicaid eligibility.

Subd. 3. **Title IV-E eligibility.** If a child's title IV-E eligibility has not been determined by the responsible social services agency by the time of transfer, it shall be established at the time of the transfer by the responsible social services agency.

Subd. 4. **Documentation and information.** Essential documents and information shall be transferred to a tribal agency, including but not limited to:

(1) district court judicial determinations to the effect that continuation in the home from which the child was removed would be contrary to the welfare of the child and that reasonable efforts were made to ensure placement prevention and family reunification pursuant to section 260.012;

(2) documentation related to the child's permanency proceeding under sections 260C.503 to 260C.521;

(3) documentation from the responsible social services agency related to the child's title IV-E eligibility;

(4) documentation regarding the child's eligibility or potential eligibility for other federal benefits;

(5) the child's case plan, developed pursuant to the Social Security Act, United States Code, title 42, sections 675(1) and 675a, including health and education records of the child pursuant to the Social Security Act, United States Code, title 42, section 675(1)(c); and section 260C.212, subdivision 1, and information; and

(6) documentation of the child's placement setting, including a copy of the most recent provider's license.

Sec. 20. Minnesota Statutes 2015 Supplement, section 260C.203, is amended to read:

**260C.203 ADMINISTRATIVE OR COURT REVIEW OF PLACEMENTS.**

(a) Unless the court is conducting the reviews required under section 260C.202, there shall be an administrative review of the out-of-home placement plan of each child placed in foster care no later than 180 days after the initial placement of the child in foster care and at least every six months thereafter if the child is not returned to the home of the parent or parents within that time. The out-of-home placement plan must be monitored and updated at each administrative review.

The administrative review shall be conducted by the responsible social services agency using a panel of appropriate persons at least one of whom is not responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review. The administrative review shall be open to participation by the parent or guardian of the child and the child, as appropriate.

(b) As an alternative to the administrative review required in paragraph (a), the court may, as part of any hearing required under the Minnesota Rules of Juvenile Protection Procedure, conduct a hearing to monitor and update the out-of-home placement plan pursuant to the procedure and standard in section 260C.201, subdivision 6, paragraph (d). The party requesting review of the out-of-home placement plan shall give parties to the proceeding notice of the request to review and update the out-of-home placement plan. A court review conducted pursuant to section 260C.141, subdivision 2; 260C.193; 260C.201, subdivision 1; 260C.202; 260C.204; 260C.317; or 260D.06 shall satisfy the requirement for the review so long as the other requirements of this section are met.

(c) As appropriate to the stage of the proceedings and relevant court orders, the responsible social services agency or the court shall review:

- (1) the safety, permanency needs, and well-being of the child;
- (2) the continuing necessity for and appropriateness of the placement;
- (3) the extent of compliance with the out-of-home placement plan;
- (4) the extent of progress that has been made toward alleviating or mitigating the causes necessitating placement in foster care;
- (5) the projected date by which the child may be returned to and safely maintained in the home or placed permanently away from the care of the parent or parents or guardian; and
- (6) the appropriateness of the services provided to the child.

(d) When a child is age 14 or older;

(1) in addition to any administrative review conducted by the responsible social services agency, at the in-court review required under section 260C.317, subdivision 3, clause (3), or 260C.515, subdivision 5 or 6, the court shall review the independent living plan required under section 260C.212, subdivision 1, paragraph (c), clause (12), and the provision of services to the child related to the well-being of the child as the child prepares to leave foster care. The review shall include the actual plans related to each item in the plan necessary to the child's future safety and well-being when the child is no longer in foster care; and

~~(e) At the court review required under paragraph (d) for a child age 14 or older, the following procedures apply:~~

~~(1) six months before the child is expected to be discharged from foster care, the responsible social services agency shall give the written notice required under section 260C.451, subdivision 1, regarding the right to continued access to services for certain children in foster care past age 18 and of the right to appeal a denial of social services under section 256.045. The agency shall file a copy of the notice, including the right to appeal a denial of social services, with the court. If the agency does not file the notice by the time the child is age 17-1/2, the court shall require the agency to give it;~~

(2) consistent with the requirements of the independent living plan, the court shall review progress toward or accomplishment of the following goals:

- (i) the child has obtained a high school diploma or its equivalent;
- (ii) the child has completed a driver's education course or has demonstrated the ability to use public transportation in the child's community;
- (iii) the child is employed or enrolled in postsecondary education;
- (iv) the child has applied for and obtained postsecondary education financial aid for which the child is eligible;
- (v) the child has health care coverage and health care providers to meet the child's physical and mental health needs;
- (vi) the child has applied for and obtained disability income assistance for which the child is eligible;
- (vii) the child has obtained affordable housing with necessary supports, which does not include a homeless shelter;
- (viii) the child has saved sufficient funds to pay for the first month's rent and a damage deposit;
- (ix) the child has an alternative affordable housing plan, which does not include a homeless shelter, if the original housing plan is unworkable;
- (x) the child, if male, has registered for the Selective Service; and
- (xi) the child has a permanent connection to a caring adult; and.

(3) the court shall ensure that the responsible agency in conjunction with the placement provider assists the child in obtaining the following documents prior to the child's leaving foster care: a Social Security card; the child's birth certificate; a state identification card or driver's license, tribal enrollment identification card, green card, or school visa; the child's school, medical, and dental records; a contact list of the child's medical, dental, and mental health providers; and contact information for the child's siblings, if the siblings are in foster care.

(f) For a child who will be discharged from foster care at age 18 or older, the responsible social services agency is required to develop a personalized transition plan as directed by the youth. The transition plan must be developed during the 90-day period immediately prior to the expected date of discharge. The transition plan must be as detailed as the child may elect and include specific options on housing, health insurance, education, local opportunities for mentors and continuing support services, and work force supports and employment services. The agency shall ensure that the youth receives, at no cost to the youth, a copy of the youth's consumer credit report as defined in section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report. The plan must include information on the importance of designating another individual to make health care treatment decisions on behalf of the child if the child becomes unable to participate in these decisions and the child does not have, or does not want, a relative who would otherwise be authorized to make these decisions. The plan must provide the child with the option to execute a health care directive as provided under chapter 145C. The agency shall also provide the youth with appropriate contact information if the youth needs more information or needs help dealing with a crisis situation through age 21.



Sec. 21. Minnesota Statutes 2015 Supplement, section 260C.212, subdivision 1, is amended to read:

Subdivision 1. **Out-of-home placement; plan.** (a) An out-of-home placement plan shall be prepared within 30 days after any child is placed in foster care by court order or a voluntary placement agreement between the responsible social services agency and the child's parent pursuant to section 260C.227 or chapter 260D.

(b) An out-of-home placement plan means a written document which is prepared by the responsible social services agency jointly with the parent or parents or guardian of the child and in consultation with the child's guardian ad litem, the child's tribe, if the child is an Indian child, the child's foster parent or representative of the foster care facility, and, where appropriate, the child. When a child is age 14 or older, the child may include two other individuals on the team preparing the child's out-of-home placement plan. The child may select one member of the case planning team to be designated as the child's advisor and to advocate with respect to the application of the reasonable and prudent parenting standards. The responsible social services agency may reject an individual selected by the child if the agency has good cause to believe that the individual would not act in the best interest of the child. For a child in voluntary foster care for treatment under chapter 260D, preparation of the out-of-home placement plan shall additionally include the child's mental health treatment provider. For a child 18 years of age or older, the responsible social services agency shall involve the child and the child's parents as appropriate. As appropriate, the plan shall be:

- (1) submitted to the court for approval under section 260C.178, subdivision 7;
  - (2) ordered by the court, either as presented or modified after hearing, under section 260C.178, subdivision 7, or 260C.201, subdivision 6; and
  - (3) signed by the parent or parents or guardian of the child, the child's guardian ad litem, a representative of the child's tribe, the responsible social services agency, and, if possible, the child.
- (c) The out-of-home placement plan shall be explained to all persons involved in its implementation, including the child who has signed the plan, and shall set forth:

(1) a description of the foster care home or facility selected, including how the out-of-home placement plan is designed to achieve a safe placement for the child in the least restrictive, most family-like, setting available which is in close proximity to the home of the parent or parents or guardian of the child when the case plan goal is reunification, and how the placement is consistent with the best interests and special needs of the child according to the factors under subdivision 2, paragraph (b);

(2) the specific reasons for the placement of the child in foster care, and when reunification is the plan, a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from home and the changes the parent or parents must make ~~in~~ order for the child to safely return home;

(3) a description of the services offered and provided to prevent removal of the child from the home and to reunify the family including:

(i) the specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (2), and the time period during which the actions are to be taken; and

(ii) the reasonable efforts, or in the case of an Indian child, active efforts to be made to achieve a safe and stable home for the child including social and other supportive services to be provided or offered to the parent or parents or guardian of the child, the child, and the residential facility during the period the child is in the residential facility;

(4) a description of any services or resources that were requested by the child or the child's parent, guardian, foster parent, or custodian since the date of the child's placement in the residential facility, and whether those services or resources were provided and if not, the basis for the denial of the services or resources;

(5) the visitation plan for the parent or parents or guardian, other relatives as defined in section 260C.007, subdivision 26b or 27, and siblings of the child if the siblings are not placed together in foster care, and whether visitation is consistent with the best interest of the child, during the period the child is in foster care;

(6) when a child cannot return to or be in the care of either parent, documentation of steps to finalize adoption as the permanency plan for the child through reasonable efforts to place the child for adoption. At a minimum, the documentation must include consideration of whether adoption is in the best interests of the child, child-specific recruitment efforts such as relative search and the use of state, regional, and national adoption exchanges to facilitate orderly and timely placements in and outside of the state. A copy of this documentation shall be provided to the court in the review required under section 260C.317, subdivision 3, paragraph (b);

(7) when a child cannot return to or be in the care of either parent, documentation of steps to finalize the transfer of permanent legal and physical custody to a relative as the permanency plan for the child. This documentation must support the requirements of the kinship placement agreement under section 256N.22 and must include the reasonable efforts used to determine that it is not appropriate for the child to return home or be adopted, and reasons why permanent placement with a relative through a Northstar kinship assistance arrangement is in the child's best interest; how the child meets the eligibility requirements for Northstar kinship assistance payments; agency efforts to discuss adoption with the child's relative foster parent and reasons why the relative foster parent chose not to pursue adoption, if applicable; and agency efforts to discuss with the child's parent or parents the permanent transfer of permanent legal and physical custody or the reasons why these efforts were not made;

(8) efforts to ensure the child's educational stability while in foster care, including for a child who attained the minimum age for compulsory school attendance under state law and is enrolled full time in elementary or secondary school, or instructed in elementary or secondary education at home, or instructed in an independent study elementary or secondary program, or incapable of attending school on a full-time basis due to a medical condition that is documented and supported by regularly updated information in the child's case plan. Educational stability efforts include:

(i) efforts to ensure that the child remains in the same school in which the child was enrolled prior to placement or upon the child's move from one placement to another, including efforts to work with the local education authorities to ensure the child's educational stability and attendance; or

(ii) if it is not in the child's best interest to remain in the same school that the child was enrolled in prior to placement or move from one placement to another, efforts to ensure immediate and appropriate enrollment for the child in a new school;

(9) the educational records of the child including the most recent information available regarding:

(i) the names and addresses of the child's educational providers;

(ii) the child's grade level performance;

(iii) the child's school record;

(iv) a statement about how the child's placement in foster care takes into account proximity to the school in which the child is enrolled at the time of placement; and

(v) any other relevant educational information;

(10) the efforts by the local responsible social services agency to ensure the oversight and continuity of health care services for the foster child, including:

(i) the plan to schedule the child's initial health screens;

(ii) how the child's known medical problems and identified needs from the screens, including any known communicable diseases, as defined in section 144.4172, subdivision 2, ~~will~~ shall be monitored and treated while the child is in foster care;

(iii) how the child's medical information ~~will~~ shall be updated and shared, including the child's immunizations;

(iv) who is responsible to coordinate and respond to the child's health care needs, including the role of the parent, the agency, and the foster parent;

(v) who is responsible for oversight of the child's prescription medications;

(vi) how physicians or other appropriate medical and nonmedical professionals ~~will~~ shall be consulted and involved in assessing the health and well-being of the child and determine the appropriate medical treatment for the child; and

(vii) the responsibility to ensure that the child has access to medical care through either medical insurance or medical assistance;

(11) the health records of the child including information available regarding:

(i) the names and addresses of the child's health care and dental care providers;

(ii) a record of the child's immunizations;

(iii) the child's known medical problems, including any known communicable diseases as defined in section 144.4172, subdivision 2;

(iv) the child's medications; and

(v) any other relevant health care information such as the child's eligibility for medical insurance or medical assistance;

(12) an independent living plan for a child age 14 years of age or older, developed in consultation with the child. The child may select one member of the case planning team to be designated as the child's advisor and to advocate with respect to the application of the reasonable and prudent parenting standards in subdivision 14. The plan should include, but not be limited to, the following objectives:

- (i) educational, vocational, or employment planning;
- (ii) health care planning and medical coverage;
- (iii) transportation including, where appropriate, assisting the child in obtaining a driver's license;
- (iv) money management, including the responsibility of the responsible social services agency to ensure that the youth child annually receives, at no cost to the youth child, a consumer report as defined under section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report;
- (v) planning for housing;
- (vi) social and recreational skills;
- (vii) establishing and maintaining connections with the child's family and community; and
- (viii) regular opportunities to engage in age-appropriate or developmentally appropriate activities typical for the child's age group, taking into consideration the capacities of the individual child; ~~and~~

(13) for a child in voluntary foster care for treatment under chapter 260D, diagnostic and assessment information, specific services relating to meeting the mental health care needs of the child, and treatment outcomes; and

(14) for a child 14 years of age or older, a signed acknowledgment that describes the child's rights regarding education, health care, visitation, safety and protection from exploitation, and court participation; receipt of the documents identified in section 260C.451; and receipt of an annual credit report. The acknowledgment shall state that the rights were explained in an age-appropriate manner to the child.

(d) The parent or parents or guardian and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social services agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved or approved or ordered by the court, the foster parents shall be fully informed of the provisions of the case plan and shall be provided a copy of the plan.

Upon discharge from foster care, the parent, adoptive parent, or permanent legal and physical custodian, as appropriate, and the child, if appropriate, must be provided with a current copy of the child's health and education record.

Sec. 22. Minnesota Statutes 2015 Supplement, section 260C.212, subdivision 14, is amended to read:

Subd. 14. **Support age-appropriate and developmentally appropriate activities for foster children.** (a) Responsible social services agencies and licensed child-placing agencies shall support a foster child's emotional and developmental growth by permitting the child to participate in activities or events that are generally accepted as suitable for children of the same chronological age or are developmentally appropriate for the child. "Developmentally appropriate" means based on a child's cognitive, emotional, physical, and behavioral capacities that are typical for an age or age group. Foster parents and residential facility staff are permitted to allow foster children to participate in extracurricular, social, or cultural activities that are typical for the child's age by applying reasonable and prudent parenting standards.

(b) "Reasonable and prudent parenting" means the standards are characterized by careful and sensible parenting decisions that maintain the child's health and safety, cultural, religious, and are made in the child's tribal values, and best interest interests while encouraging the child's emotional and developmental growth.

(c) The commissioner shall provide guidance about the childhood activities and factors a foster parent and authorized residential facility staff must consider when applying the reasonable and prudent parenting standards. The factors must include the:

- (1) child's age, maturity, and developmental level;
- (2) risk of activity;
- (3) best interests of the child;
- (4) importance of the experience in the child's emotional and developmental growth;
- (5) importance of a family-like experience;
- (6) behavioral history of the child; and
- (7) wishes of the child's parent or legal guardian, as appropriate.

(d) A residential facility licensed under Minnesota Rules, chapter 2960, must have at least one onsite staff person who is trained on the standards according to section 260C.215, subdivision 4, and authorized to apply the reasonable and prudent parenting standards to decisions involving the approval of a foster child's participation in age and developmentally appropriate extracurricular, social, or cultural activities. The onsite staff person referenced in this paragraph is not required to be available 24 hours per day.

(e) The foster parent or designated staff at residential facilities demonstrating compliance with the reasonable and prudent parenting standards shall not incur civil liability if a foster child is harmed or injured because of participating in approved extracurricular, enrichment, cultural, and social activities.

Sec. 23. Minnesota Statutes 2015 Supplement, section 260C.215, subdivision 4, is amended to read:

Subd. 4. **Duties of commissioner.** The commissioner of human services shall:

(1) provide practice guidance to responsible social services agencies and licensed child-placing agencies that reflect federal and state laws and policy direction on placement of children;

(2) develop criteria for determining whether a prospective adoptive or foster family has the ability to understand and validate the child's cultural background;

(3) provide a standardized training curriculum for adoption and foster care workers and administrators who work with children. Training must address the following objectives:

(i) developing and maintaining sensitivity to all cultures;

(ii) assessing values and their cultural implications;

(iii) making individualized placement decisions that advance the best interests of a particular child under section 260C.212, subdivision 2; and

(iv) issues related to cross-cultural placement;

(4) provide a training curriculum for all prospective adoptive and foster families that prepares them to care for the needs of adoptive and foster children taking into consideration the needs of children outlined in section 260C.212, subdivision 2, paragraph (b), and, as necessary, preparation is continued after placement of the child and includes the knowledge and skills related to reasonable and prudent parenting standards for the participation of the child in age or developmentally appropriate activities, according to section 260C.212, subdivision 14;

(5) develop and provide to responsible social services agencies and licensed child-placing agencies a home study format to assess the capacities and needs of prospective adoptive and foster families. The format must address problem-solving skills; parenting skills; evaluate the degree to which the prospective family has the ability to understand and validate the child's cultural background, and other issues needed to provide sufficient information for agencies to make an individualized placement decision consistent with section 260C.212, subdivision 2. For a study of a prospective foster parent, the format must also address the capacity of the prospective foster parent to provide a safe, healthy, smoke-free home environment. If a prospective adoptive parent has also been a foster parent, any update necessary to a home study for the purpose of adoption may be completed by the licensing authority responsible for the foster parent's license. If a prospective adoptive parent with an approved adoptive home study also applies for a foster care license, the license application may be made with the same agency which provided the adoptive home study; and

(6) consult with representatives reflecting diverse populations from the councils established under sections 3.922 and 15.0145, and other state, local, and community organizations.

Sec. 24. Minnesota Statutes 2015 Supplement, section 260C.451, subdivision 6, is amended to read:

Subd. 6. **Reentering foster care and accessing services after age 18 years of age and up to 21 years of age.** (a) Upon request of an individual ~~between the ages of 18 and 21~~ who had been under the guardianship of the commissioner and who has left foster care without being adopted, the responsible social services agency which had been the commissioner's agent for purposes of the guardianship shall develop with the individual a plan to increase the individual's ability to live safely and independently using the plan requirements of section 260C.212, subdivision 1, paragraph (c), clause (12), and to assist the individual to meet one or more of the eligibility criteria in subdivision

4 if the individual wants to reenter foster care. The responsible social services agency shall provide foster care as required to implement the plan. The responsible social services agency shall enter into a voluntary placement agreement under section 260C.229 with the individual if the plan includes foster care.

(b) Individuals who had not been under the guardianship of the commissioner of human services prior to 18 years of age ~~18 and are between the ages of 18 and 21~~ may ask to reenter foster care after age 18 and, to the extent funds are available, the responsible social services agency that had responsibility for planning for the individual before discharge from foster care may provide foster care or other services to the individual for the purpose of increasing the individual's ability to live safely and independently and to meet the eligibility criteria in subdivision 3a, if the individual:

(1) was in foster care for the six consecutive months prior to the person's 18th birthday and was not discharged home, adopted, or received into a relative's home under a transfer of permanent legal and physical custody under section 260C.515, subdivision 4; or

(2) was discharged from foster care while on runaway status after age 15.

(c) In conjunction with a qualifying and eligible individual under paragraph (b) and other appropriate persons, the responsible social services agency shall develop a specific plan related to that individual's vocational, educational, social, or maturational needs and, to the extent funds are available, provide foster care as required to implement the plan. The responsible social services agency shall enter into a voluntary placement agreement with the individual if the plan includes foster care.

(d) ~~Youth~~ A child who left foster care while under guardianship of the commissioner of human services ~~retain~~ retains eligibility for foster care for placement at any time ~~between the ages of 18 and~~ prior to 21 years of age.

Sec. 25. Minnesota Statutes 2014, section 260C.451, is amended by adding a subdivision to read:

**Subd. 9. Administrative or court review of placements.** (a) The court shall conduct reviews at least annually to ensure the responsible social services agency is making reasonable efforts to finalize the permanency plan for the child.

(b) The court shall find that the responsible social services agency is making reasonable efforts to finalize the permanency plan for the child when the responsible social services agency:

(1) provides appropriate support to the child and foster care provider to ensure continuing stability and success in placement;

(2) works with the child to plan for transition to adulthood and assists the child in demonstrating progress in achieving related goals;

(3) works with the child to plan for independent living skills and assists the child in demonstrating progress in achieving independent living goals; and

(4) prepares the child for independence according to sections 260C.203, paragraph (d), and 260C.452, subdivision 4.

(c) The responsible social services agency must ensure that an administrative review that meets the requirements of this section and section 260C.203 is completed at least six months after each of the court's annual reviews.

Sec. 26. [260C.452] SUCCESSFUL TRANSITION TO ADULTHOOD.

Subdivision 1. **Scope.** This section pertains to a child who is under the guardianship of the commissioner of human services, or who has a permanency disposition of permanent custody to the agency, or who will leave foster care at 18 to 21 years of age.

Subd. 2. **Independent living plan.** When the child is 14 years of age or older, the responsible social services agency, in consultation with the child, shall complete the independent living plan according to section 260C.212, subdivision 1, paragraph (c), clause (12).

Subd. 3. **Notification.** Six months before the child is expected to be discharged from foster care, the responsible social services agency shall provide written notice to the child regarding the right to continued access to services for certain children in foster care past 18 years of age and of the right to appeal a denial of social services under section 256.045.

Subd. 4. **Administrative or court review of placements.** (a) When the child is 14 years of age or older, the court, in consultation with the child, shall review the independent living plan according to section 260C.203, paragraph (d).

(b) The responsible social services agency shall file a copy of the notification required in subdivision 3 with the court. If the responsible social services agency does not file the notice by the time the child is 17-1/2 years of age, the court shall require the responsible social services agency to file the notice.

(c) The court shall ensure that the responsible social services agency assists the child in obtaining the following documents before the child leaves foster care: a Social Security card; an official or certified copy of the child's birth certificate; a state identification card or driver's license, tribal enrollment identification card, green card, or school visa; health insurance information; the child's school, medical, and dental records; a contact list of the child's medical, dental, and mental health providers; and contact information for the child's siblings, if the siblings are in foster care.

(d) For a child who will be discharged from foster care at 18 years of age or older, the responsible social services agency must develop a personalized transition plan as directed by the child during the 90-day period immediately prior to the expected date of discharge. The transition plan must be as detailed as the child elects and include specific options, including but not limited to:

- (1) affordable housing with necessary supports that does not include a homeless shelter;
- (2) health insurance, including eligibility for medical assistance as defined in section 256B.055, subdivision 17;
- (3) education, including application to the Education and Training Voucher Program;
- (4) local opportunities for mentors and continuing support services, including the Healthy Transitions and Homeless Prevention program, if available;
- (5) workforce supports and employment services;
- (6) a copy of the child's consumer credit report as defined in section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report, at no cost to the child;



(7) information on executing a health care directive under chapter 145C and on the importance of designating another individual to make health care decisions on behalf of the child if the child becomes unable to participate in decisions; and

(8) appropriate contact information through 21 years of age if the child needs information or help dealing with a crisis situation.

Subd. 5. **Notice of termination of foster care.** (a) When a child leaves foster care at 18 years of age or older, the responsible social services agency shall give the child written notice that foster care shall terminate 30 days from the date the notice is sent.

(b) The child or the child's guardian ad litem may file a motion asking the court to review the responsible social services agency's determination within 15 days of receiving the notice. The child shall not be discharged from foster care until the motion is heard. The responsible social services agency shall work with the child to transition out of foster care.

(c) The written notice of termination of benefits shall be on a form prescribed by the commissioner and shall give notice of the right to have the responsible social services agency's determination reviewed by the court under this section or sections 260C.203, 260C.317, and 260C.515, subdivision 5 or 6. A copy of the termination notice shall be sent to the child and the child's attorney, if any, the foster care provider, the child's guardian ad litem, and the court. The responsible social services agency is not responsible for paying foster care benefits for any period of time after the child leaves foster care.

Sec. 27. Minnesota Statutes 2015 Supplement, section 260C.521, subdivision 1, is amended to read:

Subdivision 1. **Child in permanent custody of responsible social services agency.** (a) Court reviews of an order for permanent custody to the responsible social services agency for placement of the child in foster care must be conducted at least yearly at an in-court appearance hearing.

(b) The purpose of the review hearing is to ensure:

(1) the responsible social services agency made intensive, ongoing, and, as of the date of the hearing, unsuccessful efforts to return the child home or secure a placement for the child with a fit and willing relative, custodian, or adoptive parent, and an order for permanent custody to the responsible social services agency for placement of the child in foster care continues to be in the best interests of the child and that no other permanency disposition order is in the best interests of the child;

(2) that the responsible social services agency is assisting the child to build connections to the child's family and community; and

(3) that the responsible social services agency is appropriately planning with the child for development of independent living skills for the child and, as appropriate, for the orderly and successful transition to independent living adulthood that may occur if the child continues in foster care without another permanency disposition order;

(4) the child's foster family home or child care institution is following the reasonable and prudent parenting standards; and

(5) the child has regular, ongoing opportunities to engage in age or developmentally appropriate activities by consulting with the child in an age-appropriate manner about the opportunities.

(c) The court must review the child's out-of-home placement plan and the reasonable efforts of the responsible social services agency to finalize an alternative permanent plan for the child including the responsible social services agency's efforts to:

(1) ensure that permanent custody to the responsible social services agency with placement of the child in foster care continues to be the most appropriate legal arrangement for meeting the child's need for permanency and stability ~~or, if not, to identify and attempt to finalize another permanency disposition order under this chapter that would better serve the child's needs and best interests; by reviewing the compelling reasons it continues not to be in the best interest of the child to:~~

(i) return home;

(ii) be placed for adoption; or

(iii) be placed with a fit and willing relative through an order for permanent legal and physical custody under section 260C.515, subdivision 4;

(2) identify a specific foster home for the child, if one has not already been identified;

(3) support continued placement of the child in the identified home, if one has been identified;

(4) ensure appropriate services are provided to address the physical health, mental health, and educational needs of the child during the period of foster care and also ensure appropriate services or assistance to maintain relationships with appropriate family members and the child's community; and

(5) plan for the child's independence upon the child's leaving foster care living as required under section 260C.212, subdivision 1.

(d) The court may find that the responsible social services agency has made reasonable efforts to finalize the permanent plan for the child when:

(1) the responsible social services agency has made reasonable efforts to identify a more legally permanent home for the child than is provided by an order for permanent custody to the agency for placement in foster care;

(2) the child has been asked about the child's desired permanency outcome; and

(3) the responsible social services agency's engagement of the child in planning for ~~independent living~~ a successful transition to adulthood is reasonable and appropriate.

#### **Sec. 28. [260D.14] SUCCESSFUL TRANSITION TO ADULTHOOD FOR CHILDREN IN VOLUNTARY PLACEMENT.**

**Subdivision 1. Case planning.** When the child is 14 years of age or older, the responsible social services agency shall ensure a child in foster care under this chapter is provided with the case plan requirements in section 260C.212, subdivisions 1 and 14.

**Subd. 2. Notification.** The responsible social services agency shall provide written notice of the right to continued access to services for certain children in foster care past 18 years of age under

section 260C.452, subdivision 3, and of the right to appeal a denial of social services under section 256.045. The notice must be provided to the child six months before the child's 18th birthday.

Subd. 3. **Administrative or court reviews.** When the child is 17 years of age or older, the administrative review or court hearing must include a review of the responsible social services agency's support for the child's successful transition to adulthood as required in section 260C.452, subdivision 4.

Sec. 29. Minnesota Statutes 2014, section 518.175, subdivision 5, is amended to read:

Subd. 5. **Modification of parenting plan or order for parenting time.** (a) If a parenting plan or an order granting parenting time cannot be used to determine the number of overnights or overnight equivalents the child has with each parent, the court shall modify the parenting plan or order granting parenting time so that the number of overnights or overnight equivalents the child has with each parent can be determined. For purposes of this section, "overnight equivalents" has the meaning given in section 518A.36, subdivision 1.

(b) If modification would serve the best interests of the child, the court shall modify the decision-making provisions of a parenting plan or an order granting or denying parenting time, if the modification would not change the child's primary residence. Consideration of a child's best interest includes a child's changing developmental needs.

~~(b)~~ (c) Except as provided in section 631.52, the court may not restrict parenting time unless it finds that:

(1) parenting time is likely to endanger the child's physical or emotional health or impair the child's emotional development; or

(2) the parent has chronically and unreasonably failed to comply with court-ordered parenting time.

A modification of parenting time which increases a parent's percentage of parenting time to an amount that is between 45.1 to 54.9 percent parenting time is not a restriction of the other parent's parenting time.

~~(c)~~ (d) If a parent makes specific allegations that parenting time by the other parent places the parent or child in danger of harm, the court shall hold a hearing at the earliest possible time to determine the need to modify the order granting parenting time. Consistent with subdivision 1a, the court may require a third party, including the local social services agency, to supervise the parenting time or may restrict a parent's parenting time if necessary to protect the other parent or child from harm. If there is an existing order for protection governing the parties, the court shall consider the use of an independent, neutral exchange location for parenting time.

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 30. Minnesota Statutes 2015 Supplement, section 518A.26, subdivision 14, is amended to read:

**Subd. 14. Obligor.** "Obligor" means a person obligated to pay maintenance or support. For purposes of ordering medical support under section 518A.41, a parent who has primary physical custody of a child may be an obligor subject to a payment agreement under section 518A.69. If a parent has more than 55 percent court-ordered parenting time, there is a rebuttable presumption that

the parent has a zero dollar basic support obligation. A party seeking to overcome this presumption must show, and the court must consider, the following:

(1) a significant income disparity, which may include potential income determined under section 518A.32;

(2) the benefit and detriment to the child and the ability of each parent to meet the needs of the child; and

(3) whether the application of the presumption would have an unjust or inappropriate result.

The presumption of a zero dollar basic support obligation does not eliminate a parent's obligation to pay child support arrears under section 518A.60. The presumption of a zero dollar basic support obligation does not apply to an action under section 256.87, subdivision 1 or 1a.

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 31. Minnesota Statutes 2014, section 518A.34, is amended to read:

**518A.34 COMPUTATION OF CHILD SUPPORT OBLIGATIONS.**

(a) To determine the presumptive child support obligation of a parent, the court shall follow the procedure set forth in this section.

(b) To determine the obligor's basic support obligation, the court shall:

(1) determine the gross income of each parent under section 518A.29;

(2) calculate the parental income for determining child support (PICS) of each parent, by subtracting from the gross income the credit, if any, for each parent's nonjoint children under section 518A.33;

(3) determine the percentage contribution of each parent to the combined PICS by dividing the combined PICS into each parent's PICS;

(4) determine the combined basic support obligation by application of the guidelines in section 518A.35;

(5) determine ~~the obligor's~~ each parent's share of the combined basic support obligation by multiplying the percentage figure from clause (3) by the combined basic support obligation in clause (4); and

~~(6) determine the parenting expense adjustment, if any, as apply the parenting expense adjustment formula provided in section 518A.36, and adjust the obligor's basic support obligation accordingly to determine the obligor's basic support obligation. If the parenting time of the parties is presumed equal, section 518A.36, subdivision 3, applies to the calculation of the basic support obligation and a determination of which parent is the obligor.~~

(c) If the parents have split custody of joint children, child support must be calculated for each joint child as follows:

(1) the court shall determine each parent's basic support obligation under paragraph (b) and include the amount of each parent's obligation in the court order. If the basic support calculation results in each parent owing support to the other, the court shall offset the higher basic support obligation with the lower basic support obligation to determine the amount to be paid by the

parent with the higher obligation to the parent with the lower obligation. For the purpose of the cost-of-living adjustment required under section 518A.75, the adjustment must be based on each parent's basic support obligation prior to offset. For the purposes of this paragraph, "split custody" means that there are two or more joint children and each parent has at least one joint child more than 50 percent of the time;

(2) if each parent pays all child care expenses for at least one joint child, the court shall calculate child care support for each joint child as provided in section 518A.40. The court shall determine each parent's child care support obligation and include the amount of each parent's obligation in the court order. If the child care support calculation results in each parent owing support to the other, the court shall offset the higher child care support obligation with the lower child care support obligation to determine the amount to be paid by the parent with the higher obligation to the parent with the lower obligation; and

(3) if each parent pays all medical or dental insurance expenses for at least one joint child, medical support shall be calculated for each joint child as provided in section 518A.41. The court shall determine each parent's medical support obligation and include the amount of each parent's obligation in the court order. If the medical support calculation results in each parent owing support to the other, the court shall offset the higher medical support obligation with the lower medical support obligation to determine the amount to be paid by the parent with the higher obligation to the parent with the lower obligation. Unreimbursed and uninsured medical expenses are not included in the presumptive amount of support owed by a parent and are calculated and collected as provided in section 518A.41.

(d) The court shall determine the child care support obligation for the obligor as provided in section 518A.40.

~~(d)~~ (e) The court shall determine the medical support obligation for each parent as provided in section 518A.41. Unreimbursed and uninsured medical expenses are not included in the presumptive amount of support owed by a parent and are calculated and collected as described in section 518A.41.

~~(e)~~ (f) The court shall determine each parent's total child support obligation by adding together each parent's basic support, child care support, and health care coverage obligations as provided in this section.

~~(f)~~ (g) If Social Security benefits or veterans' benefits are received by one parent as a representative payee for a joint child based on the other parent's eligibility, the court shall subtract the amount of benefits from the other parent's net child support obligation, if any.

~~(g)~~ (h) The final child support order shall separately designate the amount owed for basic support, child care support, and medical support. If applicable, the court shall use the self-support adjustment and minimum support adjustment under section 518A.42 to determine the obligor's child support obligation.

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 32. Minnesota Statutes 2014, section 518A.35, subdivision 1, is amended to read:

Subdivision 1. **Determination of support obligation.** (a) The guideline in this section is a rebuttable presumption and shall be used in any judicial or administrative proceeding to establish or modify a support obligation under this chapter.

(b) The basic child support obligation shall be determined by referencing the guideline for the appropriate number of joint children and the combined parental income for determining child support of the parents.

(c) If a child is not in the custody of either parent and a support order is sought against one or both parents, the basic child support obligation shall be determined by referencing the guideline for the appropriate number of joint children, and the parent's individual parental income for determining child support, not the combined parental incomes for determining child support of the parents. Unless a parent has court-ordered parenting time, the parenting expense adjustment formula under section 518A.34 must not be applied.

(d) If a child is in custody of either parent and a support order is sought by the public authority under section 256.87, unless the parent against whom the support order is sought has court-ordered parenting time, the support obligation must be determined by referencing the guideline for the appropriate number of joint children and the parent's individual income without application of the parenting expense adjustment formula under section 518A.34.

(e) For combined parental incomes for determining child support exceeding \$15,000 per month, the presumed basic child support obligations shall be as for parents with combined parental income for determining child support of \$15,000 per month. A basic child support obligation in excess of this level may be demonstrated for those reasons set forth in section 518A.43.

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 33. Minnesota Statutes 2014, section 518A.36, is amended to read:

**518A.36 PARENTING EXPENSE ADJUSTMENT.**

Subdivision 1. **General.** (a) The parenting expense adjustment under this section reflects the presumption that while exercising parenting time, a parent is responsible for and incurs costs of caring for the child, including, but not limited to, food, clothing, transportation, recreation, and household expenses. Every child support order shall specify the percentage of parenting time granted to or presumed for each parent. For purposes of this section, the percentage of parenting time means the percentage of time a child is scheduled to spend with the parent during a calendar year according to a court order averaged over a two-year period. Parenting time includes time with the child whether it is designated as visitation, physical custody, or parenting time. The percentage of parenting time may be determined by calculating the number of overnights or overnight equivalents that a ~~child~~ parent spends with a ~~parent,~~ or child pursuant to a court order. For purposes of this section, overnight equivalents are calculated by using a method other than overnights if the parent has significant time periods on separate days where the child is in the parent's physical custody and under the direct care of the parent but does not stay overnight. The court may consider the age of the child in determining whether a child is with a parent for a significant period of time.

(b) If there is not a court order awarding parenting time, the court shall determine the child support award without consideration of the parenting expense adjustment. If a parenting time order is subsequently issued or is issued in the same proceeding, then the child support order shall include application of the parenting expense adjustment.

Subd. 2. **Calculation of parenting expense adjustment.** (a) For the purposes of this section, the following terms have the meanings given:

(1) "parent A" means the parent with whom the child or children will spend the least number of overnights under the court order; and

(2) "parent B" means the parent with whom the child or children will spend the greatest number of overnights under the court order.

~~The obligor is entitled to a parenting expense adjustment calculated as provided in this subdivision.~~ (b) The court shall apply the following formula to determine which parent is the obligor and calculate the basic support obligation:

(1) find the adjustment percentage corresponding to the percentage of parenting time allowed to the obligor below:

	Percentage Range of Parenting Time	Adjustment Percentage
(i)	less than 10 percent	no adjustment
(ii)	10 percent to 45 percent	12 percent
(iii)	45.1 percent to 50 percent	presume parenting time is equal

~~(2) multiply the adjustment percentage by the obligor's basic child support obligation to arrive at the parenting expense adjustment; and~~

~~(3) subtract the parenting expense adjustment from the obligor's basic child support obligation. The result is the obligor's basic support obligation after parenting expense adjustment.~~

(1) raise to the power of three the approximate number of annual overnights the child or children will likely spend with parent A;

(2) raise to the power of three the approximate number of annual overnights the child or children will likely spend with parent B;

(3) multiply the result of clause (1) times parent B's share of the combined basic support obligation as determined in section 518A.34, paragraph (b), clause (5);

(4) multiply the result of clause (2) times parent A's share of the combined basic support obligation as determined in section 518A.34, paragraph (b), clause (5);

(5) subtract the result of clause (4) from the result of clause (3); and

(6) divide the result of clause (5) by the sum of clauses (1) and (2).

(c) If the result is a negative number, parent A is the obligor, the negative number becomes its positive equivalent, and the result is the basic support obligation. If the result is a positive number, parent B is the obligor and the result is the basic support obligation.

**Subd. 3. Calculation of basic support when parenting time presumed is equal.** (a) If the parenting time is equal and the parental incomes for determining child support of the parents also are equal, no basic support shall be paid unless the court determines that the expenses for the child are not equally shared.

~~(b) If the parenting time is equal but the parents' parental incomes for determining child support are not equal, the parent having the greater parental income for determining child support shall be obligated for basic child support, calculated as follows:~~

~~(1) multiply the combined basic support calculated under section 518A.34 by 0.75;~~

~~(2) prorate the amount under clause (1) between the parents based on each parent's proportionate share of the combined PICS; and~~

~~(3) subtract the lower amount from the higher amount.~~

~~The resulting figure is the obligation after parenting expense adjustment for the parent with the greater parental income for determining child support.~~

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 34. Minnesota Statutes 2015 Supplement, section 518A.39, subdivision 2, is amended to read:

Subd. 2. **Modification.** (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following, any of which makes the terms unreasonable and unfair: (1) substantially increased or decreased gross income of an obligor or obligee; (2) substantially increased or decreased need of an obligor or obligee or the child or children that are the subject of these proceedings; (3) receipt of assistance under the AFDC program formerly codified under sections 256.72 to 256.87 or 256B.01 to 256B.40, or chapter 256J or 256K; (4) a change in the cost of living for either party as measured by the Federal Bureau of Labor Statistics; (5) extraordinary medical expenses of the child not provided for under section 518A.41; (6) a change in the availability of appropriate health care coverage or a substantial increase or decrease in health care coverage costs; (7) the addition of work-related or education-related child care expenses of the obligee or a substantial increase or decrease in existing work-related or education-related child care expenses; or (8) upon the emancipation of the child, as provided in subdivision 5.

(b) It is presumed that there has been a substantial change in circumstances under paragraph (a) and the terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if:

(1) the application of the child support guidelines in section 518A.35, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least \$75 per month higher or lower than the current support order or, if the current support order is less than \$75, it results in a calculated court order that is at least 20 percent per month higher or lower;

(2) the medical support provisions of the order established under section 518A.41 are not enforceable by the public authority or the obligee;

(3) health coverage ordered under section 518A.41 is not available to the child for whom the order is established by the parent ordered to provide;

(4) the existing support obligation is in the form of a statement of percentage and not a specific dollar amount;

(5) the gross income of an obligor or obligee has decreased by at least 20 percent through no fault or choice of the party; or



(6) a deviation was granted based on the factor in section 518A.43, subdivision 1, clause (4), and the child no longer resides in a foreign country or the factor is otherwise no longer applicable.

(c) A child support order is not presumptively modifiable solely because an obligor or obligee becomes responsible for the support of an additional nonjoint child, which is born after an existing order. Section 518A.33 shall be considered if other grounds are alleged which allow a modification of support.

(d) If child support was established by applying a parenting expense adjustment or presumed equal parenting time calculation under previously existing child support guidelines and there is no parenting plan or order from which overnights or overnight equivalents can be determined, there is a rebuttable presumption that the established adjustment or calculation will continue after modification so long as the modification is not based on a change in parenting time. In determining an obligation under previously existing child support guidelines, it is presumed that the court shall:

(1) if a 12 percent parenting expense adjustment was applied, multiply the obligor's share of the combined basic support obligation calculated under section 518A.34, paragraph (b), clause (5), by .88; or

(2) if the parenting time was presumed equal but the parents' parental incomes for determining child support were not equal:

(i) multiply the combined basic support obligation under section 518A.34, paragraph (b), clause (5), by .075;

(ii) prorate the amount under item (i) between the parents based on each parent's proportionate share of the combined PICS; and

(iii) subtract the lower amount from the higher amount.

(e) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall apply section 518A.35, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(e) (f) A modification of support or maintenance, including interest that accrued pursuant to section 548.091, may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record, unless the court adopts an alternative effective date under paragraph (l). The court's adoption of an alternative effective date under paragraph (l) shall not be considered a retroactive modification of maintenance or support.

(f) (g) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518A.71.

(g) (h) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(h) (i) Sections 518.14 and 518A.735 shall govern the award of attorney fees for motions brought under this subdivision.

(i) (j) Except as expressly provided, an enactment, amendment, or repeal of law does not constitute a substantial change in the circumstances for purposes of modifying a child support order.

(j) MS 2006 [Expired]

(k) On the first modification under the income shares method of calculation following implementation of amended child support guidelines, the modification of basic support may be limited if the amount of the full variance would create hardship for either the obligor or the obligee. Hardship includes, but is not limited to, eligibility for assistance under chapter 256J.

(l) The court may select an alternative effective date for a maintenance or support order if the parties enter into a binding agreement for an alternative effective date.

**EFFECTIVE DATE.** This section is effective August 1, 2018.

Sec. 35. Minnesota Statutes 2014, section 609.3241, is amended to read:

**609.3241 PENALTY ASSESSMENT AUTHORIZED.**

(a) When a court sentences an adult convicted of violating section 609.322 or 609.324, while acting other than as a prostitute, the court shall impose an assessment of not less than \$500 and not more than \$750 for a violation of section 609.324, subdivision 2, or a misdemeanor violation of section 609.324, subdivision 3; otherwise the court shall impose an assessment of not less than \$750 and not more than \$1,000. The assessment shall be distributed as provided in paragraph (c) and is in addition to the surcharge required by section 357.021, subdivision 6.

(b) The court may not waive payment of the minimum assessment required by this section. If the defendant qualifies for the services of a public defender or the court finds on the record that the convicted person is indigent or that immediate payment of the assessment would create undue hardship for the convicted person or that person's immediate family, the court may reduce the amount of the minimum assessment to not less than \$100. The court also may authorize payment of the assessment in installments.

(c) The assessment collected under paragraph (a) must be distributed as follows:

(1) 40 percent of the assessment shall be forwarded to the political subdivision that employs the arresting officer for use in enforcement, training, and education activities related to combating sexual exploitation of youth, or if the arresting officer is an employee of the state, this portion shall be forwarded to the commissioner of public safety for those purposes identified in clause (3);

(2) 20 percent of the assessment shall be forwarded to the prosecuting agency that handled the case for use in training and education activities relating to combating sexual exploitation activities of youth; and

(3) 40 percent of the assessment must be forwarded to the commissioner of ~~public safety~~ health to be deposited in the safe harbor for youth account in the special revenue fund and are appropriated to the commissioner for distribution to crime victims services organizations that provide services to sexually exploited youth, as defined in section 260C.007, subdivision 31.

(d) A safe harbor for youth account is established as a special account in the state treasury.

Sec. 36. Minnesota Statutes 2015 Supplement, section 626.556, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Accidental" means a sudden, not reasonably foreseeable, and unexpected occurrence or event which:

(1) is not likely to occur and could not have been prevented by exercise of due care; and

(2) if occurring while a child is receiving services from a facility, happens when the facility and the employee or person providing services in the facility are in compliance with the laws and rules relevant to the occurrence or event.

(b) "Commissioner" means the commissioner of human services.

(c) "Facility" means:

(1) a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245D;

(2) a school as defined in section 120A.05, subdivisions 9, 11, and 13; and chapter 124E; or

(3) a nonlicensed personal care provider organization as defined in section 256B.0625, subdivision 19a.

(d) "Family assessment" means a comprehensive assessment of child safety, risk of subsequent child maltreatment, and family strengths and needs that is applied to a child maltreatment report that does not allege sexual abuse or substantial child endangerment. Family assessment does not include a determination as to whether child maltreatment occurred but does determine the need for services to address the safety of family members and the risk of subsequent maltreatment.

(e) "Investigation" means fact gathering related to the current safety of a child and the risk of subsequent maltreatment that determines whether child maltreatment occurred and whether child protective services are needed. An investigation must be used when reports involve sexual abuse or substantial child endangerment, and for reports of maltreatment in facilities required to be licensed under chapter 245A or 245D; under sections 144.50 to 144.58 and 241.021; in a school as defined in section 120A.05, subdivisions 9, 11, and 13, and chapter 124E; or in a nonlicensed personal care provider association as defined in section 256B.0625, subdivision 19a.

(f) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(g) "Neglect" means the commission or omission of any of the acts specified under clauses (1) to (9), other than by accidental means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, medical

effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance, or the presence of a fetal alcohol spectrum disorder;

(7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(h) "Nonmaltreatment mistake" means:

(1) at the time of the incident, the individual was performing duties identified in the center's child care program plan required under Minnesota Rules, part 9503.0045;

(2) the individual has not been determined responsible for a similar incident that resulted in a finding of maltreatment for at least seven years;

(3) the individual has not been determined to have committed a similar nonmaltreatment mistake under this paragraph for at least four years;

(4) any injury to a child resulting from the incident, if treated, is treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and

(5) except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident.

This definition only applies to child care centers licensed under Minnesota Rules, chapter 9503. If clauses (1) to (5) apply, rather than making a determination of substantiated maltreatment by the individual, the commissioner of human services shall determine that a nonmaltreatment mistake was made by the individual.

(i) "Operator" means an operator or agency as defined in section 245A.02.

(j) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(k) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized under section 125A.0942 or 245.825.

Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use

of reasonable force by a teacher, principal, or school employee as allowed by section 121A.582. Actions which are not reasonable and moderate include, but are not limited to, any of the following:

- (1) throwing, kicking, burning, biting, or cutting a child;
  - (2) striking a child with a closed fist;
  - (3) shaking a child under age three;
  - (4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;
  - (5) unreasonable interference with a child's breathing;
  - (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;
  - (7) striking a child under age one on the face or head;
  - (8) striking a child who is at least age one but under age four on the face or head, which results in an injury;
  - (9) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances;
  - (10) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining; or
  - (11) in a school facility or school zone, an act by a person responsible for the child's care that is a violation under section 121A.58.
- (l) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.
- (m) "Report" means any communication received by the local welfare agency, police department, county sheriff, or agency responsible for child protection pursuant to this section that describes neglect or physical or sexual abuse of a child and contains sufficient content to identify the child and any person believed to be responsible for the neglect or abuse, if known.
- (n) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Effective May 29, 2017, sexual abuse includes all reports of known or suspected child sex trafficking involving a child who is identified as a victim of sex trafficking. Sexual abuse includes child sex trafficking as defined in section 609.321, subdivisions 7a and 7b. Sexual abuse includes threatened sexual abuse

which includes the status of a parent or household member who has committed a violation which requires registration as an offender under section 243.166, subdivision 1b, paragraph (a) or (b), or required registration under section 243.166, subdivision 1b, paragraph (a) or (b).

(o) "Substantial child endangerment" means a person responsible for a child's care, by act or omission, commits or attempts to commit an act against a child under their care that constitutes any of the following:

- (1) egregious harm as defined in section 260C.007, subdivision 14;
- (2) abandonment under section 260C.301, subdivision 2;
- (3) neglect as defined in paragraph (g), clause (2), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;
- (4) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;
- (5) manslaughter in the first or second degree under section 609.20 or 609.205;
- (6) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;
- (7) solicitation, inducement, and promotion of prostitution under section 609.322;
- (8) criminal sexual conduct under sections 609.342 to 609.3451;
- (9) solicitation of children to engage in sexual conduct under section 609.352;
- (10) malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378;
- (11) use of a minor in sexual performance under section 617.246; or
- (12) parental behavior, status, or condition which mandates that the county attorney file a termination of parental rights petition under section 260C.503, subdivision 2.

(p) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care, as defined in paragraph (j), clause (1), who has:

- (1) subjected a child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a similar law of another jurisdiction;
- (2) been found to be palpably unfit under section 260C.301, subdivision 1, paragraph (b), clause (4), or a similar law of another jurisdiction;
- (3) committed an act that has resulted in an involuntary termination of parental rights under section 260C.301, or a similar law of another jurisdiction; or
- (4) committed an act that has resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative under Minnesota Statutes 2010, section 260C.201, subdivision 11, paragraph (d), clause (1), section 260C.515, subdivision 4, or a similar law of another jurisdiction.

A child is the subject of a report of threatened injury when the responsible social services agency receives birth match data under paragraph (q) from the Department of Human Services.

(q) Upon receiving data under section 144.225, subdivision 2b, contained in a birth record or recognition of parentage identifying a child who is subject to threatened injury under paragraph (p), the Department of Human Services shall send the data to the responsible social services agency. The data is known as "birth match" data. Unless the responsible social services agency has already begun an investigation or assessment of the report due to the birth of the child or execution of the recognition of parentage and the parent's previous history with child protection, the agency shall accept the birth match data as a report under this section. The agency may use either a family assessment or investigation to determine whether the child is safe. All of the provisions of this section apply. If the child is determined to be safe, the agency shall consult with the county attorney to determine the appropriateness of filing a petition alleging the child is in need of protection or services under section 260C.007, subdivision 6, clause (16), in order to deliver needed services. If the child is determined not to be safe, the agency and the county attorney shall take appropriate action as required under section 260C.503, subdivision 2.

(r) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates and accepted teacher discipline practices, which are not injurious to the child's health, welfare, and safety.

Sec. 37. Minnesota Statutes 2015 Supplement, section 626.556, subdivision 3c, is amended to read:

**Subd. 3c. Local welfare agency, Department of Human Services or Department of Health responsible for assessing or investigating reports of maltreatment or death.** (a) Except as provided in paragraph (b), the county local welfare agency is the agency responsible for assessing or investigating allegations of maltreatment in child foster care that do not involve the death of a foster child, family child care, legally unlicensed child care, juvenile correctional facilities licensed under section 241.021 located in the local welfare agency's county, and reports involving children served by an unlicensed personal care provider organization under section 256B.0659. Copies of findings related to personal care provider organizations under section 256B.0659 must be forwarded to the Department of Human Services provider enrollment.

(b) The Department of Human Services is the agency responsible for assessing or investigating allegations of maltreatment in:

(1) facilities licensed under chapters 245A and 245D, except for in child foster care and family child care homes that are monitored by county agencies according to section 245A.16, subdivision 1;

(2) child foster care homes that are monitored by private agencies that have been licensed by the commissioner to perform licensing functions and activities according to section 245A.16, subdivision 1; and

(3) child foster care and family child care homes that are monitored by county agencies according to section 245A.16, subdivision 1, upon agreement by the county and Department of Human Services for a specific case.

(c) The Department of Human Services is responsible for investigating the death of a child placed in a foster care program.



(d) The Department of Health is the agency responsible for assessing or investigating allegations of child maltreatment in facilities licensed under sections 144.50 to 144.58 and ~~144A.46~~.

Sec. 38. Minnesota Statutes 2014, section 626.556, subdivision 3e, is amended to read:

Subd. 3e. **Agency responsible for assessing or investigating reports of sexual abuse.** The local welfare agency is the agency responsible for investigating allegations of sexual abuse if the alleged offender is the parent, guardian, sibling, or an individual functioning within the family unit as a person responsible for the child's care, or a person with a significant relationship to the child if that person resides in the child's household. Effective May 29, 2017, the local welfare agency is also responsible for investigating when a child is identified as a victim of sex trafficking.

Sec. 39. Minnesota Statutes 2015 Supplement, section 626.556, subdivision 10b, is amended to read:

Subd. 10b. **Duties of commissioner; neglect or, abuse, or death in a facility.** (a) This section applies to the commissioners of human services, health, and education. The commissioner of the agency responsible for assessing or investigating the report shall immediately assess or investigate if the report alleges that:

(1) a child who is in the care of a facility as defined in subdivision 2 is neglected, physically abused, sexually abused, or is the victim of maltreatment in a facility by an individual in that facility, or has been so neglected or abused, or been the victim of maltreatment in a facility by an individual in that facility within the three years preceding the report; or

(2) a child was neglected, physically abused, sexually abused, or is the victim of maltreatment in a facility by an individual in a facility defined in subdivision 2, while in the care of that facility within the three years preceding the report.

The commissioner of the agency responsible for assessing or investigating the report shall arrange for the transmittal to the commissioner of reports received by local agencies and may delegate to a local welfare agency the duty to investigate reports. In conducting an investigation under this section, the commissioner has the powers and duties specified for local welfare agencies under this section. The commissioner of the agency responsible for assessing or investigating the report or local welfare agency may interview any children who are or have been in the care of a facility under investigation and their parents, guardians, or legal custodians.

(b) Prior to any interview, the commissioner of the agency responsible for assessing or investigating the report or local welfare agency shall notify the parent, guardian, or legal custodian of a child who will be interviewed in the manner provided for in subdivision 10d, paragraph (a). If reasonable efforts to reach the parent, guardian, or legal custodian of a child in an out-of-home placement have failed, the child may be interviewed if there is reason to believe the interview is necessary to protect the child or other children in the facility. The commissioner of the agency responsible for assessing or investigating the report or local agency must provide the information required in this subdivision to the parent, guardian, or legal custodian of a child interviewed without parental notification as soon as possible after the interview. When the investigation is completed, any parent, guardian, or legal custodian notified under this subdivision shall receive the written memorandum provided for in subdivision 10d, paragraph (c).

(c) In conducting investigations under this subdivision the commissioner or local welfare agency shall obtain access to information consistent with subdivision 10, paragraphs (h), (i), and (j). In

conducting assessments or investigations under this subdivision, the commissioner of education shall obtain access to reports and investigative data that are relevant to a report of maltreatment and are in the possession of a school facility as defined in subdivision 2, paragraph (c), notwithstanding the classification of the data as educational or personnel data under chapter 13. This includes, but is not limited to, school investigative reports, information concerning the conduct of school personnel alleged to have committed maltreatment of students, information about witnesses, and any protective or corrective action taken by the school facility regarding the school personnel alleged to have committed maltreatment.

(d) The commissioner may request assistance from the local social services agency.

(e) The commissioner of human services shall investigate every incident involving the death of a child during placement in a child foster care home licensed under chapter 245A and Minnesota Rules, chapter 2960. The investigation, notifications, and data classifications are governed by this section, even if abuse or neglect is not alleged or determined in the report.

Sec. 40. Minnesota Statutes 2014, section 626.556, subdivision 10f, is amended to read:

Subd. 10f. **Notice of determinations.** Within ten working days of the conclusion of a family assessment, the local welfare agency shall notify the parent or guardian of the child of the need for services to address child safety concerns or significant risk of subsequent child maltreatment. The local welfare agency and the family may also jointly agree that family support and family preservation services are needed. Within ten working days of the conclusion of an investigation, the local welfare agency or agency responsible for investigating the report shall notify the parent or guardian of the child, the person determined to be maltreating the child, and, if applicable, the director of the facility, of the determination and a summary of the specific reasons for the determination. When the investigation involves a child foster care setting that is monitored by a private licensing agency under section 245A.16, ~~the local welfare agency responsible for investigating the report~~ Department of Human Services shall notify the private licensing agency of the determination and shall provide a summary of the specific reasons for the determination. The notice to the private licensing agency must include identifying private data, but not the identity of the reporter of maltreatment. The notice must also include a certification that the information collection procedures under subdivision 10, paragraphs (h), (i), and (j), were followed and a notice of the right of a data subject to obtain access to other private data on the subject collected, created, or maintained under this section. In addition, the notice shall include the length of time that the records will be kept under subdivision 11c. The investigating agency shall notify the parent or guardian of the child who is the subject of the report, and any person or facility determined to have maltreated a child, of their appeal or review rights under this section. The notice must also state that a finding of maltreatment may result in denial of a license application or background study disqualification under chapter 245C related to employment or services that are licensed by the Department of Human Services under chapter 245A, the Department of Health under chapter 144 or 144A, the Department of Corrections under section 241.021, and from providing services related to an unlicensed personal care provider organization under chapter 256B.

Sec. 41. **CHILD CARE IS AN ALLOWABLE SERVICE FOR PURPOSES OF CHILD PROTECTION.**

The commissioner shall change the brass code related to allowable child protection services to include child care.

Sec. 42. **DIRECTION TO COMMISSIONERS; INCOME AND ASSET EXCLUSION.**

(a) The commissioner of human services shall not count payments made to families by the income and child development in the first three years of life demonstration project as income or assets for purposes of determining or redetermining eligibility for child care assistance programs under Minnesota Statutes, chapter 119B; the Minnesota family investment program, work benefit program, or diversionary work program under Minnesota Statutes, chapter 256J, during the duration of the demonstration.

(b) The commissioner of human services shall not count payments made to families by the income and child development in the first three years of life demonstration project as income for purposes of determining or redetermining eligibility for medical assistance under Minnesota Statutes, chapter 256B, and MinnesotaCare under Minnesota Statutes, chapter 256L.

(c) For the purposes of this section, "income and child development in the first three years of life demonstration project" means a demonstration project funded by the United States Department of Health and Human Services National Institutes of Health to evaluate whether the unconditional cash payments have a causal effect on the cognitive, socioemotional, and brain development of infants and toddlers.

(d) This section shall only be implemented if Minnesota is chosen as a site for the child development in the first three years of life demonstration site, and expires January 1, 2022.

(e) The commissioner of human services shall provide a report to the legislative committees having jurisdiction over human services issues by January 1, 2023, informing the legislature on the progress and outcomes of the demonstration under this section.

**EFFECTIVE DATE.** Paragraph (b) is effective August 16, 2016, or upon federal approval, whichever is later.

Sec. 43. **REVIEW OF CHILD FOSTER CARE PRIVATE AGENCIES.**

The commissioner of human services shall convene a working group to review the impact of removing the licensing responsibilities from private agencies (previously "Rule 4"), and replacing those duties with responsibilities to provide technical assistance for prospective foster care providers, care coordination for children in foster care, and training support for foster parents. The commissioner shall submit a report to the 2017 legislative committees with jurisdiction over foster care issues by January 15, 2017, with language and an analysis of costs associated with these changes.

Sec. 44. **CHILD CARE LIABILITY INSURANCE REPORT.**

The commissioner of human services shall conduct a survey and report on existing liability insurance and the availability of coverage for family child care license holders. The survey shall be conducted from a representative sample of county licensors or current license holders. At a minimum, the report must address the following:

(1) the number of currently licensed family child care providers surveyed who have liability insurance;

(2) the availability, accessibility, and levels and cost of coverage provided for personal injury, death, or property damage resulting from the negligent acts or omissions related to the provision of services under a family child care license under Minnesota Rules, chapter 9502; and

(3) the regulatory or legislative actions necessary to require that insurance coverage is maintained throughout the term of the license.

The report must be submitted to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over child care licensing policy and finance no later than January 16, 2017.

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

## ARTICLE 22

### MENTAL HEALTH

Section 1. Minnesota Statutes 2015 Supplement, section 245.735, subdivision 3, is amended to read:

Subd. 3. ~~Reform projects~~ **Certified community behavioral health clinics.** (a) The commissioner shall establish ~~standards for a state certification of clinics as~~ process for certified community behavioral health clinics, ~~in accordance~~ (CCBHCs) to be eligible for the prospective payment system in paragraph (f). Entities that choose to be CCBHCs must:

~~(1) comply with the CCBHC criteria published on or before September 1, 2015, by the United States Department of Health and Human Services. Certification standards established by the commissioner shall require that:~~

~~(1)~~ (2) employ or contract for clinic staff who have backgrounds in diverse disciplines, include including licensed mental health professionals, and staff who are culturally and linguistically trained to serve the needs of the clinic's patient population;

~~(2)~~ (3) ensure that clinic services are available and accessible to patients of all ages and genders and that crisis management services are available 24 hours per day;

~~(3)~~ (4) establish fees for clinic services are established for non-medical assistance patients using a sliding fee scale and that ensures that services to patients are not denied or limited due to a patient's inability to pay for services;

~~(4) clinics provide coordination of care across settings and providers to ensure seamless transitions for patients across the full spectrum of health services, including acute, chronic, and behavioral needs. Care coordination may be accomplished through partnerships or formal contracts with federally qualified health centers, inpatient psychiatric facilities, substance use and detoxification facilities, community-based mental health providers, and other community services, supports, and providers including schools, child welfare agencies, juvenile and criminal justice agencies, Indian Health Services clinics, tribally licensed health care and mental health facilities, urban Indian health clinics, Department of Veterans Affairs medical centers, outpatient clinics, drop-in centers, acute care hospitals, and hospital outpatient clinics;~~ (5) comply with quality assurance reporting requirements and other reporting requirements, including any required reporting of encounter data, clinical outcomes data, and quality data;

~~(5) services provided by clinics include~~ (6) provide crisis mental health services, withdrawal management services, emergency crisis intervention services, and stabilization services; screening, assessment, and diagnosis services, including risk assessments and level of care determinations; patient-centered treatment planning; outpatient mental health and substance use services; targeted case management; psychiatric rehabilitation services; peer support and counselor services and family support services; and intensive community-based mental health services, including mental health services for members of the armed forces and veterans; and

~~(6) clinics comply with quality assurance reporting requirements and other reporting requirements, including any required reporting of encounter data, clinical outcomes data, and quality data.~~ (7) provide coordination of care across settings and providers to ensure seamless transitions for patients across the full spectrum of health services, including acute, chronic, and behavioral needs. Care coordination may be accomplished through partnerships or formal contracts with:

(i) counties, health plans, pharmacists, pharmacies, rural health clinics, federally qualified health centers, inpatient psychiatric facilities, substance use and detoxification facilities, community-based mental health providers; and

(ii) other community services, supports, and providers, including schools, child welfare agencies, juvenile and criminal justice agencies, Indian health services clinics, tribally licensed health care and mental health facilities, urban Indian health clinics, Department of Veterans Affairs medical centers, outpatient clinics, drop-in centers, acute care hospitals, and hospital outpatient clinics;

(8) be certified as mental health clinics under section 245.69, subdivision 2;

(9) comply with standards relating to integrated treatment for co-occurring mental illness and substance use disorders in adults or children under Minnesota Rules, chapter 9533;

(10) comply with standards relating to mental health services in Minnesota Rules, parts 9505.0370 to 9505.0372;

(11) be licensed to provide chemical dependency treatment under Minnesota Rules, parts 9530.6405 to 9530.6505;

(12) be certified to provide children's therapeutic services and supports under section 256B.0943;

(13) be certified to provide adult rehabilitative mental health services under section 256B.0623;

(14) be enrolled to provide mental health crisis response services under section 256B.0624;

(15) be enrolled to provide mental health targeted case management under section 256B.0625, subdivision 20;

(16) comply with standards relating to mental health case management in Minnesota Rules, parts 9520.0900 to 9520.0926; and

(17) provide services that comply with the evidence-based practices described in paragraph (e).

(b) If an entity is unable to provide one or more of the services listed in paragraph (a), clauses (6) to (17), the commissioner may certify the entity as a CCBHC if it has a current contract with another entity that has the required authority to provide that service and that meets federal CCBHC

criteria as a designated collaborating organization; or, to the extent allowed by the federal CCBHC criteria, the commissioner may approve a referral arrangement. The CCBHC must meet federal requirements regarding the type and scope of services to be provided directly by the CCBHC.

(c) Notwithstanding other law that requires a county contract or other form of county approval for certain services listed in paragraph (a), clause (6), a clinic that otherwise meets CCBHC requirements may receive the prospective payment under paragraph (f) for those services without a county contract or county approval. There is no county share when medical assistance pays the CCBHC prospective payment. As part of the certification process in paragraph (a), the commissioner shall require a letter of support from the CCBHC's host county confirming that the CCBHC and the county or counties it serves have an ongoing relationship to facilitate access and continuity of care, especially for individuals who are uninsured or who may go on and off medical assistance.

(d) When the standards listed in paragraph (a) or other applicable standards conflict or address similar issues in duplicative or incompatible ways, the commissioner may grant variances to state requirements if the variances do not conflict with federal requirements. If standards overlap, the commissioner may substitute all or a part of a licensure or certification that is substantially the same as another licensure or certification. The commissioner shall consult with stakeholders, as described in subdivision 4, before granting variances under this provision.

(e) The commissioner shall issue a list of required evidence-based practices to be delivered by certified community behavioral health clinics, and may also provide a list of recommended evidence-based practices. The commissioner may update the list to reflect advances in outcomes research and medical services for persons living with mental illnesses or substance use disorders. The commissioner shall take into consideration the adequacy of evidence to support the efficacy of the practice, the quality of workforce available, and the current availability of the practice in the state. At least 30 days before issuing the initial list and any revisions, the commissioner shall provide stakeholders with an opportunity to comment.

(f) The commissioner shall establish standards and methodologies for a prospective payment system for medical assistance payments for mental health services delivered by certified community behavioral health clinics, in accordance with guidance issued on or before September 1, 2015, by the Centers for Medicare and Medicaid Services. During the operation of the demonstration project, payments shall comply with federal requirements for a 90 percent enhanced federal medical assistance percentage. The commissioner may include quality bonus payments in the prospective payment system based on federal criteria and on a clinic's provision of the evidence-based practices in paragraph (e). The prospective payments system does not apply to MinnesotaCare. Implementation of the prospective payment system is effective July 1, 2017, or upon federal approval, whichever is later.

(g) The commissioner shall seek federal approval to continue federal financial participation in payment for CCBHC services after the federal demonstration period ends for clinics that were certified as CCBHCs during the demonstration period and that continue to meet the CCBHC certification standards in paragraph (a). Payment for CCBHC services shall cease effective July 1, 2019, if continued federal financial participation for the payment of CCBHC services cannot be obtained.

(h) To the extent allowed by federal law, the commissioner may limit the number of certified clinics so that the projected claims for certified clinics will not exceed the funds budgeted for this purpose. The commissioner shall give preference to clinics that:

(1) are located in both rural and urban areas, with at least one in each area, as defined by federal criteria;

(2) provide a comprehensive range of services and evidence-based practices for all age groups, with services being fully coordinated and integrated; and

(3) enhance the state's ability to meet the federal priorities to be selected as a CCBHC demonstration state.

(i) The commissioner shall recertify CCBHCs at least every three years. The commissioner shall establish a process for decertification and shall require corrective action, medical assistance repayment, or decertification of a CCBHC that no longer meets the requirements in this section or that fails to meet the standards provided by the commissioner in the application and certification process.

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

Sec. 2. Minnesota Statutes 2015 Supplement, section 245.735, subdivision 4, is amended to read:

Subd. 4. **Public participation.** In developing the projects and implementing certified community behavioral health clinics under subdivision 3, the commissioner shall consult, collaborate, and partner with stakeholders, including but not limited to mental health providers, substance use disorder treatment providers, advocacy organizations, licensed mental health professionals, counties, tribes, hospitals, other health care providers, and Minnesota public health care program enrollees who receive mental health services and their families.

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

Sec. 3. Minnesota Statutes 2014, section 245.99, subdivision 2, is amended to read:

Subd. 2. **Rental assistance.** The program shall pay up to 90 days of housing assistance for persons with a serious and persistent mental illness who require inpatient or residential care for stabilization. The commissioner of human services may extend the length of assistance on a case-by-case basis.

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

Sec. 4. Minnesota Statutes 2014, section 254B.01, subdivision 4a, is amended to read:

Subd. 4a. **Culturally specific program.** (a) "Culturally specific program" means a substance use disorder treatment service program or subprogram that is recovery-focused and culturally specific when the program:

(1) improves service quality to and outcomes of a specific population by advancing health equity to help eliminate health disparities; and

(2) ensures effective, equitable, comprehensive, and respectful quality care services that are responsive to an individual within a specific population's values, beliefs and practices, health literacy, preferred language, and other communication needs.

(b) A tribally licensed substance use disorder program that is designated as serving a culturally specific population by the applicable tribal government is deemed to satisfy this subdivision.

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

Sec. 5. Minnesota Statutes 2014, section 254B.03, subdivision 4, is amended to read:

Subd. 4. **Division of costs.** (a) Except for services provided by a county under section 254B.09, subdivision 1, or services provided under section 256B.69 ~~or 256D.03, subdivision 4, paragraph (b)~~, the county shall, out of local money, pay the state for 22.95 percent of the cost of chemical dependency services, including those services provided to persons eligible for medical assistance under chapter 256B and general assistance medical care under chapter 256D. Counties may use the indigent hospitalization levy for treatment and hospital payments made under this section.

(b) 22.95 percent of any state collections from private or third-party pay, less 15 percent for the cost of payment and collections, must be distributed to the county that paid for a portion of the treatment under this section.

(c) For fiscal year 2017 only, the 22.95 percentages under paragraphs (a) and (b) are equal to 15 percent.

Sec. 6. Minnesota Statutes 2014, section 254B.04, subdivision 2a, is amended to read:

Subd. 2a. **Eligibility for treatment in residential settings.** Notwithstanding provisions of Minnesota Rules, part 9530.6622, subparts 5 and 6, related to an assessor's discretion in making placements to residential treatment settings, a person eligible for services under this section must score at level 4 on assessment dimensions related to relapse, continued use, or recovery environment in order to be assigned to services with a room and board component reimbursed under this section. Whether a treatment facility has been designated an institution for mental diseases under United States Code, title 42, section 1396d, shall not be a factor in making placements.

Sec. 7. Minnesota Statutes 2015 Supplement, section 254B.05, subdivision 5, is amended to read:

Subd. 5. **Rate requirements.** (a) The commissioner shall establish rates for chemical dependency services and service enhancements funded under this chapter.

(b) Eligible chemical dependency treatment services include:

(1) outpatient treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480, or applicable tribal license;

(2) medication-assisted therapy services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480 and 9530.6500, or applicable tribal license;

(3) medication-assisted therapy plus enhanced treatment services that meet the requirements of clause (2) and provide nine hours of clinical services each week;

(4) high, medium, and low intensity residential treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480 and 9530.6505, or applicable tribal license which provide, respectively, 30, 15, and five hours of clinical services each week;



(5) hospital-based treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480, or applicable tribal license and licensed as a hospital under sections 144.50 to 144.56;

(6) adolescent treatment programs that are licensed as outpatient treatment programs according to Minnesota Rules, parts 9530.6405 to 9530.6485, or as residential treatment programs according to Minnesota Rules, parts 2960.0010 to 2960.0220, and 2960.0430 to 2960.0490, or applicable tribal license;

(7) high-intensity residential treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480 and 9530.6505, or applicable tribal license, which provide 30 hours of clinical services each week provided by a state-operated vendor or to clients who have been civilly committed to the commissioner, present the most complex and difficult care needs, and are a potential threat to the community; and

(8) room and board facilities that meet the requirements of subdivision 1a.

(c) The commissioner shall establish higher rates for programs that meet the requirements of paragraph (b) and one of the following additional requirements:

(1) programs that serve parents with their children if the program:

(i) provides on-site child care during the hours of treatment activity that:

(A) is licensed under chapter 245A as a child care center under Minnesota Rules, chapter 9503;  
or

(B) meets the licensure exclusion criteria of section 245A.03, subdivision 2, paragraph (a), clause (6), and meets the requirements under Minnesota Rules, part 9530.6490, subpart 4; or

(ii) arranges for off-site child care during hours of treatment activity at a facility that is licensed under chapter 245A as:

(A) a child care center under Minnesota Rules, chapter 9503; or

(B) a family child care home under Minnesota Rules, chapter 9502;

(2) culturally specific programs as defined in section 254B.01, subdivision 4a, or programs or subprograms serving special populations, if the program or subprogram meets the following requirements in Minnesota Rules, part 9530.6605, subpart 13;

(i) is designed to address the unique needs of individuals who share a common language, racial, ethnic, or social background;

(ii) is governed with significant input from individuals of that specific background; and

(iii) employs individuals to provide individual or group therapy, at least 50 percent of whom are of that specific background, except when the common social background of the individuals served is a traumatic brain injury or cognitive disability and the program employs treatment staff who have the necessary professional training, as approved by the commissioner, to serve clients with the specific disabilities that the program is designed to serve;

(3) programs that offer medical services delivered by appropriately credentialed health care staff in an amount equal to two hours per client per week if the medical needs of the client and the nature and provision of any medical services provided are documented in the client file; and

(4) programs that offer services to individuals with co-occurring mental health and chemical dependency problems if:

(i) the program meets the co-occurring requirements in Minnesota Rules, part 9530.6495;

(ii) 25 percent of the counseling staff are licensed mental health professionals, as defined in section 245.462, subdivision 18, clauses (1) to (6), or are students or licensing candidates under the supervision of a licensed alcohol and drug counselor supervisor and licensed mental health professional, except that no more than 50 percent of the mental health staff may be students or licensing candidates with time documented to be directly related to provisions of co-occurring services;

(iii) clients scoring positive on a standardized mental health screen receive a mental health diagnostic assessment within ten days of admission;

(iv) the program has standards for multidisciplinary case review that include a monthly review for each client that, at a minimum, includes a licensed mental health professional and licensed alcohol and drug counselor, and their involvement in the review is documented;

(v) family education is offered that addresses mental health and substance abuse disorders and the interaction between the two; and

(vi) co-occurring counseling staff ~~will~~ shall receive eight hours of co-occurring disorder training annually.

(d) In order to be eligible for a higher rate under paragraph (c), clause (1), a program that provides arrangements for off-site child care must maintain current documentation at the chemical dependency facility of the child care provider's current licensure to provide child care services. Programs that provide child care according to paragraph (c), clause (1), must be deemed in compliance with the licensing requirements in Minnesota Rules, part 9530.6490.

(e) Adolescent residential programs that meet the requirements of Minnesota Rules, parts 2960.0430 to 2960.0490 and 2960.0580 to 2960.0690, are exempt from the requirements in paragraph (c), clause (4), items (i) to (iv).

(f) Subject to federal approval, chemical dependency services that are otherwise covered as direct face-to-face services may be provided via two-way interactive video. The use of two-way interactive video must be medically appropriate to the condition and needs of the person being served. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to direct face-to-face services. The interactive video equipment and connection must comply with Medicare standards in effect at the time the service is provided.

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

Sec. 8. Minnesota Statutes 2014, section 254B.06, subdivision 2, is amended to read:

Subd. 2. **Allocation of collections.** (a) The commissioner shall allocate all federal financial participation collections to a special revenue account. The commissioner shall allocate 77.05 percent

of patient payments and third-party payments to the special revenue account and 22.95 percent to the county financially responsible for the patient.

(b) For fiscal year 2017 only, the percentage under paragraph (a) that the commissioner shall pay is 85 percent, and the percentage the county shall pay is 15 percent.

Sec. 9. Minnesota Statutes 2014, section 254B.06, is amended by adding a subdivision to read:

Subd. 4. **Reimbursement for institutions for mental diseases.** The commissioner shall not deny reimbursement to a program designated as an institution for mental diseases under United States Code, title 42, section 1396d, due to a reduction in federal financial participation and the addition of new residential beds.

Sec. 10. Minnesota Statutes 2014, section 256B.0621, subdivision 10, is amended to read:

Subd. 10. **Payment rates.** The commissioner shall set payment rates for targeted case management under this subdivision. Case managers may bill according to the following criteria:

(1) for relocation targeted case management, case managers may bill for direct case management activities, including face-to-face ~~and~~ telephone contacts, and interactive video contact in accordance with section 256B.0924, subdivision 4a, in the lesser of:

- (i) 180 days preceding an eligible recipient's discharge from an institution; or
- (ii) the limits and conditions which apply to federal Medicaid funding for this service;

(2) for home care targeted case management, case managers may bill for direct case management activities, including face-to-face and telephone contacts; and

(3) billings for targeted case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

Sec. 11. Minnesota Statutes 2014, section 256B.0622, is amended by adding a subdivision to read:

Subd. 12. **Start-up grants.** The commissioner may, within available appropriations, disburse grant funding to counties, Indian tribes, or mental health service providers to establish additional assertive community treatment teams, intensive residential treatment services, or crisis residential services.

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

Sec. 12. Minnesota Statutes 2015 Supplement, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. **Mental health case management.** (a) To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness and children with severe emotional disturbance. Services provided under this section must meet the relevant standards in sections 245.461 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts, Minnesota Rules, parts 9520.0900 to 9520.0926, and 9505.0322, excluding subpart 10.

(b) Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance

reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10.

(c) Medical assistance and MinnesotaCare payment for mental health case management shall be made on a monthly basis. In order to receive payment for an eligible child, the provider must document at least a face-to-face contact with the child, the child's parents, or the child's legal representative. To receive payment for an eligible adult, the provider must document:

(1) at least a face-to-face contact with the adult or the adult's legal representative or a contact by interactive video that meets the requirements of subdivision 20b; or

(2) at least a telephone contact with the adult or the adult's legal representative and document a face-to-face contact or a contact by interactive video that meets the requirements of subdivision 20b with the adult or the adult's legal representative within the preceding two months.

(d) Payment for mental health case management provided by county or state staff shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), with separate rates calculated for child welfare and mental health, and within mental health, separate rates for children and adults.

(e) Payment for mental health case management provided by Indian health services or by agencies operated by Indian tribes may be made according to this section or other relevant federally approved rate setting methodology.

(f) Payment for mental health case management provided by vendors who contract with a county or Indian tribe shall be based on a monthly rate negotiated by the host county or tribe. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribe may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribe, except to reimburse the county or tribe for advance funding provided by the county or tribe to the vendor.

(g) If the service is provided by a team which includes contracted vendors, tribal staff, and county or state staff, the costs for county or state staff participation in the team shall be included in the rate for county-provided services. In this case, the contracted vendor, the tribal agency, and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles of the team members.

(h) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for mental health case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds. If the service is provided by a tribal agency, the nonfederal share, if any, shall be provided by the recipient's tribe. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the recipient's county of responsibility.

(i) Notwithstanding any administrative rule to the contrary, prepaid medical assistance, general assistance medical care, and MinnesotaCare include mental health case management. When the

service is provided through prepaid capitation, the nonfederal share is paid by the state and the county pays no share.

(j) The commissioner may suspend, reduce, or terminate the reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, or, if applicable, the tribal agency, is responsible for any federal disallowances. The county or tribe may share this responsibility with its contracted vendors.

(k) The commissioner shall set aside a portion of the federal funds earned for county expenditures under this section to repay the special revenue maximization account under section 256.01, subdivision 2, paragraph (o). The repayment is limited to:

- (1) the costs of developing and implementing this section; and
- (2) programming the information systems.

(l) Payments to counties and tribal agencies for case management expenditures under this section shall only be made from federal earnings from services provided under this section. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the state. Payments to county-contracted vendors shall include the federal earnings, the state share, and the county share.

(m) Case management services under this subdivision do not include therapy, treatment, legal, or outreach services.

(n) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for case management services under this subdivision is limited to the lesser of:

- (1) the last 180 days of the recipient's residency in that facility and may not exceed more than six months in a calendar year; or
- (2) the limits and conditions which apply to federal Medicaid funding for this service.

(o) Payment for case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

(p) If the recipient is receiving care in a hospital, nursing facility, or residential setting licensed under chapter 245A or 245D that is staffed 24 hours per day, seven days per week, mental health targeted case management services are expected to actively support identification of community alternatives for the recipient and discharge planning.

Sec. 13. Minnesota Statutes 2014, section 256B.0625, is amended by adding a subdivision to read:

Subd. 20b. **Mental health targeted case management through interactive video.** (a) Subject to federal approval, contact made for targeted case management by interactive video shall be eligible for payment if:

- (1) the person receiving targeted case management services is residing in:
  - (i) a hospital;
  - (ii) a nursing facility; or

(iii) a residential setting licensed under chapter 245A or 245D, or a boarding and lodging establishment or lodging establishment that provides supportive services or health supervision services according to section 157.17, which is staffed 24 hours per day, seven days per week;

(2) interactive video is in the best interests of the person and is deemed appropriate by the person receiving targeted case management or their legal guardian, the case management provider, and the provider operating the setting where the person is residing;

(3) the use of interactive video is approved as part of the person's written personal service or case plan taking into consideration the person's vulnerability and active personal relationships; and

(4) interactive video is used for up to, but not more than, 50 percent of the minimum required face-to-face contacts.

(b) The person receiving targeted case management or their legal guardian has the right to choose and consent to the use of interactive video under this subdivision, and has the right to refuse the use of interactive video at any time.

(c) The commissioner shall establish criteria that a targeted case management provider must attest to in order to demonstrate the safety or efficacy of delivering the service via interactive video. The attestation may include that the case management provider:

(1) has written policies and procedures specific to interactive video services that are regularly reviewed and updated;

(2) has polices and procedures that adequately address client safety before, during, and after the interactive video service is rendered;

(3) has established protocols addressing how and when to discontinue interactive video services; and

(4) has an established quality assurance process related to interactive video services.

(d) As a condition of payment, the targeted case management provider must document each occurrence of targeted case management provided by interactive video and must document:

(1) the time the service began and the time the service ended, including an a.m. and p.m. designation;

(2) the basis for determining that interactive video is an appropriate and effective means for delivering the service to the enrollees;

(3) the mode of transmission of the interactive video service and records evidencing that a particular mode of transmission was utilized;

(4) the location of the originating site and the distant site; and

(5) compliance with the criteria attested to by the health care provider in accordance with paragraph (c).

Sec. 14. Minnesota Statutes 2014, section 256B.0924, is amended by adding a subdivision to read:

Subd. 4a. **Targeted case management through interactive video.** (a) Subject to federal approval, contact made for targeted case management by interactive video shall be eligible for payment if:

(1) the person receiving targeted case management services is residing in:

(i) a hospital;

(ii) a nursing facility; or

(iii) a residential setting licensed under chapter 245A or 245D, or a boarding and lodging establishment or lodging establishment that provides supportive services or health supervision services according to section 157.17, and that is staffed 24 hours per day, seven days per week;

(2) interactive video is in the best interests of the person and is deemed appropriate by the person receiving targeted case management or their legal guardian, the case management provider, and the provider operating the setting where the person is residing;

(3) the use of interactive video is approved as part of the person's written personal service or case plan; and

(4) interactive video is used for up to, but not more than, 50 percent of the minimum required face-to-face contacts.

(b) The person receiving targeted case management or their legal guardian has the right to choose and consent to the use of interactive video under this subdivision, and has the right to refuse the use of interactive video at any time.

(c) The commissioner shall establish criteria that a targeted case management provider must attest to in order to demonstrate the safety or efficacy of delivering the service via interactive video. The attestation may include that the case management provider:

(1) has written policies and procedures specific to interactive video services that are regularly reviewed and updated;

(2) has polices and procedures that adequately address client safety before, during, and after the interactive video service is rendered;

(3) has established protocols addressing how and when to discontinue interactive video services; and

(4) has an established quality assurance process related to interactive video services.

(d) As a condition of payment, the targeted case management provider must document each occurrence of targeted case management provided by interactive video and must document:

(1) the time the service began and the time the service ended, including an a.m. and p.m. designation;

(2) the basis for determining that interactive video is an appropriate and effective means for delivering the service to the enrollees;

(3) the mode of transmission of the interactive video service and records evidencing that a particular mode of transmission was utilized;

(4) the location of the originating site and the distant site; and

(5) compliance with the criteria attested to by the health care provider in accordance with paragraph (c).

**Sec. 15. CHILDREN'S MENTAL HEALTH COLLABORATIVE; YOUTH AND YOUNG ADULT MENTAL HEALTH DEMONSTRATION PROJECT.**

(a) The commissioner of human services shall grant funds to a children's mental health collaborative for a rural demonstration project to assist transition-aged youth and young adults with emotional behavioral disturbance (EBD) or mental illnesses in making a successful transition into adulthood.

(b) The demonstration project must:

(1) build on and streamline transition services by identifying rural youth ages 15 to 25 currently in the mental health system or with emerging mental health conditions;

(2) support youth to achieve, within their potential, their personal goals in employment, education, housing, and community life functioning;

(3) provide individualized motivational coaching;

(4) build on needed social supports;

(5) demonstrate how services can be enhanced for youth to successfully navigate the complexities associated with their unique needs;

(6) utilize all available funding streams;

(7) demonstrate collaboration with the local children's mental health collaborative in designing and implementing the demonstration project;

(8) evaluate the effectiveness of the project by specifying and measuring outcomes showing the level of progress for involved youth; and

(9) compare differences in outcomes and costs to youth without previous access to this project.

(c) The commissioner shall report to the committee members of the senate and house of representatives committees with jurisdiction over mental health issues on the status and outcomes of the demonstration project by January 15, 2019. The children's mental health collaborative administering the demonstration project shall collect and report outcome data, as outlined by the commissioner, to support the development of this report.

**Sec. 16. COMMISSIONER DUTY TO SEEK FEDERAL APPROVAL FOR INTERACTIVE VIDEO CONTACT.**

The commissioner of human services shall seek federal approval that is necessary to implement the sections of this article related to reimbursement for interactive video contact.



**ARTICLE 23****DIRECT CARE AND TREATMENT**

Section 1. Minnesota Statutes 2015 Supplement, section 245.4889, subdivision 1, is amended to read:

Subdivision 1. **Establishment and authority.** (a) The commissioner is authorized to make grants from available appropriations to assist:

- (1) counties;
  - (2) Indian tribes;
  - (3) children's collaboratives under section 124D.23 or 245.493; or
  - (4) mental health service providers.
- (b) The following services are eligible for grants under this section:
- (1) services to children with emotional disturbances as defined in section 245.4871, subdivision 15, and their families;
  - (2) transition services under section 245.4875, subdivision 8, for young adults under age 21 and their families;
  - (3) respite care services for children with severe emotional disturbances who are at risk of out-of-home placement;
  - (4) children's mental health crisis services;
  - (5) mental health services for people from cultural and ethnic minorities;
  - (6) children's mental health screening and follow-up diagnostic assessment and treatment;
  - (7) services to promote and develop the capacity of providers to use evidence-based practices in providing children's mental health services;
  - (8) school-linked mental health services;
  - (9) building evidence-based mental health intervention capacity for children birth to age five;
  - (10) suicide prevention and counseling services that use text messaging statewide;
  - (11) mental health first aid training;
  - (12) training for parents, collaborative partners, and mental health providers on the impact of adverse childhood experiences and trauma and development of an interactive Web site to share information and strategies to promote resilience and prevent trauma;
  - (13) transition age services to develop or expand mental health treatment and supports for adolescents and young adults 26 years of age or younger;
  - (14) early childhood mental health consultation;
  - (15) evidence-based interventions for youth at risk of developing or experiencing a first episode of psychosis, and a public awareness campaign on the signs and symptoms of psychosis; ~~and~~

(16) psychiatric consultation for primary care practitioners; and

(17) sustaining extended-stay inpatient psychiatric hospital services for children and adolescents.

(c) Services under paragraph (b) must be designed to help each child to function and remain with the child's family in the community and delivered consistent with the child's treatment plan. Transition services to eligible young adults under paragraph (b) must be designed to foster independent living in the community.

Sec. 2. Minnesota Statutes 2014, section 246.50, subdivision 7, is amended to read:

Subd. 7. **Client's county.** "Client's county" means the county of ~~the client's legal settlement for poor relief purposes at the time of commitment or voluntary admission to a state facility, or if the client has no such legal settlement in this state, it means the county of commitment~~ financial responsibility under chapter 256G, except that where a client with no such legal settlement residence in this state is committed while serving a sentence at a penal institution, it means the county from which the client was sentenced.

Sec. 3. Minnesota Statutes 2014, section 246.54, as amended by Laws 2015, chapter 71, article 4, section 2, is amended to read:

#### **246.54 LIABILITY OF COUNTY; REIMBURSEMENT.**

Subdivision 1. **County portion for cost of care Generally.** ~~(a)~~ Except for chemical dependency services provided under sections 254B.01 to 254B.09, the client's county shall pay to the state of Minnesota a portion of the cost of care provided in a regional treatment center or a state nursing facility to a client legally settled in that county. A county's payment shall be made from the county's own sources of revenue and payments shall equal a percentage of the cost of care, as determined by the commissioner, for each day, or the portion thereof, that the client spends at a regional treatment center or a state nursing facility ~~according to the following schedule:~~

Subd. 1a. **Anoka Metro Regional Treatment Center.** (a) A county's payment of the cost of care provided at Anoka Metro Regional Treatment Center shall be according to the following schedule:

(1) zero percent for the first 30 days;

(2) 20 percent for days 31 and over if the stay is determined to be clinically appropriate for the client; and

(3) 100 percent for each day during the stay, including the day of admission, when the facility determines that it is clinically appropriate for the client to be discharged.

(b) If payments received by the state under sections 246.50 to 246.53 exceed 80 percent of the cost of care for days over 31 for clients who meet the criteria in paragraph (a), clause (2), the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

Subd. 1b. **Community behavioral health hospitals.** A county's payment of the cost of care provided at state-operated community-based behavioral health hospitals shall be according to the following schedule:

(1) 100 percent for each day during the stay, including the day of admission, when the facility determines that it is clinically appropriate for the client to be discharged; and

(2) the county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

Subd. 1c. **State-operated forensic services.** A county's payment of the cost of care provided at state-operated forensic services shall be according to the following schedule:

(1) Minnesota Security Hospital: ten percent for each day, or portion thereof, that the client spends in a Minnesota Security Hospital program. If payments received by the state under sections 246.50 to 246.53 for services provided at the Minnesota Security Hospital exceed 90 percent of the cost of care, the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or the client's relatives except as provided in section 246.53;

(2) forensic nursing home: ten percent for each day, or portion thereof, that the client spends in a forensic nursing home program. If payments received by the state under sections 246.50 to 246.53 for services provided at the forensic nursing home exceed 90 percent of the cost of care, the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or the client's relatives except as provided in section 246.53;

(3) forensic transition services: 50 percent for each day, or portion thereof, that the client spends in the forensic transition services program. If payments received by the state under sections 246.50 to 246.53 for services provided in the forensic transition services exceed 50 percent of the cost of care, the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or the client's relatives except as provided in section 246.53; and

(4) residential competency restoration program:

(i) 20 percent for each day, or portion thereof, that the client spends in a residential competency restoration program while the client is in need of restoration services;

(ii) 50 percent for each day, or portion thereof, that the client spends in a residential competency restoration program once the examiner opines that the client no longer needs restoration services; and

(iii) 100 percent for each day, or portion thereof, once charges against a client have been resolved or dropped.

Subd. 2. **Exceptions.** (a) Subdivision 1 does not apply to services provided at the Minnesota Security Hospital. For services at the Minnesota Security Hospital, a county's payment shall be made from the county's own sources of revenue and payments. Excluding the state-operated forensic transition service, payments to the state from the county shall equal ten percent of the cost of care, as determined by the commissioner, for each day, or the portion thereof, that the client spends at the facility. For the state-operated forensic transition service, payments to the state from the county shall equal 50 percent of the cost of care, as determined by the commissioner, for each day, or the portion thereof, that the client spends in the program. If payments received by the state under sections 246.50 to 246.53 for services provided at the Minnesota Security Hospital, excluding the state-operated

forensic transition service, exceed 90 percent of the cost of care, the county shall be responsible for paying the state only the remaining amount. If payments received by the state under sections 246.50 to 246.53 for the state-operated forensic transition service exceed 50 percent of the cost of care, the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

(b) Regardless of the facility to which the client is committed, ~~subdivision 1 does~~ subdivisions 1, 1a, 1b, and 1c, do not apply to the following individuals:

- (1) clients who are committed as sexual psychopathic personalities under section 253D.02, subdivision 15; and
- (2) clients who are committed as sexually dangerous persons under section 253D.02, subdivision 16.

Sec. 4. Minnesota Statutes 2014, section 246B.01, subdivision 1b, is amended to read:

Subd. 1b. **Civilly committed sex offender's county.** "Civilly committed sex offender's county" means the county of the ~~civilly committed sex offender's legal settlement for poor relief purposes at the time of commitment. If the civilly committed sex offender has no legal settlement for poor relief in this state, it means the county of commitment~~ financial responsibility under chapter 256G, except that when a civilly committed sex offender with ~~no legal settlement for poor relief residence in this state is committed while serving a sentence at a penal institution, it means the county from which the civilly committed sex offender was sentenced.~~

Sec. 5. Minnesota Statutes 2014, section 246B.01, subdivision 2b, is amended to read:

Subd. 2b. **Cost of care.** "Cost of care" means the commissioner's charge for housing ~~and, treatment, aftercare services, and supervision~~ provided to any person admitted to or on provisional discharge from the Minnesota sex offender program.

For purposes of this subdivision, "charge for housing ~~and, treatment, aftercare services, and supervision~~" means the cost of services, treatment, maintenance, bonds issued for capital improvements, depreciation of buildings and equipment, and indirect costs related to the operation of state facilities. The commissioner may determine the charge for services on an anticipated average per diem basis as an all-inclusive charge per facility.

Sec. 6. Minnesota Statutes 2014, section 246B.035, is amended to read:

**246B.035 ANNUAL PERFORMANCE REPORT REQUIRED.**

The executive director of the Minnesota sex offender program shall submit electronically a performance report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over funding for the program by ~~January~~ February 15 of each year beginning in ~~2010~~ 2017. The report must include the following:

- (1) a description of the program, including the strategic mission, goals, objectives, and outcomes;
- (2) the programwide per diem reported in a standard calculated method as outlined in the program policies and procedures;
- (3) program annual statistics as outlined in the departmental policies and procedures; and

(4) the sex offender program evaluation report required under section 246B.03. The executive director shall submit a printed copy upon request.

Sec. 7. Minnesota Statutes 2014, section 246B.10, is amended to read:

**246B.10 LIABILITY OF COUNTY; REIMBURSEMENT.**

(a) The civilly committed sex offender's county shall pay to the state a portion of the cost of care provided in by the Minnesota sex offender program to a civilly committed sex offender who has legally settled in that county. A county's payment must be made from the county's own sources of revenue and payments must equal 25 percent of the cost of care, as determined by the commissioner, for each day or portion of a day, that the civilly committed sex offender spends at the facility receives services, either within a Department of Human Services operated facility or while on provisional discharge.

(b) If payments received by the state under this chapter exceed 75 percent of the cost of care, the county is responsible for paying the state the remaining amount.

(c) The county is not entitled to reimbursement from the civilly committed sex offender, the civilly committed sex offender's estate, or from the civilly committed sex offender's relatives, except as provided in section 246B.07.

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

**Sec. 8. REPORT ON ANOKA-METRO REGIONAL TREATMENT CENTER (AMRTC), MINNESOTA SECURITY HOSPITAL (MSH), AND COMMUNITY BEHAVIORAL HEALTH HOSPITALS (CBHH).**

The commissioner of human services shall issue a public quarterly report to the chairs and minority leaders on the senate and house of representatives committees having jurisdiction over health and human services issues on the AMRTC, MSH, and the CBHH. The report shall contain information on the number of licensed beds, budgeted capacity, occupancy rate, number of OSHA recordable injuries and the number of OSHA recordable injuries due to patient aggression or restraint, number of clinical positions budgeted, the percentage of those positions that are filled, the number of direct care positions budgeted, and the percentage of those positions that are filled.

**ARTICLE 24**

**CONTINUING CARE**

Section 1. Minnesota Statutes 2014, section 245A.10, subdivision 4, is amended to read:

Subd. 4. **License or certification fee for certain programs.** (a) Child care centers shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	Child Care Center License Fee
1 to 24 persons	\$200
25 to 49 persons	\$300
50 to 74 persons	\$400

75 to 99 persons	\$500
100 to 124 persons	\$600
125 to 149 persons	\$700
150 to 174 persons	\$800
175 to 199 persons	\$900
200 to 224 persons	\$1,000
225 or more persons	\$1,100

(b)(1) A program licensed to provide one or more of the home and community-based services and supports identified under chapter 245D to persons with disabilities or age 65 and older, shall pay an annual nonrefundable license fee based on revenues derived from the provision of services that would require licensure under chapter 245D during the calendar year immediately preceding the year in which the license fee is paid, according to the following schedule:

License Holder Annual Revenue	License Fee
less than or equal to \$10,000	\$200
greater than \$10,000 but less than or equal to \$25,000	\$300
greater than \$25,000 but less than or equal to \$50,000	\$400
greater than \$50,000 but less than or equal to \$100,000	\$500
greater than \$100,000 but less than or equal to \$150,000	\$600
greater than \$150,000 but less than or equal to \$200,000	\$800
greater than \$200,000 but less than or equal to \$250,000	\$1,000
greater than \$250,000 but less than or equal to \$300,000	\$1,200
greater than \$300,000 but less than or equal to \$350,000	\$1,400
greater than \$350,000 but less than or equal to \$400,000	\$1,600
greater than \$400,000 but less than or equal to \$450,000	\$1,800
greater than \$450,000 but less than or equal to \$500,000	\$2,000

greater than \$500,000 but less than or equal to \$600,000	\$2,250
greater than \$600,000 but less than or equal to \$700,000	\$2,500
greater than \$700,000 but less than or equal to \$800,000	\$2,750
greater than \$800,000 but less than or equal to \$900,000	\$3,000
greater than \$900,000 but less than or equal to \$1,000,000	\$3,250
greater than \$1,000,000 but less than or equal to \$1,250,000	\$3,500
greater than \$1,250,000 but less than or equal to \$1,500,000	\$3,750
greater than \$1,500,000 but less than or equal to \$1,750,000	\$4,000
greater than \$1,750,000 but less than or equal to \$2,000,000	\$4,250
greater than \$2,000,000 but less than or equal to \$2,500,000	\$4,500
greater than \$2,500,000 but less than or equal to \$3,000,000	\$4,750
greater than \$3,000,000 but less than or equal to \$3,500,000	\$5,000
greater than \$3,500,000 but less than or equal to \$4,000,000	\$5,500
greater than \$4,000,000 but less than or equal to \$4,500,000	\$6,000
greater than \$4,500,000 but less than or equal to \$5,000,000	\$6,500
greater than \$5,000,000 but less than or equal to \$7,500,000	\$7,000
greater than \$7,500,000 but less than or equal to \$10,000,000	\$8,500
greater than \$10,000,000 but less than or equal to \$12,500,000	\$10,000
greater than \$12,500,000 but less than or equal to \$15,000,000	\$14,000

greater than \$15,000,000

\$18,000

(2) If requested, the license holder shall provide the commissioner information to verify the license holder's annual revenues or other information as needed, including copies of documents submitted to the Department of Revenue.

(3) At each annual renewal, a license holder may elect to pay the highest renewal fee, and not provide annual revenue information to the commissioner.

(4) A license holder that knowingly provides the commissioner incorrect revenue amounts for the purpose of paying a lower license fee shall be subject to a civil penalty in the amount of double the fee the provider should have paid.

(5) Notwithstanding clause (1), a license holder providing services under one or more licenses under chapter 245B that are in effect on May 15, 2013, shall pay an annual license fee for calendar years 2014, 2015, ~~and 2016~~, and 2017, equal to the total license fees paid by the license holder for all licenses held under chapter 245B for calendar year 2013. For calendar year ~~2017~~ 2018 and thereafter, the license holder shall pay an annual license fee according to ~~clause (1) paragraph (m)~~.

(c) A chemical dependency treatment program licensed under Minnesota Rules, parts 9530.6405 to 9530.6505, to provide chemical dependency treatment shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$600
25 to 49 persons	\$800
50 to 74 persons	\$1,000
75 to 99 persons	\$1,200
100 or more persons	\$1,400

(d) A chemical dependency program licensed under Minnesota Rules, parts 9530.6510 to 9530.6590, to provide detoxification services shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$760
25 to 49 persons	\$960
50 or more persons	\$1,160

(e) Except for child foster care, a residential facility licensed under Minnesota Rules, chapter 2960, to serve children shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$1,000



25 to 49 persons	\$1,100
50 to 74 persons	\$1,200
75 to 99 persons	\$1,300
100 or more persons	\$1,400

(f) A residential facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, to serve persons with mental illness shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$2,525
25 or more persons	\$2,725

(g) A residential facility licensed under Minnesota Rules, parts 9570.2000 to 9570.3400, to serve persons with physical disabilities shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$450
25 to 49 persons	\$650
50 to 74 persons	\$850
75 to 99 persons	\$1,050
100 or more persons	\$1,250

(h) A program licensed to provide independent living assistance for youth under section 245A.22 shall pay an annual nonrefundable license fee of \$1,500.

(i) A private agency licensed to provide foster care and adoption services under Minnesota Rules, parts 9545.0755 to 9545.0845, shall pay an annual nonrefundable license fee of \$875.

(j) A program licensed as an adult day care center licensed under Minnesota Rules, parts 9555.9600 to 9555.9730, shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	\$500
25 to 49 persons	\$700
50 to 74 persons	\$900
75 to 99 persons	\$1,100
100 or more persons	\$1,300

(k) A program licensed to provide treatment services to persons with sexual psychopathic personalities or sexually dangerous persons under Minnesota Rules, parts 9515.3000 to 9515.3110, shall pay an annual nonrefundable license fee of \$20,000.

(l) A mental health center or mental health clinic requesting certification for purposes of insurance and subscriber contract reimbursement under Minnesota Rules, parts 9520.0750 to 9520.0870, shall pay a certification fee of \$1,550 per year. If the mental health center or mental health clinic provides services at a primary location with satellite facilities, the satellite facilities shall be certified with the primary location without an additional charge.

(m)(1) Effective for fees paid after July 1, 2017, a program licensed to provide one or more of the home and community-based services and supports identified under chapter 245D to persons with disabilities or age 65 and older, shall pay an annual nonrefundable license fee of 0.27 percent of revenues derived from the provision of services that would require licensure under this chapter and that are specified under section 245D.03, subdivision 1, during the calendar year immediately preceding the year in which the license fee is paid. If the calculated fee is less than \$450, the fee shall be \$450.

(2) The commissioner shall calculate the licensing fee for providers of home and community-based services and supports under this paragraph and invoice the license holder annually. Upon challenge of the invoiced fee amount by the license holder, the commissioner shall provide the license holder with a report identifying the medical assistance claims paid by the commissioner to the license holder that formed the basis for the licensing fee calculation.

Sec. 2. Minnesota Statutes 2014, section 245A.10, subdivision 8, is amended to read:

Subd. 8. **Deposit of license fees.** A human services licensing account is created in the ~~state~~ **government** special revenue fund. Fees collected under subdivisions 3 and 4 must be deposited in the human services licensing account and are ~~annually~~ appropriated to the commissioner for licensing activities authorized under this chapter.

**EFFECTIVE DATE.** This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2015 Supplement, section 245D.03, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) The commissioner shall regulate the provision of home and community-based services to persons with disabilities and persons age 65 and older pursuant to this chapter. The licensing standards in this chapter govern the provision of basic support services and intensive support services.

(b) Basic support services provide the level of assistance, supervision, and care that is necessary to ensure the health and welfare of the person and do not include services that are specifically directed toward the training, treatment, habilitation, or rehabilitation of the person. Basic support services include:

(1) in-home and out-of-home respite care services as defined in section 245A.02, subdivision 15, and under the brain injury, community alternative care, community access for disability inclusion, developmental disability, and elderly waiver plans, excluding out-of-home respite care provided to children in a family child foster care home licensed under Minnesota Rules, parts 2960.3000 to 2960.3100, when the child foster care license holder complies with the requirements under section

245D.06, subdivisions 5, 6, 7, and 8, or successor provisions; and section 245D.061 or successor provisions, which must be stipulated in the statement of intended use required under Minnesota Rules, part 2960.3000, subpart 4;

(2) adult companion services as defined under the brain injury, community access for disability inclusion, and elderly waiver plans, excluding adult companion services provided under the Corporation for National and Community Services Service, Senior Companion Program ~~established under the Domestic Volunteer Service Act of 1973, Public Law 98-288~~ Code of Federal Regulations, title 45, subpart B, chapter 25, part 2551 et seq.;

(3) personal support as defined under the developmental disability waiver plan;

(4) 24-hour emergency assistance, personal emergency response as defined under the community access for disability inclusion and developmental disability waiver plans;

(5) night supervision services as defined under the brain injury waiver plan; ~~and~~

(6) homemaker services as defined under the community access for disability inclusion, brain injury, community alternative care, developmental disability, and elderly waiver plans, excluding providers licensed by the Department of Health under chapter 144A and those providers providing cleaning services only; and

(7) individual community living support under section 256B.0915, subdivision 3j.

(c) Intensive support services provide assistance, supervision, and care that is necessary to ensure the health and welfare of the person and services specifically directed toward the training, habilitation, or rehabilitation of the person. Intensive support services include:

(1) intervention services, including:

(i) behavioral support services as defined under the brain injury and community access for disability inclusion waiver plans;

(ii) in-home or out-of-home crisis respite services as defined under the developmental disability waiver plan; and

(iii) specialist services as defined under the current developmental disability waiver plan;

(2) in-home support services, including:

(i) in-home family support and supported living services as defined under the developmental disability waiver plan;

(ii) independent living services training as defined under the brain injury and community access for disability inclusion waiver plans; and

(iii) semi-independent living services;

(3) residential supports and services, including:

(i) supported living services as defined under the developmental disability waiver plan provided in a family or corporate child foster care residence, a family adult foster care residence, a community residential setting, or a supervised living facility;

(ii) foster care services as defined in the brain injury, community alternative care, and community access for disability inclusion waiver plans provided in a family or corporate child foster care residence, a family adult foster care residence, or a community residential setting; and

(iii) residential services provided to more than four persons with developmental disabilities in a supervised living facility, including ICFs/DD;

(4) day services, including:

(i) structured day services as defined under the brain injury waiver plan;

(ii) day training and habilitation services under sections 252.41 to 252.46, and as defined under the developmental disability waiver plan; and

(iii) prevocational services as defined under the brain injury and community access for disability inclusion waiver plans; and

(5) supported employment as defined under the brain injury, developmental disability, and community access for disability inclusion waiver plans.

**EFFECTIVE DATE.** Paragraph (b), clause (2), of this section is effective the day following final enactment. Paragraph (b), clause (7), of this section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2014, section 256B.0949, is amended to read:

**256B.0949 ~~AUTISM~~ EARLY INTENSIVE DEVELOPMENTAL AND BEHAVIORAL INTERVENTION BENEFIT.**

Subdivision 1. **Purpose.** This section creates ~~a new~~ the early intensive developmental and behavioral intervention (EIDBI) benefit to provide early intensive intervention to a child with an autism spectrum disorder diagnosis or related condition. This benefit must provide coverage for diagnosis a comprehensive, multidisciplinary assessment, ongoing progress evaluation, and medically necessary early intensive treatment of autism spectrum disorder or related conditions.

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

(b) "Agency" means the legal entity that is enrolled with Minnesota health care programs as a medical assistance provider according to Minnesota Rules, part 9505.0195, to provide EIDBI and that has the legal responsibility to ensure that its employees or contractors carry out the responsibilities defined in this section. The definition of "agency" includes licensed individual professionals who practice independently and act as an agency.

(b) (c) "Autism spectrum disorder diagnosis" is defined by diagnostic code 299 or "ASD" has the meaning given in the current version of the Diagnostic and Statistical Manual of Mental Disorders (DSM).

(d) "ASD and related conditions" means a condition that is found to be closely related to autism spectrum disorder and may include but is not limited to autism, Asperger's syndrome, pervasive developmental disorder-not otherwise specified, fetal alcohol spectrum disorder, Rhetts syndrome, and autism-related diagnosis as identified under the current version of the DSM and meets all of the following criteria:

(1) is severe and chronic;

(2) results in impairment of adaptive behavior and function similar to that of persons with ASD;  
(3) requires treatment or services similar to those required for persons with ASD; and  
(4) results in substantial functional limitations in three core developmental deficits of ASD: social interaction; nonverbal or social communication; and restrictive, repetitive behaviors or hyperreactivity or hyporeactivity to sensory input; and may include deficits in one or more of the following related developmental domains:

- (i) self-regulation;
- (ii) self-care;
- (iii) behavioral challenges;
- (iv) expressive communication;
- (v) receptive communication;
- (vi) cognitive functioning;
- (vii) safety; and
- (viii) level of support needed.

(e) (e) "Child" means a person under the age of 18 21.

(f) "Clinical supervision" means the overall responsibility for the control and direction of EIDBI service delivery, including individual treatment planning, staff supervision, progress monitoring, and treatment review for each client. Clinical supervision is provided by a qualified supervising professional who takes full professional responsibility for the services provided by each of the supervisees. All EIDBI services must be billed by and either provided by or under the clinical supervision of a qualified supervising professional.

(g) "Commissioner" means the commissioner of human services, unless otherwise specified.

(h) "Comprehensive multidisciplinary evaluation" or "CMDE" means a comprehensive evaluation of a child's developmental status to determine medical necessity for EIDBI based on the requirements in subdivision 5.

(i) "Early intensive developmental and behavioral intervention benefit" or "EIDBI" means autism treatment options intensive treatment interventions based in behavioral and developmental science, which may include modalities such as applied behavior analysis, developmental treatment approaches, and naturalistic and parent training models that include the services covered under subdivision 13.

(j) "Generalizable goals" means results or gains that are observed during a variety of activities over time with different people, such as providers, family members, other adults, and children, and in different environments including, but not limited to, clinics, homes, schools, and the community.

(k) "Individual treatment plan" or "ITP" means the person-centered, individualized written plan of care that integrates and coordinates child and family information from the comprehensive multidisciplinary evaluation for a child who meets medical necessity for the early intensive developmental and behavioral intervention benefit. An individual treatment plan must meet the standards in subdivision 6.

(l) "Legal representative" means the parent of a person who is under 18 years of age, a court-appointed guardian, or other representative with legal authority to make decisions about services for a person. Other representatives with legal authority to make decisions include but are not limited to a health care agent or an attorney-in-fact authorized through a health care directive or power of attorney.

(m) "Level I treatment provider" means a person who meets the EIDBI provider qualifications under subdivision 15, paragraph (a).

(n) "Level II treatment provider" means a person who meets the EIDBI provider qualifications under subdivision 15, paragraph (b).

(o) "Level III treatment provider" means a person who meets the EIDBI provider qualifications under subdivision 15, paragraph (c).

~~(g)~~ (p) "Mental health professional" has the meaning given in section 245.4871, subdivision 27, clauses (1) to (6).

(q) "Person-centered" means services that respond to the identified needs, interests, values, preferences, and desired outcomes of the child and the child's legal representative. Person-centered planning identifies what is important to the child and the child's legal representative, respects each child's history, dignity, and cultural background, and allows inclusion and participation in the child's community.

(r) "Qualified CMDE provider" means a person meeting the CMDE provider qualification requirements under subdivision 5a.

(s) "Qualified EIDBI professional" means a person who is a QSP or a level I, level II, or level III treatment provider.

(t) "Qualified supervising professional" or "QSP" means a person who meets the EIDBI provider qualifications under subdivision 15, paragraph (d).

Subd. 3. **Initial EIDBI eligibility.** This benefit is available to a child enrolled in medical assistance who:

(1) ~~has an autism spectrum disorder~~ a diagnosis of ASD or a related condition that meets the criteria of subdivision 4; and

(2) ~~has had a diagnostic assessment described in subdivision 5, which recommends early intensive intervention services; and~~

~~(3) meets the criteria for medically necessary autism early intensive intervention services.~~

Subd. 3a. **Culturally and linguistically appropriate requirement.** The child's and family's primary spoken language, culture, preferences, goals, and values must be reflected throughout the process of diagnosis, CMDE, ITP development, ITP progress evaluation monitoring, family or caregiver training and counseling services, and coordination of care. The qualified CMDE provider and QSP must determine how to adapt the evaluation, treatment recommendations, and ITP to the culture, language, and values of the child and family. A language interpreter must be provided consistent with section 256B.0625, subdivision 18a. Providers must have a limited English proficiency (LEP) plan in compliance with title VI of the Civil Rights Act of 1964, United States Code, title 42, section 2000d et seq. Communication and language assistance must comply

with national standards for culturally and linguistically appropriate services (CLAS), as published by the United States Department of Health and Human Services.

Subd. 4. **Diagnosis.** (a) A diagnosis of ASD or a related condition must:

(1) be based upon current DSM criteria including direct observations of the child and reports information from parents the child's legal representative or primary caregivers; and

(2) be completed by either (i) a licensed physician or advanced practice registered nurse or (ii) a mental health professional; and

(3) meet the requirements of Minnesota Rules, part 9505.0372, subpart 1, items B and C.

(b) Additional diagnostic assessment information may be considered to complete a diagnostic assessment including from specialized tests administered through special education evaluations and licensed school personnel, and from professionals licensed in the fields of medicine, speech and language, psychology, occupational therapy, and physical therapy. A diagnostic assessment may include treatment recommendations.

Subd. 5. **Diagnostic assessment Comprehensive multidisciplinary evaluation (CMDE).** (a) The following information and assessments must be performed, reviewed, and relied upon for the eligibility determination, treatment and services recommendations, and treatment plan development for the child:

(1) an assessment of the child's developmental skills, functional behavior, needs, and capacities based on direct observation of the child, which must be administered by a licensed mental health professional, must include medical or assessment information from the child's physician or advanced practice registered nurse, and may also include observations from family members, school personnel, child care providers, or other caregivers, as well as any medical or assessment information from other licensed professionals such as rehabilitation therapists, licensed school personnel, or mental health professionals; and

(2) an assessment of parental or caregiver capacity to participate in therapy including the type and level of parental or caregiver involvement and training recommended.

A CMDE must be completed to determine the medical necessity of EIDBI services.

(b) The CMDE must include and document the child's legal representative's or caregiver's preferences for involvement in the child's treatment that is culturally and linguistically appropriate as required under subdivision 3a.

Subd. 5a. **CMDE provider qualification requirements.** A qualified CMDE provider must:

(1) be a licensed physician or advanced practice registered nurse or a mental health professional or a mental health practitioner who meets the requirements of a clinical trainee as defined in Minnesota Rules, part 9505.0371, subpart 5, item C;

(2) have at least 2,000 hours of clinical experience in the evaluation and treatment of children with ASD or equivalent documented coursework at the graduate level by an accredited university in the following content areas: ASD diagnosis, ASD treatment strategies, and child development;

(3) be able to diagnose, evaluate, or provide treatment within the provider's scope of practice and professional license; and

(4) have knowledge and provide information about the range of current EIDBI treatment modalities recognized by the commissioner.

Subd. 6. **Individual treatment plan (ITP).** (a) The qualified EIDBI professional who integrates and coordinates child and family information from the CMDE and ITP progress evaluation monitoring process to develop the ITP must develop and monitor the ITP.

(b) The ITP must be individualized, person-centered, and culturally and linguistically appropriate, as required under subdivision 3a. The ITP must specify the medically necessary treatment and services, including baseline data, primary goals and target objectives, ITP progress evaluation results and goal mastery data, and any significant changes in the child's condition or family circumstances. Each child's ~~treatment plan~~ ITP must be:

(1) based on the diagnostic assessment and CMDE summary information specified in subdivisions 4 and 5;

(2) coordinated with medically necessary occupational, physical, and speech and language therapies, special education, and other services the child and family are receiving;

(3) family-centered;

(4) culturally sensitive; and

(5) individualized based on the child's developmental status and the child's and family's identified needs.

(b) (c) The ~~treatment plan~~ ITP must specify the primary treatment goals and target objectives, including baseline measures and projected dates of accomplishment. The ITP must include:

(1) child's goals which are developmentally appropriate, functional, and generalizable;

(2) treatment modality;

(3) treatment intensity;

(4) setting; and

(5) level and type of parental or caregiver involvement.

(1) the treatment method that shall be used to meet the goals and objectives, including:

(i) the frequency, intensity, location, and duration of each service provided;

(ii) the level of parent or caregiver training and counseling;

(iii) any changes or modifications to the physical and social environments necessary when the services are provided;

(iv) any specialized equipment and materials required;

(v) techniques that support and are consistent with the child's communication mode and learning style; and

(vi) the name of the QSP; and



(2) the discharge criteria that shall be used and a defined transition plan to assist the child and the child's legal representative to transition to other services. The transition plan shall include:

(i) protocols for changing service when medically necessary;

(ii) how the transition will occur;

(iii) the time allowed to make the transition. Up to 30 days of continued service is allowed while the transition plan is being developed. Services during this plan development period shall be consistent with the ITP. The plan development period begins when the child or the child's legal representative receives notice of termination of EIDBI and ends when EIDBI is terminated; and

(iv) a description of how the parent or guardian will be informed of and involved in the transition.

~~(e) (d) Implementation of the treatment ITP must be supervised by a QSP professional with expertise and training in autism and child development who is a licensed physician, advanced practice registered nurse, or mental health professional.~~

~~(d) (e) The treatment plan ITP must be submitted to the commissioner for approval in a manner determined by the commissioner for this purpose.~~

~~(e) Services authorized must be consistent with the child's approved treatment plan.~~

~~(f) Services included in the treatment plan ITP must meet all applicable requirements for medical necessity and coverage.~~

Subd. 6a. **Coordination with other benefits.** (a) Services provided under this section are not intended to replace services provided in school or other settings. Each child's CMDE must document that EIDBI services coordinate with, but do not include or replace, special education and related services defined in the child's individualized education plan (IEP), or individualized family service plan (IFSP), when the service is available under the Individuals with Disabilities Education Improvement Act of 2004 (IDEA), United States Code, title 20, chapter 33, through a local education agency. This provision does not preclude EIDBI treatment during school hours.

(b) The commissioner shall integrate medical authorization procedures for this benefit with authorization procedures for other health and mental health services and home and community-based services to ensure that the child receives services that are the most appropriate and effective in meeting the child's needs. Programs for birth to three years of age and additional resources shall also coordinate with EIDBI services. Resources for individuals over 18 years of age must also be coordinated with the services in this section.

Subd. 7. **Ongoing eligibility ITP progress evaluation monitoring.** (a) An independent ITP progress evaluation conducted by a licensed mental health professional with expertise and training in autism spectrum disorder and child development must be completed after each six months of treatment, or more frequently as determined by the commissioner-qualified CMDE provider, to determine if progress is being made toward achieving targeted functional and generalizable goals and meeting functional goals contained specified in the treatment plan ITP. Based on the results of ITP progress evaluation, the ITP must be adjusted as needed and must document that the child continues to meet medical necessity for EIDBI or is referred to other services.

(b) The ITP progress evaluation must include:

(1) the treating provider's report;

~~(2) parental or caregiver input from the child's caregiver or the child's legal representative;~~

~~(3) (2) an independent observation of the child which can be that is performed by the child's a QSP or a level I or level II treatment provider and may include observation information from licensed special education staff or other licensed health care providers;~~

~~(3) documentation of current level of performance on primary treatment goal domains including when goals and objectives are achieved, changed, or discontinued;~~

~~(4) any significant changes in the child's condition or family circumstances;~~

~~(4) (5) any treatment plan modifications and the rationale for any changes made including treatment modality, intensity, frequency, and duration; and~~

~~(5) (6) recommendations for continued treatment services.~~

~~(c) ITP progress evaluations evaluation must be submitted to the commissioner and the child or legal representative in a manner determined by the commissioner for this purpose the reauthorization of EIDBI services.~~

~~(d) A child who continues to achieve generalizable goals and make reasonable progress toward treatment goals as specified in the treatment plan ITP is eligible to continue receiving this benefit EIDBI services.~~

~~(e) A child's treatment shall continue during the ITP progress evaluation using the process determined under subdivision 8, clause (8) this subdivision. Treatment may continue during an appeal pursuant to section 256.045.~~

**Subd. 8. Refining the benefit with stakeholders.** ~~The commissioner must develop the implementation refine the details of the benefit in consultation with stakeholders and consider recommendations from the Health Services Advisory Council, the Department of Human Services Autism Spectrum Disorder Early Intensive Developmental and Behavioral Intervention Benefit Advisory Council, the Legislative Autism Spectrum Disorder Task Force, the EIDBI learning collaborative, and the ASD Interagency Task Force of the Departments of Health, Education, Employment and Economic Development, and Human Services. The commissioner must release these details for a 30-day public comment period prior to submission to the federal government for approval. The implementation details must include, but are not limited to, the following components:~~

~~(1) a definition of the qualifications, standards, and roles of the treatment team, including recommendations after stakeholder consultation on whether board-certified behavior analysts and other types of professionals certified in other treatment approaches recognized by the Department of Human Services or trained in autism spectrum disorder and child development should be added as mental health or other professionals for qualified to provide EIDBI treatment supervision or other functions under medical assistance;~~

~~(2) development of initial, refinement of uniform parameters for comprehensive multidisciplinary diagnostic assessment information evaluation and progress evaluation ongoing ITP progress evaluation monitoring standards;~~

~~(3) the design of an effective and consistent process for assessing parent the child's legal representative's and caregiver capacity caregiver's preferences and options to participate in the~~

child's early intervention treatment and efficacy of methods of ~~involving the parents~~ involve and educate the child's legal representative and caregivers in the treatment of the child;

(4) formulation of a collaborative process in which professionals have opportunities to collectively inform provider standards and qualifications; standards for a comprehensive; multidisciplinary ~~diagnostic assessment~~ evaluation; medical necessity determination; efficacy of treatment apparatus, including modality, intensity, frequency, and duration; and ~~progress evaluation~~ progress-monitoring processes and standards to support quality improvement of early intensive intervention EIDBI services;

(5) coordination of this benefit and its interaction with other services provided by the Departments of Human Services, Health, Employment and Economic Development, and Education;

(6) evaluation, on an ongoing basis, of ~~research regarding the program~~ EIDBI outcomes and efficacy of treatment modalities methods provided to children under this benefit; and

(7) as provided under subdivision 18, determination of the availability of licensed physicians, nurse practitioners, and mental health professionals qualified EIDBI professionals with necessary expertise and training in autism spectrum disorder and related conditions throughout the state to assess whether there are sufficient professionals to require involvement of both a physician or nurse practitioner and a mental health professional to provide timely access and prevent delay in the diagnosis and CMDE and treatment of young children, so as to implement subdivision 4, and to ensure treatment is effective, timely, and accessible; and ASD and related conditions.

(8) ~~development of the process for the progress evaluation that will be used to determine the ongoing eligibility, including necessary documentation, timelines, and responsibilities of all parties.~~

Subd. 9. **Revision of treatment options.** (a) The commissioner may revise covered treatment options as needed based on outcome data and other evidence. EIDBI treatment methods approved by the Department of Human Services must:

- (1) cause no harm to the individual child or family;
- (2) be provided in an individualized manner to meet the varied needs of each child and family;
- (3) be developmentally appropriate and highly structured, with well-defined goals and objectives that provide a strategic direction for treatment;
- (4) be regularly evaluated and adjusted as needed;
- (5) be based in recognized principles of developmental and behavioral science;
- (6) utilize sound practices that are replicable across providers and maintain the fidelity of the specific approach;
- (7) demonstrate an evidentiary basis;
- (8) have goals and objectives that are measurable, achievable, and regularly evaluated to ensure that adequate progress is being made;
- (9) be provided intensively with a high adult-to-child ratio; and
- (10) include active child and legal representative participation in decision-making, knowledge- and capacity-building, and developing and implementing the child's ITP.

(b) Before ~~the changes~~ revisions in Department of Human Services recognized treatment modalities become effective, the commissioner must provide public notice of the changes, the reasons for the change, and a 30-day public comment period to those who request notice through an electronic list accessible to the public on the department's Web site.

Subd. 10. **Coordination between agencies.** The commissioners of human services and education must develop the capacity to coordinate services and information including diagnostic, functional, developmental, medical, and educational assessments; service delivery; and progress evaluations across health and education sectors.

Subd. 11. **Federal approval of the autism benefit.** (a) This section shall apply to state plan services under title XIX of the Social Security Act when federal approval is granted under a 1915(i) waiver or other authority which allows children eligible for medical assistance through the TEFRA option under section 256B.055, subdivision 12, to qualify and includes children eligible for medical assistance in families over 150 percent of the federal poverty guidelines.

(b) The commissioner may use the federal authority for a Medicaid state plan amendment under Early and Periodic Screening Diagnosis and Treatment (EPSDT), United States Code, title 42, section 1396D(R)(5), or other Medicaid provision for any aspect or type of treatment covered in this section if new federal guidance is helpful in achieving one or more of the purposes of this section in a cost-effective manner. Notwithstanding subdivisions 2 and 3, any treatment services submitted for federal approval under EPSDT shall include appropriate medical criteria to qualify for the service and shall cover children through age 20.

Subd. 12. **Autism benefit; training provided.** After approval of the autism early intensive intervention benefit under this section by the Centers for Medicare and Medicaid Services, the commissioner shall provide statewide training on the benefit for culturally and linguistically diverse communities. Training for autism service providers on culturally appropriate practices must be online, accessible, and available in multiple languages. The training for families, lead agencies, advocates, and other interested parties must provide information about the benefit and how to access it.

Subd. 13. **Covered services.** (a) The services described in paragraphs (b) to (i) are eligible for reimbursement by medical assistance under this section.

(b) EIDBI interventions are a variety of individualized, intensive treatment methods approved by the department that are based in behavioral and developmental science consistent with best practices on effectiveness. Services must address the participant's medically necessary treatment goals and be provided by a qualified supervising professional or a level I, level II, or level III treatment provider. Services are targeted to develop, enhance, or maintain the individual developmental skills of a child with ASD and related conditions to improve functional communication, social or interpersonal interaction, behavioral challenges and self-regulation, cognition, learning and play, self-care, safety, and level of support needed. EIDBI interventions include, but are not limited to:

- (1) applied behavioral analysis (ABA);
- (2) developmental individual-difference relationship-based model (DIR/Floortime);
- (3) early start Denver model (ESDM);
- (4) PLAY project; or

(5) relationship development intervention (RDI).

A provider may use one or more of the treatment interventions in clauses (1) to (5) as the primary modality for treatment as a covered service, or several treatment interventions in combination as the primary modality of treatment, as approved by the commissioner. Additional treatment interventions may be used upon approval by the commissioner. A provider that identifies and provides assurance of qualifications for a single specific treatment modality must document the required qualifications to meet fidelity to the specific model.

(c) EIDBI intervention observation and direction is the clinical direction and oversight by a QSP or a level I or level II treatment provider regarding provision of EIDBI services to a child, including developmental and behavioral techniques, progress measurement, data collection, function of behaviors, and generalization of acquired skills for the direct benefit of a child. EIDBI intervention observation and direction informs any modifications of the methods to support the accomplishment of outcomes in the ITP. Observation and direction provides a real-time response to EIDBI interventions to maximize the benefit to the child.

(d) CMDE is a comprehensive evaluation of the child's developmental status to determine medical necessity for EIDBI services and meets the requirements of subdivision 5. The services must be provided by a qualified CMDE provider.

(e) ITP development and monitoring is development of the initial, annual, and progress monitoring of ITPs. This service documents, provides oversight and on-going evaluation of child treatment and progress on targeted goals and objectives, and integrates and coordinates child and family information from the CMDE and progress monitoring evaluations. The ITP must meet the requirements of subdivision 6. ITP progress evaluation monitoring must meet the requirements of subdivision 7. This service must be reviewed and completed by a QSP, and may include input from a level I or level II treatment provider.

(f) Family caregiver training and counseling is specialized training and education a family or primary caregiver receives to understand the child's developmental status and help with the child's needs and development. This service must be provided by a QSP or a level I or level II treatment provider.

(g) A coordinated care conference is a voluntary face-to-face meeting with the child and family to review the CMDE or progress monitoring results and to coordinate and integrate services across providers and service-delivery systems to develop the ITP. This service must be provided by a QSP and may include the CMDE provider or the level I or level II treatment provider.

(h) Travel time is allowable billing for traveling to and from the recipient's home, school, a community setting, or place of service outside of an EIDBI center, clinic, or office from a specified location to provide face-to-face EIDBI intervention, observation and direction, or family caregiver training and counseling. EIDBI recipients must have an ITP specifying the reasons the provider must travel to the recipient's home, a community setting, or place of service outside of an EIDBI center, clinic, or office.

(i) Medical assistance covers medically necessary EIDBI services and consultations delivered by a licensed health care provider via telemedicine in the same manner as if the service or consultation was delivered in person. Coverage is limited to three telemedicine services per enrollee per calendar week.

Subd. 14. **Service recipient rights.** A child or the child's legal representative has the right to:

- (1) protection as defined under the health care bill of rights under section 144.651;
- (2) designate an advocate of the child's or the child's legal representative's choice to be present in all aspects of the child's and family's services at the request of the child or the child's legal representative;
- (3) be informed of the agency policy on assigning staff to a child;
- (4) receive the opportunity to observe the child while receiving services;
- (5) receive services in a manner that respects and takes into consideration the child's and the legal representative's culture, values, religion, and preferences in accordance with subdivision 3a;
- (6) be free from mechanical restraint or seclusion using locked doors except in emergencies as defined in section 245D.02, subdivision 8a;
- (7) be under the supervision of a responsible adult at all times;
- (8) receive notification from the agency within 24 hours if the child is injured while receiving services, including what occurred and how agency staff responded to the injury;
- (9) request a voluntary coordinated care conference; and
- (10) request an independent CMDE provider of the child's or legal representative's choice.

Subd. 15. **EIDBI provider qualifications.** (a) A level I treatment provider must be employed by an EIDBI agency and:

- (1) have at least 2,000 hours of supervised clinical experience or training in examining or treating children with ASD or equivalent documented coursework at the graduate level by an accredited university in ASD diagnostics, ASD developmental and behavioral treatment strategies, and typical child development or an equivalent combination of documented coursework or hours of experience; and
- (2) have or be at least one of the following:
  - (i) a master's degree in behavioral health or child development or allied fields, including but not limited to mental health, special education, social work, psychology, speech pathology, or occupational therapy from an accredited college or university;
  - (ii) a bachelor's degree in a behavioral health or child development field from an accredited college or university and advanced certification in a treatment method recognized by the Department of Human Services; or
  - (iii) a board-certified assistant behavior analyst with 4,000 hours of supervised clinical experience including meeting all registration, supervision, and continuing education requirements of the certification.

(b) A level II treatment provider must be employed by an EIDBI provider agency and be either:

- (1) a person who has a bachelor's degree from an accredited college or university in a behavioral or child development science or allied field including but not limited to mental health, special education, social work, psychology, speech pathology, or occupational therapy; and

(i) has at least 1,000 hours of clinical experience or training in examining or treating children with ASD or equivalent documented coursework at the graduate level by an accredited university in ASD diagnostics, ASD developmental and behavioral treatment strategies, and typical child development or a combination of coursework or hours of experience;

(ii) certification as a board-certified assistant behavior analyst from the Behavior Analyst Certification Board; or

(iii) is a registered behavior technician as defined by the Behavior Analyst Certification Board or is certified in one of the other treatment modalities recognized by the Department of Human Services;

(2) a person who:

(i) has an associate's degree in a behavioral or child development science or allied field including but not limited to mental health, special education, social work, psychology, speech pathology, or occupational therapy from an accredited college or university; and

(ii) has at least 2,000 hours of supervised clinical experience in delivering treatment to children with ASD. Hours worked as a behavioral aide or level III treatment provider may be included in the required hours of experience;

(3) a person who has at least 4,000 hours of supervised clinical experience in delivering treatment to children with ASD. Hours worked as a mental health behavioral aide or developmental or level III treatment provider may be included in the required hours of experience;

(4) a person who is a graduate student in a behavioral science, child development science, or allied field and is receiving clinical supervision by a qualified supervising professional affiliated with an agency to meet the clinical training requirements for experience and training with children with ASD; or

(5) a person who is at least 18 years old and who:

(i) is fluent in the non-English language spoken in the child's home or works with a tribal entity that represents the child's culture;

(ii) meets level III EIDBI training requirements; and

(iii) receives observation and direction from a QSP or qualified level I treatment provider at least once a week until 1,000 hours of supervised clinical experience are met.

(c) A level III treatment provider must be employed by an EIDBI provider agency, have completed the level III training requirement, be at least 18 years old, and have at least one of the following:

(1) a high school diploma or general equivalency diploma (GED);

(2) fluency in the non-English language spoken in the child's home or works with a tribal entity that represents the child's culture; or

(3) one year of experience as a primary PCA, community health worker, waiver service provider, or special education assistant to a child with ASD within the previous five years.

(d) A qualified supervising professional must be employed by an EIDBI agency and be:

(1) a licensed mental health professional who has at least 2,000 hours of supervised clinical experience or training in examining or treating children with ASD or equivalent documented coursework at the graduate level by an accredited university in ASD diagnostics, ASD developmental and behavioral treatment strategies, and typical child development; or

(2) a developmental or behavioral pediatrician who has at least 2,000 hours of supervised clinical experience or training in the examining or treating of children with ASD or related conditions or equivalent documented coursework at the graduate level by an accredited university in the areas of ASD diagnostics, ASD developmental and behavioral treatment strategies, and typical child development.

Subd. 16. **Agency responsibilities.** (a) The agency must:

(1) exercise and protect the service recipient's rights;

(2) offer services that are person-centered and culturally and linguistically appropriate as required under subdivision 3a;

(3) allow people to make informed decisions concerning CMDE, treatment recommendations, alternatives considered, and possible risks of services;

(4) have a written policy that identifies steps to resolve issues collaboratively when possible;

(5) except for emergency situations, provide adequate notice of transition, subject to staff availability, of transition from EIDBI services prior to implementing a transition plan with the family;

(6) provide notice as soon as possible when issues arise about provision of EIDBI services;

(7) provide the legal representative with prompt notification if the child is injured while being served by the agency. An incident report must be completed by the agency staff member in charge of the child. Copies of all incident and injury reports must remain on file at the agency for at least one year. An incident is when any of the following occur:

(i) an illness, accident, or injury which requires first aid treatment;

(ii) a bump or blow to the head; or

(iii) an unusual or unexpected event that jeopardizes the safety of children or staff, including a child leaving the agency unattended; and

(8) prior to starting services, provide the child or the child's legal representative a plain-spoken description of the treatment method or methods that the child shall receive, including the staffing certification levels and training of the staff who shall provide the treatment or treatments.

(b) When delivering the ITP, and annually thereafter, agencies must provide the child or the child's legal representative with:

(1) a written copy of the child's rights and agency responsibilities;

(2) a verbal explanation of rights and responsibilities;

(3) reasonable accommodations to provide the information in other formats or languages as needed to facilitate understanding of the rights and responsibilities; and



(4) documentation in the child's file of the date that the child or the child's legal representative received a copy and explanation of the client's rights and agency responsibilities.

Subd. 17. **EIDBI agency qualifications, general requirements, and duties.** (a) EIDBI agencies delivering services under this section shall:

(1) enroll as a medical assistance Minnesota health care program provider according to Minnesota Rules, part 9505.0195, and meet all applicable provider standards and requirements;

(2) demonstrate compliance with federal and state laws for EIDBI;

(3) verify and maintain records of all services provided to the child or the child's legal representative as required under Minnesota Rules, parts 9505.2175 and 9505.2197;

(4) not have had a lead agency contract or provider agreement discontinued due to a conviction of fraud, or not have had an owner, board member, or manager fail a state or FBI-based criminal background check or appear on the list of excluded individuals or entities maintained by the federal Department of Human Services Office of Inspector General while enrolled or seeking enrollment as a Minnesota health care program provider;

(5) have established business practices that include written policies and procedures, internal controls, and a system that demonstrates the organization's ability to deliver quality EIDBI services;

(6) have an office located in Minnesota; and

(7) conduct a criminal background check on an individual who has direct contact with the child or the child's legal representative.

(b) an EIDBI agency shall:

(1) report maltreatment as required under sections 626.556 and 626.557;

(2) provide the child or the child's legal representative with a copy of the service-related rights under subdivision 14 at the start of services;

(3) comply with any data requests from the department consistent with the Minnesota Government Data Practices Act, sections 256B.064 and 256B.27; and

(4) provide training for all agency staff on the Maltreatment of Minors Act and the Vulnerable Adult Protection Act requirements and responsibilities, including mandated and voluntary reporting, nonretaliation, and the agency's policy for all staff on how to report suspected abuse and neglect.

Subd. 18. **Provider shortage; authority for exceptions.** (a) In consultation with the Early Intensive Developmental and Behavioral Intervention Advisory Council, including agencies, professionals, parents of children with ASD, and advocacy organizations, the commissioner shall determine if a shortage of qualified EIDBI providers exists. For the purposes of this subdivision, "shortage of qualified EIDBI providers" means a lack of availability of providers who meet the EIDBI provider qualification requirements under subdivision 15 that results in the delay of access to timely services under this section, or that significantly impairs the ability of a provider agency to have sufficient qualified providers to meet the requirements of this section. The commissioner shall consider geographic factors when determining the prevalence of a shortage. The commissioner may determine that a shortage exists only in a specific region of the state, multiple regions of

the state, or statewide. The commissioner shall also consider the availability of various types of treatment methods covered under this section.

(b) If the commissioner determines that a shortage of qualified providers exists under paragraph (a), the commissioner, in consultation with the EIDBI Advisory Council and stakeholders, must establish processes and criteria for granting an exception. The commissioner may grant an exception to any of the following requirements, but only if an exception would not compromise child safety nor diminish the quality and effectiveness of the treatment provided:

(1) EIDBI provider qualifications under this section;

(2) medical assistance provider enrollment requirements under Minnesota Rules, part 9505.0195; or

(3) applicable provider or agency standards or requirements.

(c) If the commissioner, in consultation with the EIDBI Advisory Council and stakeholders, determines that a shortage no longer exists, the commissioner must submit a notice that a shortage no longer exists to the chairs and ranking minority members of the senate and the house of representatives committees with jurisdiction over health and human services. The commissioner must post the notice for public comment for 30 days. The commissioner shall consider all public comments before the commissioner makes a final determination regarding the termination and timeline for termination of the commissioner's authority to grant exceptions under this subdivision. Until the shortage ends, the commissioner shall provide an update annually to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over health and human services on the status of the provider shortage and exception process.

**EFFECTIVE DATE.** Subdivisions 1, 5a, 13, and 18 are effective the day following final enactment. Subdivisions 2 to 3a, 5, 6 to 9, and 14 to 17 are effective August 1, 2016. Subdivision 4 is effective January 1, 2017.

Sec. 5. Minnesota Statutes 2015 Supplement, section 256B.441, subdivision 30, is amended to read:

Subd. 30. **Median total care-related cost per diem and other operating per diem determined.** (a) The commissioner shall determine the median total care-related per diem to be used in subdivision 50 and the median other operating per diem to be used in subdivision 51 using the cost reports from nursing facilities in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.

(b) The median total care-related per diem shall be equal to the median ~~direct care cost~~ total care-related per diem for a RUG's weight of 1.00 for facilities located in the counties listed in paragraph (a).

(c) The median other operating per diem shall be equal to the median other operating per diem for facilities located in the counties listed in paragraph (a). The other operating per diem shall be the sum of each facility's administrative costs, dietary costs, housekeeping costs, laundry costs, and maintenance and plant operations costs divided by each facility's resident days.

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2016.

Sec. 6. Minnesota Statutes 2015 Supplement, section 256B.441, subdivision 66, is amended to read:

**Subd. 66. Nursing facilities in border cities.** (a) Rate increases under this section for a facility located in Breckenridge are effective for the rate year beginning January 1, 2016, and annually thereafter; Rate increases under this section for a facility located in Moorhead are effective for the rate year beginning January 1, 2020, and annually thereafter.

(b) Operating payment rates of a nonprofit nursing facility that exists on January 1, 2015, is located anywhere within the boundaries of the city of Breckenridge or Moorhead, and is reimbursed under this section, section 256B.431, or section 256B.434, shall be adjusted to be equal to the median RUG's rates, including comparable rate components as determined by the commissioner, for the equivalent RUG's weight of the nonprofit nursing facility or facilities located in an adjacent city in another state and in cities contiguous to the adjacent city. The commissioner must make the comparison required under this subdivision on October 1 of each year. The adjustment under this subdivision applies to the rates effective on the following January 1.

(c) The Minnesota facility's operating payment rate with a weight of 1.0 shall be computed by dividing the adjacent city's nursing facilities median operating payment rate with a weight of 1.02 by 1.02. If the adjustments under this subdivision result in a rate that exceeds the limits in subdivisions 50 and 51 in a given rate year, the facility's rate shall not be subject to those limits for that rate year. If a facility's rate is increased under this subdivision, the facility is not subject to the total care-related limit in subdivision 50 and is not limited to the other operating price established in subdivision 51. This subdivision shall apply only if it results in a higher operating payment rate than would otherwise be determined under this section, section 256B.431, or section 256B.434.

Sec. 7. Minnesota Statutes 2014, section 256B.4912, is amended by adding a subdivision to read:

**Subd. 11. Annual data submission.** (a) In a manner determined by the commissioner, home and community-based services waiver providers enrolled under this section shall submit data to the commissioner on the following:

- (1) wages of workers;
- (2) benefits paid;
- (3) staff retention rates;
- (4) amount of overtime paid;
- (5) amount of travel time paid;
- (6) vacancy rates; and
- (7) other data elements determined by the commissioner.

(b) The commissioner may adjust reporting requirements for an individual self-employed worker.

(c) This subdivision also applies to a provider of personal care assistance services under section 256B.0625, subdivision 19a; community first services and supports under section 256B.85; consumer support grants under section 256.476; nursing services and home health services under section 256B.0625, subdivision 6a; home care nursing services under section 256B.0625,

subdivision 7; intermediate care facilities for persons with developmental disabilities under section 256B.501; and day training and habilitation providers serving residents of intermediate care facilities for persons with developmental disabilities under section 256B.501.

(d) This data shall be submitted annually each calendar year on a date specified by the commissioner. The commissioner shall give a provider at least 30 calendar days to submit the data. Failure to submit the data requested may result in delays to medical assistance reimbursement.

(e) Individually identifiable data submitted to the commissioner in this section are considered private data on an individual, as defined by section 13.02, subdivision 12.

(f) The commissioner shall analyze data annually for workforce assessments and its impact on service access.

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

Sec. 8. Minnesota Statutes 2015 Supplement, section 256B.4913, subdivision 4a, is amended to read:

Subd. 4a. **Rate stabilization adjustment.** (a) For purposes of this subdivision, "implementation period" means the period beginning January 1, 2014, and ending on the last day of the month in which the rate management system is populated with the data necessary to calculate rates for substantially all individuals receiving home and community-based waiver services under sections 256B.092 and 256B.49. "Banding period" means the time period beginning on January 1, 2014, and ending upon the expiration of the 12-month period defined in paragraph (c), clause (5).

(b) For purposes of this subdivision, the historical rate for all service recipients means the individual reimbursement rate for a recipient in effect on December 1, 2013, except that:

(1) for a day service recipient who was not authorized to receive these waiver services prior to January 1, 2014; added a new service or services on or after January 1, 2014; or changed providers on or after January 1, 2014, the historical rate must be the weighted average authorized rate for the each provider number in the county of service, effective December 1, 2013; or

(2) for a unit-based service with programming or a unit-based service without programming recipient who was not authorized to receive these waiver services prior to January 1, 2014; added a new service or services on or after January 1, 2014; or changed providers on or after January 1, 2014, the historical rate must be the weighted average authorized rate for each provider number in the county of service, effective December 1, 2013; or

(3) for residential service recipients who change providers on or after January 1, 2014, the historical rate must be set by each lead agency within their ~~county~~ aggregate budget using their respective methodology for residential services effective December 1, 2013, for determining the provider rate for a similarly situated recipient being served by that provider.

(c) The commissioner shall adjust individual reimbursement rates determined under this section so that the unit rate is no higher or lower than:

(1) 0.5 percent from the historical rate for the implementation period;

(2) 0.5 percent from the rate in effect in clause (1), for the 12-month period immediately following the time period of clause (1);

(3) 0.5 percent from the rate in effect in clause (2), for the 12-month period immediately following the time period of clause (2);

(4) 1.0 percent from the rate in effect in clause (3), for the 12-month period immediately following the time period of clause (3);

(5) 1.0 percent from the rate in effect in clause (4), for the 12-month period immediately following the time period of clause (4); and

(6) no adjustment to the rate in effect in clause (5) for the 12-month period immediately following the time period of clause (5). During this banding rate period, the commissioner shall not enforce any rate decrease or increase that would otherwise result from the end of the banding period. The commissioner shall, upon enactment, seek federal approval for the addition of this banding period.

(d) The commissioner shall review all changes to rates that were in effect on December 1, 2013, to verify that the rates in effect produce the equivalent level of spending and service unit utilization on an annual basis as those in effect on October 31, 2013.

(e) By December 31, 2014, the commissioner shall complete the review in paragraph (d), adjust rates to provide equivalent annual spending, and make appropriate adjustments.

(f) During the banding period, the Medicaid Management Information System (MMIS) service agreement rate must be adjusted to account for change in an individual's need. The commissioner shall adjust the Medicaid Management Information System (MMIS) service agreement rate by:

(1) calculating a service rate under section 256B.4914, subdivision 6, 7, 8, or 9, for the individual with variables reflecting the level of service in effect on December 1, 2013;

(2) calculating a service rate under section 256B.4914, subdivision 6, 7, 8, or 9, for the individual with variables reflecting the updated level of service at the time of application; and

(3) adding to or subtracting from the Medicaid Management Information System (MMIS) service agreement rate, the difference between the values in clauses (1) and (2).

(g) This subdivision must not apply to rates for recipients served by providers new to a given county after January 1, 2014. Providers of personal supports services who also acted as fiscal support entities must be treated as new providers as of January 1, 2014.

Sec. 9. Minnesota Statutes 2014, section 256B.4914, subdivision 5, is amended to read:

Subd. 5. **Base wage index and standard component values.** (a) The base wage index is established to determine staffing costs associated with providing services to individuals receiving home and community-based services. For purposes of developing and calculating the proposed base wage, Minnesota-specific wages taken from job descriptions and standard occupational classification (SOC) codes from the Bureau of Labor Statistics as defined in the most recent edition of the Occupational Handbook must be used. The base wage index must be calculated as follows:

(1) for residential direct care staff, the sum of:

(i) 15 percent of the subtotal of 50 percent of the median wage for personal and home health aide (SOC code 39-9021); 30 percent of the median wage for nursing aide (SOC code 31-1012); and 20 percent of the median wage for social and human services aide (SOC code 21-1093); and

(ii) 85 percent of the subtotal of 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(2) for day services, 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(3) for residential asleep-overnight staff, the wage will be \$7.66 per hour, except in a family foster care setting, the wage is \$2.80 per hour;

(4) for behavior program analyst staff, 100 percent of the median wage for mental health counselors (SOC code 21-1014);

(5) for behavior program professional staff, 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(6) for behavior program specialist staff, 100 percent of the median wage for psychiatric technicians (SOC code 29-2053);

(7) for supportive living services staff, 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(8) for housing access coordination staff, 50 percent of the median wage for community and social services specialist (SOC code 21-1099); and 50 percent of the median wage for social and human services aide (SOC code 21-1093);

(9) for in-home family support staff, 20 percent of the median wage for nursing aide (SOC code 31-1012); 30 percent of the median wage for community social service specialist (SOC code 21-1099); 40 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(10) for independent living skills staff, 40 percent of the median wage for community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(11) for supported employment staff, 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(12) for adult companion staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012);

(13) for night supervision staff, 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage

for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(14) for respite staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012);

(15) for personal support staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012);

(16) for supervisory staff, the basic wage is \$17.43 per hour with exception of the supervisor of behavior analyst and behavior specialists, which must be \$30.75 per hour;

(17) for registered nurse, the basic wage is \$30.82 per hour; and

(18) for licensed practical nurse, the basic wage is \$18.64 per hour.

(b) Component values for residential support services are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 13.25 percent;

(5) program-related expense ratio: 1.3 percent; and

(6) absence and utilization factor ratio: 3.9 percent.

(c) Component values for family foster care are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 3.3 percent;

(5) program-related expense ratio: 1.3 percent; and

(6) absence factor: 1.7 percent.

(d) Component values for day services for all services are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan support ratio: 5.6 percent;

(5) client programming and support ratio: ten percent;

(6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 1.8 percent; and

(8) absence and utilization factor ratio: 3.9 percent.

(e) Component values for unit-based services with programming are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan supports ratio: 3.1 percent;

(5) client programming and supports ratio: 8.6 percent;

(6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 6.1 percent; and

(8) absence and utilization factor ratio: 3.9 percent.

(f) Component values for unit-based services without programming except respite are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan support ratio: 3.1 percent;

(5) client programming and support ratio: 8.6 percent;

(6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 6.1 percent; and

(8) absence and utilization factor ratio: 3.9 percent.

(g) Component values for unit-based services without programming for respite are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 13.25 percent;

(5) program-related expense ratio: 6.1 percent; and

(6) absence and utilization factor ratio: 3.9 percent.

(h) On July 1, 2017, the commissioner shall update the base wage index in paragraph (a) based on the wage data by standard occupational code (SOC) from the Bureau of Labor Statistics available on December 31, 2016. The commissioner shall publish these updated values and load them into the rate management system. This adjustment occurs every five years. For adjustments in 2021 and



beyond, the commissioner shall use the data available on December 31 of the calendar year five years prior.

(i) On July 1, 2017, the commissioner shall update the framework components in paragraphs (b) to (g); subdivision 6, clauses (8) and (9); and subdivision 7, clauses (16) and (17), for changes in the Consumer Price Index. The commissioner will adjust these values higher or lower by the percentage change in the Consumer Price Index-All Items, United States city average (CPI-U) from January 1, 2014, to January 1, 2017. The commissioner shall publish these updated values and load them into the rate management system. This adjustment occurs every five years. For adjustments in 2021 and beyond, the commissioner shall use the data available on January 1 of the calendar year four years prior and January 1 of the current calendar year. No later than January 15, 2017, the commissioner shall make recommendations for the incorporation of the cost of licensing fees as specified under section 245A.10, subdivision 4, paragraph (m), into the rate framework.

Sec. 10. Minnesota Statutes 2015 Supplement, section 256B.4914, subdivision 10, is amended to read:

Subd. 10. **Updating payment values and additional information.** (a) From January 1, 2014, through December 31, 2017, the commissioner shall develop and implement uniform procedures to refine terms and adjust values used to calculate payment rates in this section.

(b) No later than July 1, 2014, the commissioner shall, within available resources, begin to conduct research and gather data and information from existing state systems or other outside sources on the following items:

(1) differences in the underlying cost to provide services and care across the state; and

(2) mileage, vehicle type, lift requirements, incidents of individual and shared rides, and units of transportation for all day services, which must be collected from providers using the rate management worksheet and entered into the rates management system; and

(3) the distinct underlying costs for services provided by a license holder under sections 245D.05, 245D.06, 245D.07, 245D.071, 245D.081, and 245D.09, and for services provided by a license holder certified under section 245D.33.

(c) Using a statistically valid set of rates management system data, the commissioner, in consultation with stakeholders, shall analyze for each service the average difference in the rate on December 31, 2013, and the framework rate at the individual, provider, lead agency, and state levels. The commissioner shall issue semiannual reports to the stakeholders on the difference in rates by service and by county lead agency during the banding period under section 256B.4913, subdivision 4a. The commissioner shall issue the first report by October 1, 2014.

(d) No later than July 1, 2014, the commissioner, in consultation with stakeholders, shall begin the review and evaluation of the following values already in subdivisions 6 to 9, or issues that impact all services, including, but not limited to:

(1) values for transportation rates for day services;

(2) values for transportation rates in residential services;

(3) values for services where monitoring technology replaces staff time;

(4) values for indirect services;

- (5) values for nursing;
- (6) component values for independent living skills;
- (7) component values for family foster care that reflect licensing requirements;
- (8) adjustments to other components to replace the budget neutrality factor;
- (9) remote monitoring technology for nonresidential services;
- (10) values for basic and intensive services in residential services;
- (11) values for the facility use rate in day services, and the weightings used in the day service ratios and adjustments to those weightings;
- (12) values for workers' compensation as part of employee-related expenses;
- (13) values for unemployment insurance as part of employee-related expenses;
- (14) a component value to reflect costs for individuals with rates previously adjusted for the inclusion of group residential housing rate 3 costs, only for any individual enrolled as of December 31, 2013; and
- (15) any changes in state or federal law with an impact on the underlying cost of providing home and community-based services.

(e) The commissioner shall report to the chairs and the ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance with the information and data gathered under paragraphs (b) to (d) on the following dates:

- (1) January 15, 2015, with preliminary results and data;
- (2) January 15, 2016, with a status implementation update, and additional data and summary information;
- (3) January 15, 2017, with the full report; and
- (4) January 15, 2019, with another full report, and a full report once every four years thereafter.

(f) Based on the commissioner's evaluation of the information and data collected in paragraphs (b) to (d), the commissioner shall make recommendations to the legislature by January 15, 2015, to address any issues identified during the first year of implementation. After January 15, 2015, the commissioner may make recommendations to the legislature to address potential issues.

(g) The commissioner shall implement a regional adjustment factor to all rate calculations in subdivisions 6 to 9, effective no later than January 1, 2015. Prior to implementation, the commissioner shall consult with stakeholders on the methodology to calculate the adjustment.

(h) The commissioner shall provide a public notice via LISTSERV in October of each year beginning October 1, 2014, containing information detailing legislatively approved changes in:

- (1) calculation values including derived wage rates and related employee and administrative factors;
- (2) service utilization;

- (3) ~~county and tribal~~ lead agency allocation changes; and
- (4) information on adjustments made to calculation values and the timing of those adjustments.

The information in this notice must be effective January 1 of the following year.

(i) No later than July 1, 2016, the commissioner shall develop and implement, in consultation with stakeholders, a methodology sufficient to determine the shared staffing levels necessary to meet, at a minimum, health and welfare needs of individuals who will be living together in shared residential settings, and the required shared staffing activities described in subdivision 2, paragraph (l). This determination methodology must ensure staffing levels are adaptable to meet the needs and desired outcomes for current and prospective residents in shared residential settings.

(j) When the available shared staffing hours in a residential setting are insufficient to meet the needs of an individual who enrolled in residential services after January 1, 2014, or insufficient to meet the needs of an individual with a service agreement adjustment described in section 256B.4913, subdivision 4a, paragraph (f), then individual staffing hours shall be used.

Sec. 11. Minnesota Statutes 2014, section 256B.4914, subdivision 11, is amended to read:

Subd. 11. **Payment implementation.** Upon implementation of the payment methodologies under this section, those payment rates supersede rates established in ~~county~~ lead agency contracts for recipients receiving waiver services under section 256B.092 or 256B.49.

Sec. 12. Minnesota Statutes 2015 Supplement, section 256B.4914, subdivision 14, is amended to read:

Subd. 14. **Exceptions.** (a) In a format prescribed by the commissioner, lead agencies must identify individuals with exceptional needs that cannot be met under the disability waiver rate system. The commissioner shall use that information to evaluate and, if necessary, approve an alternative payment rate for those individuals. Whether granted, denied, or modified, the commissioner shall respond to all exception requests in writing. The commissioner shall include in the written response the basis for the action and provide notification of the right to appeal under paragraph (h).

(b) Lead agencies must act on an exception request within 30 days and notify the initiator of the request of their recommendation in writing. A lead agency shall submit all exception requests along with its recommendation to the commissioner.

(c) An application for a rate exception may be submitted for the following criteria:

- (1) an individual has service needs that cannot be met through additional units of service;
- (2) an individual's rate determined under subdivisions 6, 7, 8, and 9 is so insufficient that it has resulted in an individual receiving a notice of discharge from the individual's provider; ~~or~~
- (3) an individual's service needs, including behavioral changes, require a level of service which necessitates a change in provider or which requires the current provider to propose service changes beyond those currently authorized; or

(4) an individual's service needs cannot be met through a weighted county average rate as defined in section 256B.4913, subdivision 4a.

(d) Exception requests must include the following information:

(1) the service needs required by each individual that are not accounted for in subdivisions 6, 7, 8, and 9;

(2) the service rate requested and the difference from the rate determined in subdivisions 6, 7, 8, and 9;

(3) a basis for the underlying costs used for the rate exception and any accompanying documentation; and

(4) any contingencies for approval.

(e) Approved rate exceptions shall be managed within lead agency allocations under sections 256B.092 and 256B.49.

(f) Individual disability waiver recipients, an interested party, or the license holder that would receive the rate exception increase may request that a lead agency submit an exception request. A lead agency that denies such a request shall notify the individual waiver recipient, interested party, or license holder of its decision and the reasons for denying the request in writing no later than 30 days after the request has been made and shall submit its denial to the commissioner in accordance with paragraph (b). The reasons for the denial must be based on the failure to meet the criteria in paragraph (c).

(g) The commissioner shall determine whether to approve or deny an exception request no more than 30 days after receiving the request. If the commissioner denies the request, the commissioner shall notify the lead agency and the individual disability waiver recipient, the interested party, and the license holder in writing of the reasons for the denial.

(h) The individual disability waiver recipient may appeal any denial of an exception request by either the lead agency or the commissioner, pursuant to sections 256.045 and 256.0451. When the denial of an exception request results in the proposed demission of a waiver recipient from a residential or day habilitation program, the commissioner shall issue a temporary stay of demission, when requested by the disability waiver recipient, consistent with the provisions of section 256.045, subdivisions 4a and 6, paragraph (c). The temporary stay shall remain in effect until the lead agency can provide an informed choice of appropriate, alternative services to the disability waiver.

(i) Providers may petition lead agencies to update values that were entered incorrectly or erroneously into the rate management system, based on past service level discussions and determination in subdivision 4, without applying for a rate exception.

(j) The starting date for the rate exception will be the later of the date of the recipient's change in support or the date of the request to the lead agency for an exception.

(k) The commissioner shall track all exception requests received and their dispositions. The commissioner shall issue quarterly public exceptions statistical reports, including the number of exception requests received and the numbers granted, denied, withdrawn, and pending. The report shall include the average amount of time required to process exceptions.

(l) No later than January 15, 2016, the commissioner shall provide research findings on the estimated fiscal impact, the primary cost drivers, and common population characteristics of recipients with needs that cannot be met by the framework rates.

(m) No later than July 1, 2016, the commissioner shall develop and implement, in consultation with stakeholders, a process to determine eligibility for rate exceptions for individuals with rates determined under the methodology in section 256B.4913, subdivision 4a. Determination of eligibility for an exception will occur as annual service renewals are completed.

(n) Approved rate exceptions will be implemented at such time that the individual's rate is no longer banded and remain in effect in all cases until an individual's needs change as defined in paragraph (c).

Sec. 13. Minnesota Statutes 2015 Supplement, section 256B.4914, subdivision 15, is amended to read:

Subd. 15. ~~County or tribal~~ **Lead agency allocations.** (a) Upon implementation of the disability waiver rates management system on January 1, 2014, the commissioner shall establish a method of tracking and reporting the fiscal impact of the disability waiver rates management system on individual lead agencies.

(b) Beginning January 1, 2014, the commissioner shall make annual adjustments to lead agencies' home and community-based waived service budget allocations to adjust for rate differences and the resulting impact on county lead agency allocations upon implementation of the disability waiver rates system.

(c) Lead agencies exceeding their allocations shall be subject to the provisions under sections 256B.0916, subdivision 11, and 256B.49, subdivision 26.

Sec. 14. **PROVIDER RATE AND GRANT INCREASES EFFECTIVE JULY 1, 2016.**

(a) The commissioner of human services shall increase reimbursement rates, grants, allocations, individual limits, and rate limits, as applicable, by 2.72 percent for the rate period beginning July 1, 2016, for services rendered on or after that date. County or tribal contracts for services specified in this section must be amended to pass through with these rate increases within 60 days of the effective date.

(b) The rate changes described in this section must be provided to:

(1) the following services within the home and community-based waiver for persons with developmental disabilities under Minnesota Statutes, section 256B.092: extended personal care, personal support, chore, respite care services except for crisis respite services, homemaker cleaning services, and consumer-directed community supports budgets;

(2) the following services within the community access for disability inclusion waiver under Minnesota Statutes, section 256B.49: extended personal care, chore, respite care services, homemaker cleaning services, and consumer-directed community supports budgets;

(3) the following services within the community alternative care waiver under Minnesota Statutes, section 256B.49: extended personal care, chore, respite care services, homemaker cleaning services, and consumer-directed community supports budgets;

(4) the following services within the brain injury waiver under Minnesota Statutes, section 256B.49: extended personal care, chore, respite care services, homemaker cleaning services, and consumer-directed community supports budgets;

(5) the following services within the elderly waiver under Minnesota Statutes, section 256B.0915: extended personal care, companion, chore, respite care services, homemaker cleaning services, and consumer-directed community supports budgets;

(6) the following services within the alternative care program under Minnesota Statutes, section 256B.0913: personal care, companion, chore, respite care services, homemaker cleaning services, and consumer-directed community supports budgets;

(7) personal care services and qualified professional supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 6a or 19a; and

(8) consumer support grants under Minnesota Statutes, section 256.476.

(c) A managed care plan or county-based purchasing plan receiving state payments for the services in paragraph (b) must include the increases in paragraph (a) in payments to providers. To implement the rate increase in this section, capitation rates paid by the commissioner to managed care organizations under Minnesota Statutes, section 256B.69, shall reflect a 2.72 percent increase for the specified services provided on or after July 1, 2016.

(d) Counties and tribes shall increase the budget for each recipient of consumer-directed community supports by the amounts in paragraph (a) on the effective dates in paragraph (a).

(e) To implement the provisions of this section, the commissioner shall increase applicable service rates in the disability waiver payment system authorized in Minnesota Statutes, sections 256B.4913 and 256B.4914.

(f) A provider that receives a rate adjustment under paragraph (a) shall use 90 percent of the additional revenue to increase compensation-related costs for employees directly employed by the program on or after July 1, 2016, except:

(1) persons employed in the central office of a corporation or entity that has an ownership interest in the provider or exercises control over the provider; and

(2) persons paid by the provider under a management contract.

(g) Compensation-related costs include:

(1) wages and salaries, including overtime and travel time;

(2) the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, and mileage reimbursement;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, pensions, and contributions to employee retirement accounts; and

(4) other employee benefits provided, such as training of employees, as specified in the distribution plan and required under paragraph (i) and approved by the commissioner.

(h) Nothing in this subdivision prevents a provider as an employer from allocating the increase in revenues across the eligible compensation-related costs listed in paragraph (g).

(i) For a provider that has employees who are represented by an exclusive bargaining representative, the provider shall obtain a letter of acceptance of the distribution plan required

under paragraph (j) for the members of the bargaining unit, signed by the exclusive bargaining agent. Upon receipt of the letter of acceptance, the provider shall be deemed to have met all the requirements of this section for the members of the bargaining unit. Upon request, the provider shall produce a letter of acceptance for the commissioner.

(j) A provider that receives a rate adjustment under paragraph (a) that is subject to paragraph (f) shall prepare and, upon request, submit to the commissioner a distribution plan that specifies the amount of money that is subject to the requirements of paragraph (f) the provider expects to receive, including the amount of money that will be distributed to increase compensation for employees. The distribution plan must also include the provider's policy for scheduling overtime. The provider's policy must not limit the scheduling of overtime hours where an individual's service needs are unmet without a worker exceeding 40 hours per week of work, consistent with the monthly work-hour limit under Minnesota Statutes, section 256B.0659, subdivision 11, paragraph (a), clause (10), and the service recipient's authorized hours. The provider's overtime scheduling policy must provide for a process that reliably and expeditiously provides services to recipients.

(k) Within six months of the effective date of the rate adjustment, the provider shall post the distribution plan required under paragraph (j) for a period of at least six weeks in an area of the provider's operation to which all eligible employees have access and shall provide instructions for employees who do not believe they received the wage and other compensation-related increases specified in the distribution plan. The instructions must include a mailing address, e-mail address, and telephone number that the employees may use to contact the commissioner or the commissioner's representative.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

**Sec. 15. INSTRUCTION TO THE COMMISSIONER.**

The commissioner shall amend the medical assistance state plan for the EIDBI benefit, authorized under Minnesota Statutes, section 256B.0949, to reference relevant statutory sections. When duplicative of statutory language, the commissioner shall remove the language from the state plan.

**Sec. 16. REVISOR'S INSTRUCTION.**

The revisor of statutes shall codify Laws 2015, chapter 71, article 7, section 55, as Minnesota Statutes, section 256B.0921.

## **ARTICLE 25**

### **HEALTH CARE**

Section 1. Minnesota Statutes 2015 Supplement, section 16A.724, subdivision 2, is amended to read:

Subd. 2. **Transfers.** (a) Notwithstanding section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund, effective for the biennium beginning July 1, 2007, the commissioner of management and budget shall transfer the excess funds from the health care access fund to the general fund on June 30 of each year, provided that the amount transferred in fiscal year 2016 shall not exceed \$48,000,000, the amount in fiscal year 2017 shall not exceed \$122,000,000, and the amount in any fiscal biennium thereafter shall not exceed \$96,000,000

\$244,000,000. The purpose of this transfer is to meet the rate increase required under Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 6.

(b) For fiscal years 2006 to 2011, MinnesotaCare shall be a forecasted program, and, if necessary, the commissioner shall reduce these transfers from the health care access fund to the general fund to meet annual MinnesotaCare expenditures or, if necessary, transfer sufficient funds from the general fund to the health care access fund to meet annual MinnesotaCare expenditures.

Sec. 2. Minnesota Statutes 2014, section 62J.497, subdivision 1, is amended to read:

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

(a) "Backward compatible" means that the newer version of a data transmission standard would retain, at a minimum, the full functionality of the versions previously adopted, and would permit the successful completion of the applicable transactions with entities that continue to use the older versions.

(b) "Dispense" or "dispensing" has the meaning given in section 151.01, subdivision 30. Dispensing does not include the direct administering of a controlled substance to a patient by a licensed health care professional.

(c) "Dispenser" means a person authorized by law to dispense a controlled substance, pursuant to a valid prescription.

(d) "Electronic media" has the meaning given under Code of Federal Regulations, title 45, part 160.103.

(e) "E-prescribing" means the transmission using electronic media of prescription or prescription-related information between a prescriber, dispenser, pharmacy benefit manager, or group purchaser, either directly or through an intermediary, including an e-prescribing network. E-prescribing includes, but is not limited to, two-way transmissions between the point of care and the dispenser and two-way transmissions related to eligibility, formulary, and medication history information.

(f) "Electronic prescription drug program" means a program that provides for e-prescribing.

(g) "Group purchaser" has the meaning given in section 62J.03, subdivision 6.

(h) "HL7 messages" means a standard approved by the standards development organization known as Health Level Seven.

(i) "National Provider Identifier" or "NPI" means the identifier described under Code of Federal Regulations, title 45, part 162.406.

(j) "NCPDP" means the National Council for Prescription Drug Programs, Inc.

(k) "NCPDP Formulary and Benefits Standard" means the National Council for Prescription Drug Programs Formulary and Benefits Standard, Implementation Guide, Version 1, Release 0, October 2005.

(l) "NCPDP SCRIPT Standard" means the National Council for Prescription Drug Programs Prescriber/Pharmacist Interface SCRIPT Standard, Implementation Guide Version 8, Release 1 (Version 8.1), October 2005, or the most recent standard adopted by the Centers for Medicare



and Medicaid Services for e-prescribing under Medicare Part D as required by section 1860D-4(e)(4)(D) of the Social Security Act, and regulations adopted under it. The standards shall be implemented according to the Centers for Medicare and Medicaid Services schedule for compliance. Subsequently released versions of the NCPDP SCRIPT Standard may be used, provided that the new version of the standard is backward compatible to the current version adopted by the Centers for Medicare and Medicaid Services.

(m) "Pharmacy" has the meaning given in section 151.01, subdivision 2.

(n) "Prescriber" means a licensed health care practitioner, other than a veterinarian, as defined in section 151.01, subdivision 23.

(o) "Prescription-related information" means information regarding eligibility for drug benefits, medication history, or related health or drug information.

(p) "Provider" or "health care provider" has the meaning given in section 62J.03, subdivision 8.

(q) "Utilization review organization" has the meaning given in section 62M.02, subdivision 21.

Sec. 3. Minnesota Statutes 2014, section 62J.497, subdivision 3, is amended to read:

Subd. 3. **Standards for electronic prescribing.** (a) Prescribers and dispensers must use the NCPDP SCRIPT Standard for the communication of a prescription or prescription-related information. The NCPDP SCRIPT Standard shall be used to conduct the following transactions:

- (1) get message transaction;
- (2) status response transaction;
- (3) error response transaction;
- (4) new prescription transaction;
- (5) prescription change request transaction;
- (6) prescription change response transaction;
- (7) refill prescription request transaction;
- (8) refill prescription response transaction;
- (9) verification transaction;
- (10) password change transaction;
- (11) cancel prescription request transaction; and
- (12) cancel prescription response transaction.

(b) Providers, group purchasers, prescribers, and dispensers must use the NCPDP SCRIPT Standard for communicating and transmitting medication history information.

(c) Providers, group purchasers, prescribers, and dispensers must use the NCPDP Formulary and Benefits Standard for communicating and transmitting formulary and benefit information.

(d) Group purchaser, other than workers' compensation plans and the medical component of automobile insurance coverage, and utilization review organizations must develop processes to

ensure that prescribers can obtain information about covered drugs from the same class or classes as a drug originally prescribed but denied. This process must allow communication to the prescriber via telephone, or for the medical assistance fee-for-service program under chapter 256B via a public Web site.

~~(d)~~ (e) Providers, group purchasers, prescribers, and dispensers must use the national provider identifier to identify a health care provider in e-prescribing or prescription-related transactions when a health care provider's identifier is required.

~~(e)~~ (f) Providers, group purchasers, prescribers, and dispensers must communicate eligibility information and conduct health care eligibility benefit inquiry and response transactions according to the requirements of section 62J.536.

Sec. 4. Minnesota Statutes 2014, section 62M.02, is amended by adding a subdivision to read:

Subd. 10a. **Drug.** "Drug" has the meaning given in section 151.01, subdivision 5.

Sec. 5. Minnesota Statutes 2014, section 62M.02, is amended by adding a subdivision to read:

Subd. 11a. **Formulary.** "Formulary" has the meaning given in section 62Q.83, subdivision 1.

Sec. 6. Minnesota Statutes 2014, section 62M.02, subdivision 12, is amended to read:

**Subd. 12. Health benefit plan.** "Health benefit plan" means a policy, contract, or certificate issued by a health plan company for the coverage of medical, dental, prescription drug, or hospital benefits. A health benefit plan does not include coverage that is:

- (1) limited to disability or income protection coverage;
- (2) automobile medical payment coverage;
- (3) supplemental to liability insurance;
- (4) designed solely to provide payments on a per diem, fixed indemnity, or nonexpense incurred basis;
- (5) credit accident and health insurance issued under chapter 62B;
- (6) blanket accident and sickness insurance as defined in section 62A.11;
- (7) accident only coverage issued by a licensed and tested insurance agent; or
- (8) workers' compensation.

Sec. 7. Minnesota Statutes 2014, section 62M.02, subdivision 14, is amended to read:

**Subd. 14. Outpatient services.** "Outpatient services" means procedures or services performed on a basis other than as an inpatient, and includes obstetrical, psychiatric, chemical dependency, dental, prescription drug, and chiropractic services.

Sec. 8. Minnesota Statutes 2014, section 62M.02, is amended by adding a subdivision to read:

Subd. 14a. **Prescription.** "Prescription" has the meaning given in section 151.01, subdivision 16a.

Sec. 9. Minnesota Statutes 2014, section 62M.02, is amended by adding a subdivision to read:

Subd. 14b. **Prescription drug order.** "Prescription drug order" has the meaning given in section 151.01, subdivision 16.

Sec. 10. Minnesota Statutes 2014, section 62M.02, subdivision 15, is amended to read:

Subd. 15. **Prior authorization.** "Prior authorization" means utilization review conducted prior to the delivery of a service, including an outpatient service. Prior authorization includes, but is not limited to, preadmission review, pretreatment review, quantity limits, step therapy, utilization, and case management. Prior authorization also includes any utilization review organization's requirement that an enrollee or provider notify the utilization review organization prior to providing a service, including an outpatient service. Reviews performed for emergency medical assistance benefits, medical assistance waived services, or the Minnesota restricted recipient program are not prior authorization.

Sec. 11. Minnesota Statutes 2014, section 62M.02, subdivision 17, is amended to read:

Subd. 17. **Provider.** "Provider" means a licensed health care facility, physician, pharmacist, or other health care professional that delivers health care services to an enrollee.

Sec. 12. Minnesota Statutes 2014, section 62M.02, is amended by adding a subdivision to read:

Subd. 18a. **Quantity limit.** "Quantity limit" means a limit on the number of doses of a prescription drug that are covered during a specific time period.

Sec. 13. Minnesota Statutes 2014, section 62M.02, is amended by adding a subdivision to read:

Subd. 19a. **Step therapy.** "Step therapy" means clinical practice or other evidence-based protocols or requirements that specify the sequence in which different prescription drugs for a given medical condition are to be used by an enrollee before a drug prescribed by a provider is covered. Step therapy does not include a requirement for an enrollee to use a generic or biosimilar product considered by the Food and Drug Administration to be therapeutically equivalent and interchangeable to a branded product, provided the generic or biosimilar product has not previously been tried by the patient.

Sec. 14. Minnesota Statutes 2014, section 62M.05, subdivision 3a, is amended to read:

Subd. 3a. **Standard review determination.** (a) Notwithstanding subdivision 3b, an initial determination on all requests for utilization review, except a determination related to prescription drugs, must be communicated to the provider and enrollee in accordance with this subdivision within ten business days of the request, provided that all information reasonably necessary to make a determination on the request has been made available to the utilization review organization.

(b) An initial determination for utilization review on all prescription drug requests must be communicated to the provider and enrollee in accordance with this subdivision within five business days of the request, provided that all information reasonably necessary to make a determination on the request has been made available to the utilization review organization.

~~(b)~~ (c) When an initial determination is made to certify, notification must be provided promptly by telephone to the provider. The utilization review organization shall send written notification to the provider or shall maintain an audit trail of the determination and telephone notification. For purposes of this subdivision, "audit trail" includes documentation of the telephone notification, including the date; the name of the person spoken to; the enrollee; the service, procedure, or admission certified;

and the date of the service, procedure, or admission. If the utilization review organization indicates certification by use of a number, the number must be called the "certification number." For purposes of this subdivision, notification may also be made by facsimile to a verified number or by electronic mail to a secure electronic mailbox. These electronic forms of notification satisfy the "audit trail" requirement of this paragraph.

(e) (d) When an initial determination is made not to certify, notification must be provided by telephone, by facsimile to a verified number, or by electronic mail to a secure electronic mailbox within one working day after making the determination to the attending health care professional and hospital as applicable. Written notification must also be sent to the hospital as applicable and attending health care professional if notification occurred by telephone. For purposes of this subdivision, notification may be made by facsimile to a verified number or by electronic mail to a secure electronic mailbox. Written notification must be sent to the enrollee and may be sent by United States mail, facsimile to a verified number, or by electronic mail to a secure mailbox. The written notification must include the principal reason or reasons for the determination and the process for initiating an appeal of the determination. Upon request, the utilization review organization shall provide the provider or enrollee with the criteria used to determine the necessity, appropriateness, and efficacy of the health care service and identify the database, professional treatment parameter, or other basis for the criteria. Reasons for a determination not to certify may include, among other things, the lack of adequate information to certify after a reasonable attempt has been made to contact the provider or enrollee.

(d) (e) When an initial determination is made not to certify, the written notification must inform the enrollee and the attending health care professional of the right to submit an appeal to the internal appeal process described in section 62M.06 and the procedure for initiating the internal appeal. The written notice shall be provided in a culturally and linguistically appropriate manner consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a.

Sec. 15. Minnesota Statutes 2014, section 62M.05, subdivision 3b, is amended to read:

Subd. 3b. **Expedited review determination.** (a) An expedited initial determination must be utilized if the attending health care professional believes that an expedited determination is warranted.

(b) Notification of an expedited initial determination to either certify or not to certify, except a determination related to prescription drugs, must be provided to the hospital, the attending health care professional, and the enrollee as expeditiously as the enrollee's medical condition requires, but no later than 72 hours from the initial request. When an expedited initial determination is made not to certify, the utilization review organization must also notify the enrollee and the attending health care professional of the right to submit an appeal to the expedited internal appeal as described in section 62M.06 and the procedure for initiating an internal expedited appeal.

(c) Notification of an expedited initial determination to either certify or not to certify on all prescription drug requests must be provided to the hospital, the attending health care professional, and the enrollee as expeditiously as the enrollee's medical condition requires, but no later than 36 hours from the initial request, provided that all the information reasonably necessary to make a determination has been made available to the utilization review organization. For state public health care programs administered under section 256B.69 and chapter 256L, notification must be provided to the hospital, attending health care provider, or the enrollee as expeditiously as the enrollee's condition requires, but no later than 36 hours from the initial request, provided that all the

information reasonably necessary to make a determination has been made available to the utilization review organization. When an expedited initial determination is made not to certify, the utilization review organization must also notify the enrollee and the attending health care professional of the right to submit an appeal to the expedited internal appeal as described in section 62M.06, and the procedure for initiating an internal expedited appeal.

Sec. 16. Minnesota Statutes 2014, section 62M.06, subdivision 2, is amended to read:

Subd. 2. **Expedited appeal.** (a) When an initial determination not to certify a health care service is made prior to or during an ongoing service requiring review and the attending health care professional believes that the determination warrants an expedited appeal, the utilization review organization must ensure that the enrollee and the attending health care professional have an opportunity to appeal the determination over the telephone on an expedited basis. In such an appeal, the utilization review organization must ensure reasonable access to its consulting physician or health care provider.

(b) The utilization review organization shall notify the enrollee and attending health care professional by telephone of its determination, except for determinations related to prescription drugs, on the expedited appeal as expeditiously as the enrollee's medical condition requires, but no later than 72 hours after receiving the expedited appeal. The utilization review organization shall notify the enrollee and attending health care professional by telephone of its determination on the expedited appeal of a prescription drug request as expeditiously as the enrollee's medical condition requires, but no later than 36 hours after receiving the expedited appeal.

(c) If the determination not to certify is not reversed through the expedited appeal, the utilization review organization must include in its notification the right to submit the appeal to the external appeal process described in section 62Q.73 and the procedure for initiating the process. This information must be provided in writing to the enrollee and the attending health care professional as soon as practical.

Sec. 17. Minnesota Statutes 2014, section 62M.06, subdivision 3, is amended to read:

Subd. 3. **Standard appeal.** The utilization review organization must establish procedures for appeals to be made either in writing or by telephone.

(a) A utilization review organization shall notify in writing the enrollee, attending health care professional, and claims administrator of its determination on the appeal, except for determinations related to prescription drugs, within 30 days upon receipt of the notice of appeal. If the utilization review organization cannot make a determination within 30 days due to circumstances outside the control of the utilization review organization, the utilization review organization may take up to 14 additional days to notify the enrollee, attending health care professional, and claims administrator of its determination. If the utilization review organization takes any additional days beyond the initial 30-day period to make its determination, it must inform the enrollee, attending health care professional, and claims administrator, in advance, of the extension and the reasons for the extension.

(b) A utilization review organization shall notify in writing the enrollee, attending health care professional, and claims administrator of its determination on the appeal on a prescription drug within 15 days upon receipt of the notice of appeal. If the utilization review organization cannot make a determination on a prescription drug within 15 days due to circumstances outside the control of the utilization review organization, the utilization review organization may take up to ten additional days to notify the enrollee, attending health care professional, and claims

administrator of its determination. If the utilization review organization takes any additional days beyond the initial 15-day period to make its determination, it must inform the enrollee, attending health care professional, and claims administrator, in advance, of the extension and the reasons for the extension.

~~(b)~~ (c) The documentation required by the utilization review organization may include copies of part or all of the medical record and a written statement from the attending health care professional.

~~(c)~~ (d) Prior to upholding the initial determination not to certify for clinical reasons, the utilization review organization shall conduct a review of the documentation by a physician who did not make the initial determination not to certify.

~~(d)~~ (e) The process established by a utilization review organization may include defining a period within which an appeal must be filed to be considered. The time period must be communicated to the enrollee and attending health care professional when the initial determination is made.

~~(e)~~ (f) An attending health care professional or enrollee who has been unsuccessful in an attempt to reverse a determination not to certify shall, consistent with section 72A.285, be provided the following:

- (1) a complete summary of the review findings;
- (2) qualifications of the reviewers, including any license, certification, or specialty designation; and
- (3) the relationship between the enrollee's diagnosis and the review criteria used as the basis for the decision, including the specific rationale for the reviewer's decision.

~~(f)~~ (g) In cases of appeal to reverse a determination not to certify for clinical reasons, the utilization review organization must ensure that a physician of the utilization review organization's choice in the same or a similar specialty as typically manages the medical condition, procedure, or treatment under discussion is reasonably available to review the case.

~~(g)~~ (h) If the initial determination is not reversed on appeal, the utilization review organization must include in its notification the right to submit the appeal to the external review process described in section 62Q.73 and the procedure for initiating the external process.

Sec. 18. Minnesota Statutes 2014, section 62M.07, is amended to read:

**62M.07 PRIOR AUTHORIZATION OF SERVICES.**

(a) Utilization review organizations conducting prior authorization of services must have written standards that meet at a minimum the following requirements:

- (1) written procedures and criteria used to determine whether care is appropriate, reasonable, or medically necessary;
- (2) a system for providing prompt notification of its determinations to enrollees and providers and for notifying the provider, enrollee, or enrollee's designee of appeal procedures under clause (4);
- (3) compliance with section 62M.05, subdivisions 3a and 3b, regarding time frames for approving and disapproving prior authorization requests;

(4) written procedures for appeals of denials of prior authorization which specify the responsibilities of the enrollee and provider, and which meet the requirements of sections 62M.06 and 72A.285, regarding release of summary review findings; and

(5) procedures to ensure confidentiality of patient-specific information, consistent with applicable law.

(b) No utilization review organization, health plan company, or claims administrator may conduct or require prior authorization of emergency confinement or emergency treatment. The enrollee or the enrollee's authorized representative may be required to notify the health plan company, claims administrator, or utilization review organization as soon after the beginning of the emergency confinement or emergency treatment as reasonably possible.

(c) If prior authorization for a health care service is required, the utilization review organization, health plan company, or claim administrator must allow providers to submit requests for prior authorization of the health care services without unreasonable delay by telephone, facsimile, or voice mail or through an electronic mechanism 24 hours a day, seven days a week. This paragraph does not apply to dental service covered under MinnesotaCare, general assistance medical care, or medical assistance.

(d) Any authorization for a prescription drug must remain valid for the duration of an enrollee's contract term, or for the benefits offered under section 256B.69 or chapter 256L, for the duration of the enrollee's enrollment or one year, whichever is shorter, provided: the drug continues to be prescribed for a patient with a condition that requires ongoing medication therapy; the drug has not otherwise been deemed unsafe by the Food and Drug Administration; the drug has not been withdrawn by the manufacturer or the Food and Drug Administration; there is no evidence of the enrollee's abuse or misuse of the prescription drug; or no independent source of research, clinical guidelines, or evidence-based standards has issued drug-specific warnings or recommended changes in drug usage. This paragraph does not apply to individuals assigned to the restricted recipient program under Minnesota Rules, parts 9505.2160 to 9505.2245.

(e) No utilization review organization, health plan company, or claims administrator may impose step therapy requirements for the following drug classes:

(1) immunosuppressants;

(2) antidepressants;

(3) antipsychotics;

(4) anticonvulsants;

(5) antiretrovirals; or

(6) antineoplastics.

(f) No utilization review organization, health plan company, or claims administrator may impose step therapy requirements for enrollees currently taking a prescription drug for which the patient satisfied a previous step therapy requirement, as substantiated from available claims data or provider documentation. This provision does not apply to a patient who has initiated treatment for a condition with samples provided by a prescriber and provided that any step therapy requirements subsequently applied are consistent with evidence-based prescribing practices.

Sec. 19. Minnesota Statutes 2014, section 62M.09, subdivision 3, is amended to read:

Subd. 3. **Physician reviewer involvement.** (a) A physician must review all cases in which the utilization review organization has concluded that a determination not to certify for clinical reasons is appropriate.

(b) The physician conducting the review must be licensed in this state. ~~This paragraph does not apply to reviews conducted in connection with policies issued by a health plan company that is assessed less than three percent of the total amount assessed by the Minnesota Comprehensive Health Association.~~

(c) The physician should be reasonably available by telephone to discuss the determination with the attending health care professional.

(d) This subdivision does not apply to outpatient mental health or substance abuse services governed by subdivision 3a.

Sec. 20. Minnesota Statutes 2014, section 62M.11, is amended to read:

#### **62M.11 COMPLAINTS TO COMMERCE OR HEALTH.**

Notwithstanding the provisions of sections 62M.01 to 62M.16, an enrollee or provider may file a complaint regarding compliance with the requirements of this chapter or regarding a determination not to certify directly to the commissioner responsible for regulating the utilization review organization.

Sec. 21. Minnesota Statutes 2014, section 62Q.81, subdivision 4, is amended to read:

Subd. 4. **Essential health benefits; definition.** For purposes of this section, "essential health benefits" has the meaning given under section 1302(b) of the Affordable Care Act and includes:

- (1) ambulatory patient services;
- (2) emergency services;
- (3) hospitalization;
- (4) laboratory services;
- (5) maternity and newborn care;
- (6) mental health and substance use disorder services, including behavioral health treatment;
- (7) pediatric services, including oral and vision care;
- (8) prescription drugs;
- (9) preventive and wellness services and chronic disease management;
- (10) rehabilitative and habilitative services and devices, including services for autism spectrum disorder treatment specified pursuant to section 62A.3094; and
- (11) additional essential health benefits included in the EHB-benchmark plan, as defined under the Affordable Care Act.



**EFFECTIVE DATE.** This section is effective upon a formal determination from the Centers of Medicare and Medicaid Services that the inclusion of the autism spectrum disorder treatment services under Minnesota Statutes, section 62Q.81, subdivision 4, clause (10), as a rehabilitative and habilitative service is not a new state mandate and the state is not required to cover the cost for the services described under Minnesota Statutes, section 62A.3094. Upon a formal determination, this section is effective for health plans issued or renewed on or after January 1 of the next coverage year.

**Sec. 22. [62Q.83] PRESCRIPTION DRUG BENEFIT TRANSPARENCY AND MANAGEMENT.**

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

(b) "Drug" has the meaning given in section 151.01, subdivision 5.

(c) "Enrollee contract year" means the 12-month term during which benefits associated with health plan company products are in effect. For managed care plans and county-based purchasing plans under section 256B.69 and chapter 256L, it means a calendar year beginning January through December.

(d) "Formulary" means a list of prescription drugs that have been developed by clinical and pharmacy experts and represents the health plan company's medically appropriate and cost-effective prescription drugs approved for use.

(e) "Health plan company" has the meaning given in section 62Q.01, subdivision 4, and includes an entity that performs pharmacy benefits management for the health plan company. For purposes of this definition, "pharmacy benefits management" means the administration or management of prescription drug benefits provided by the health plan company for the benefit of its enrollees and may include, but is not limited to, procurement of prescription drugs, clinical formulary development and management services, claims processing, and rebate contracting and administration.

(f) "Prescription" has the meaning given in section 151.01, subdivision 16a.

Subd. 2. Prescription drug benefit disclosure. (a) A health plan company that provides prescription drug benefit coverage and uses a formulary must make its formulary and related benefit information available by electronic means and, upon request, in writing, at least 30 days prior to annual renewal dates.

(b) Formularies must be organized and disclosed consistent with the most recent version of the United States Pharmacopeia's (USP) Model Guidelines.

(c) For each item or category of items on the formulary, the specific enrollee benefit terms must be identified, including enrollee cost-sharing and expected out-of-pocket costs.

Subd. 3. Formulary changes. (a) Once a formulary has been established, a health plan company may, at any time during the enrollee's contract year:

- (1) expand its formulary by adding drugs to the formulary;
- (2) reduce co-payments or coinsurance; or
- (3) move a drug to a benefit category that reduces an enrollee's cost.

(b) A health plan company may remove a brand name drug from its formulary or place a brand name drug in a benefit category that increases an enrollee's cost only upon the addition to the formulary of a generic or multisource brand name drug rated as therapeutically equivalent according to the FDA Orange Book or a biologic drug rated as interchangeable according to the FDA Purple Book, at a lower cost to the enrollee, and upon at least a 60-day notice to prescribers, pharmacists, and affected enrollees.

(c) A health plan company may change utilization review requirements or move drugs to a benefit category that increases an enrollee's cost during the enrollee's contract year upon at least a 60-day notice to prescribers, pharmacists, and affected enrollees, provided that these changes do not apply to enrollees who are currently taking the drugs affected by these changes for the duration of the enrollee's contract year.

(d) A health plan company may remove any drugs from its formulary that have been deemed unsafe by the Food and Drug Administration, that have been withdrawn by either the Food and Drug Administration or the product manufacturer, or where an independent source of research, clinical guidelines, or evidence-based standards has issued drug-specific warnings or recommended changes in drug usage.

Subd. 4. **Transition process.** (a) A health plan company must establish and maintain a transition process to prevent gaps in prescription drug coverage for both new and continuing enrollees with ongoing prescription drug needs who are affected by changes in formulary drug availability.

(b) The transition process must provide coverage for at least 60 days.

(c) Any enrollee cost-sharing applied must be based on the defined prescription drug benefit terms and must be consistent with any cost-sharing that the health plan company would charge for nonformulary drugs approved under a medication exceptions process.

(d) A health plan company must ensure that written notice is provided to each affected enrollee and prescriber within three business days after adjudication of the transition coverage.

Subd. 5. **Medication exceptions process.** (a) Each health plan company must establish and maintain a medication exceptions process that allows enrollees, providers, or an enrollee's authorized representative to request and obtain coverage approval in the following situations:

(1) there is no acceptable clinical alternative listed on the formulary to treat the enrollee's disease or medical condition;

(2) the prescription listed on the formulary has been ineffective in the treatment of an enrollee's disease or medical condition or, based on clinical and scientific evidence and the relevant physical or mental characteristics of the enrollee, is likely to be ineffective or adversely affect the drug's effectiveness or the enrollee's medication compliance; or

(3) the number of doses that are available under a dose restriction has been ineffective in the treatment of the enrollee's disease or medical condition or, based on clinical and scientific evidence and the relevant physical or mental characteristics of the enrollee, is likely to be ineffective or adversely affect the drug's effectiveness or the enrollee's medication compliance.

(b) An approved medication exceptions request must remain valid for the duration of an enrollee's contract term, provided the medication continues to be prescribed for the same condition,

and provided the medication has not otherwise been withdrawn by the manufacturer or the Food and Drug Administration.

(c) The medication exceptions process must comply with the requirements of chapter 62M.

**Sec. 23. [62V.041] GOVERNANCE OF THE SHARED ELIGIBILITY SYSTEM.**

Subdivision 1. **Definition; shared eligibility system.** "Shared eligibility system" means the system that supports eligibility determinations using a modified adjusted gross income methodology for medical assistance under section 256B.056, subdivision 1a, paragraph (b), clause (1); MinnesotaCare under chapter 256L; and qualified health plan enrollment under section 62V.05, subdivision 5, paragraph (c).

Subd. 2. **Executive steering committee.** The shared eligibility system shall be governed and administered by a seven-member executive steering committee. The steering committee shall consist of two members appointed by the commissioner of human services, two members appointed by the board, two members appointed by the commissioner of MN.IT, and one county representative appointed by the commissioner of human services. The commissioner of human services shall designate one of the members appointed by the commissioner of human services to serve as chair of the steering committee.

Subd. 3. **Duties.** (a) The steering committee shall establish an overall governance structure for the shared eligibility system, and shall be responsible for the overall governance of the system, including setting goals and priorities, allocating the system's resources, and making major system decisions.

(b) The steering committee shall adopt bylaws, policies, and interagency agreements necessary to administer the shared eligibility system.

Subd. 4. **Decision making.** The steering committee, to the extent feasible, shall operate under a consensus model. The steering committee shall make decisions that give particular attention to parts of the system with the largest enrollments and the greatest risks.

Subd. 5. **Administrative structure.** MN.IT services shall be responsible for the design, build, maintenance, operation, and upgrade of the information technology for the shared eligibility system. MN.IT services shall carry out its responsibilities under the governance of the executive steering committee and this section.

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

Sec. 24. Minnesota Statutes 2014, section 62V.05, subdivision 2, is amended to read:

Subd. 2. **Operations funding.** (a) Prior to January 1, 2015, MNsure shall retain or collect up to 1.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the cash reserves of MNsure, but the amount collected shall not exceed a dollar amount equal to 25 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

(b) Beginning January 1, 2015, through December 31, 2015, MNsure shall retain or collect up to 3.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the operations of MNsure, but the amount collected shall not exceed

a dollar amount equal to 50 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

(c) Beginning January 1, 2016, through December 31, 2017, MNsure shall retain or collect up to 3.5 percent of total premiums for individual and small group market health plans and dental plans sold through MNsure to fund the operations of MNsure, but the amount collected may never exceed a dollar amount greater than 100 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

(d) Beginning January 1, 2018, MNsure shall retain or collect up to 1.5 percent of total premiums for individual health plans and dental plans sold to Minnesota residents through MNsure and outside of MNsure to fund the operations of MNsure. The amount collected shall not exceed a dollar amount greater than 100 percent of the funds collected under section 62E.11, subdivision 6, for calendar year 2012.

~~(d)~~ (e) For fiscal years 2014 and 2015, the commissioner of management and budget is authorized to provide cash flow assistance of up to \$20,000,000 from the special revenue fund or the statutory general fund under section 16A.671, subdivision 3, paragraph (a), to MNsure. Any funds provided under this paragraph shall be repaid, with interest, by June 30, 2015.

~~(e)~~ (f) Funding for the operations of MNsure shall cover any compensation provided to navigators participating in the navigator program.

Sec. 25. Minnesota Statutes 2014, section 256B.04, subdivision 14, is amended to read:

Subd. 14. **Competitive bidding.** (a) When determined to be effective, economical, and feasible, the commissioner may utilize volume purchase through competitive bidding and negotiation under the provisions of chapter 16C, to provide items under the medical assistance program including but not limited to the following:

- (1) eyeglasses;
- (2) oxygen. The commissioner shall provide for oxygen needed in an emergency situation on a short-term basis, until the vendor can obtain the necessary supply from the contract dealer;
- (3) hearing aids and supplies; and
- (4) durable medical equipment, including but not limited to:
  - (i) hospital beds;
  - (ii) commodes;
  - (iii) glide-about chairs;
  - (iv) patient lift apparatus;
  - (v) wheelchairs and accessories;
  - (vi) oxygen administration equipment;
  - (vii) respiratory therapy equipment;
  - (viii) electronic diagnostic, therapeutic and life-support systems; and

(ix) allergen-reducing products as described in section 256B.0625, subdivision 65, paragraph (b), clause (3);

(5) nonemergency medical transportation level of need determinations, disbursement of public transportation passes and tokens, and volunteer and recipient mileage and parking reimbursements; and

(6) drugs.

(b) Rate changes and recipient cost-sharing under this chapter and chapters 256D and 256L do not affect contract payments under this subdivision unless specifically identified.

(c) The commissioner may not utilize volume purchase through competitive bidding and negotiation for special transportation services under the provisions of chapter 16C.

Sec. 26. Minnesota Statutes 2014, section 256B.057, is amended by adding a subdivision to read:

Subd. 13. **Presumptive eligibility determinations made by federally qualified health centers.** The commissioner shall establish a process to qualify federally qualified health centers, as defined in section 145.9269, subdivision 1, that are participating providers under the medical assistance program to determine presumptive eligibility for medical assistance for an applicant who is a pregnant woman or child under the age of two, and has a basis of eligibility using the modified adjusted gross income methodology as defined in section 256B.056, subdivision 1a, paragraph (b), clause (1).

**EFFECTIVE DATE.** This section is effective January 1, 2017.

Sec. 27. Minnesota Statutes 2014, section 256B.059, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section and sections 256B.058 and 256B.0595, the terms defined in this subdivision have the meanings given them.

(b) "Community spouse" means the spouse of an institutionalized spouse.

~~(c) "Spousal share" means one-half of the total value of all assets, to the extent that either the institutionalized spouse or the community spouse had an ownership interest at the time of the first continuous period of institutionalization.~~

~~(d)~~ (c) "Assets otherwise available to the community spouse" means assets individually or jointly owned by the community spouse, other than assets excluded by subdivision 5, paragraph (c).

~~(e)~~ (d) "Community spouse asset allowance" is the value of assets that can be transferred under subdivision 3.

~~(f)~~ (e) "Institutionalized spouse" means a person who is:

(1) in a hospital, nursing facility, or intermediate care facility for persons with developmental disabilities, or receiving home and community-based services under section 256B.0915, and is expected to remain in the facility or institution or receive the home and community-based services for at least 30 consecutive days; and

(2) married to a person who is not in a hospital, nursing facility, or intermediate care facility for persons with developmental disabilities, and is not receiving home and community-based services under section 256B.0915, 256B.092, or 256B.49.

~~(g)~~ (f) "For the sole benefit of" means no other individual or entity can benefit in any way from the assets or income at the time of a transfer or at any time in the future.

~~(h)~~ (g) "Continuous period of institutionalization" means a 30-consecutive-day period of time in which a person is expected to stay in a medical or long-term care facility, or receive home and community-based services that would qualify for coverage under the elderly waiver (EW) or alternative care (AC) programs. For a stay in a facility, the 30-consecutive-day period begins on the date of entry into a medical or long-term care facility. For receipt of home and community-based services, the 30-consecutive-day period begins on the date that the following conditions are met:

(1) the person is receiving services that meet the nursing facility level of care determined by a long-term care consultation;

(2) the person has received the long-term care consultation within the past 60 days;

(3) the services are paid by the EW program under section 256B.0915 or the AC program under section 256B.0913 or would qualify for payment under the EW or AC programs if the person were otherwise eligible for either program, and but for the receipt of such services the person would have resided in a nursing facility; and

(4) the services are provided by a licensed provider qualified to provide home and community-based services.

**EFFECTIVE DATE.** This section is effective June 1, 2016.

Sec. 28. Minnesota Statutes 2014, section 256B.059, subdivision 2, is amended to read:

Subd. 2. **Assessment of spousal share marital assets.** ~~At the beginning of the first continuous period of institutionalization of a person beginning on or after October 1, 1989, at the request of either the institutionalized spouse or the community spouse, or Upon application for medical assistance benefits for an institutionalized spouse, the total value of assets in which either the institutionalized spouse or the community spouse had have an interest at the time of the first period of institutionalization of 30 days or more shall be assessed and documented and the spousal share shall be assessed and documented~~ the community spouse asset allowance calculated as required in subdivision 3.

**EFFECTIVE DATE.** This section is effective June 1, 2016.

Sec. 29. Minnesota Statutes 2014, section 256B.059, subdivision 3, is amended to read:

Subd. 3. **Community spouse asset allowance.** An institutionalized spouse may transfer assets to the community spouse for the sole benefit of the community spouse. Except for increased amounts allowable under subdivision 4, the maximum amount of assets allowed to be transferred is the amount which, when added to the assets otherwise available to the community spouse, is ~~as follows~~ the greater of:

(1) ~~prior to July 1, 1994, the greater of:~~

(i) ~~\$14,148;~~

(ii) ~~the lesser of the spousal share or \$70,740; or~~

(iii) ~~the amount required by court order to be paid to the community spouse; and~~

~~(2) for persons whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:~~

~~(i) \$20,000;~~

~~(ii) the lesser of the spousal share or \$70,740; or~~

~~(iii) the amount required by court order to be paid to the community spouse.~~

(1) \$119,220 subject to an annual adjustment on January 1, 2017, and every January 1 thereafter, equal to the percentage increase in the Consumer Price Index for All Urban Consumers (all items; United States city average) between the two previous Septembers; or

(2) the amount required by court order to be paid to the community spouse.

If the assets available to the community spouse are already at the limit permissible under this section, or the higher limit attributable to increases under subdivision 4, no assets may be transferred from the institutionalized spouse to the community spouse. The transfer must be made as soon as practicable after the date the institutionalized spouse is determined eligible for medical assistance, or within the amount of time needed for any court order required for the transfer. ~~On January 1, 1994, and every January 1 thereafter, the limits in this subdivision shall be adjusted by the same percentage change in the Consumer Price Index for All Urban Consumers (all items; United States city average) between the two previous Septembers. These adjustments shall also be applied to the limits in subdivision 5.~~

**EFFECTIVE DATE.** This section is effective June 1, 2016.

Sec. 30. Minnesota Statutes 2015 Supplement, section 256B.059, subdivision 5, is amended to read:

Subd. 5. **Asset availability.** (a) ~~At the time of initial determination of eligibility for medical assistance benefits following the first continuous period of institutionalization on or after October 1, 1989 for an institutionalized spouse,~~ assets considered available to the institutionalized spouse shall be the total value of all assets in which either spouse has an ownership interest, reduced by the following amount for the community spouse: available to the community spouse under subdivision 3.

~~(1) prior to July 1, 1994, the greater of:~~

~~(i) \$14,148;~~

~~(ii) the lesser of the spousal share or \$70,740; or~~

~~(iii) the amount required by court order to be paid to the community spouse;~~

~~(2) for persons whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:~~

~~(i) \$20,000;~~

~~(ii) the lesser of the spousal share or \$70,740; or~~

~~(iii) the amount required by court order to be paid to the community spouse.~~

The value of assets transferred for the sole benefit of the community spouse under section 256B.0595, subdivision 4, in combination with other assets available to the community spouse under this section, cannot exceed the limit for the community spouse asset allowance determined under subdivision 3 or 4. Assets that exceed this allowance shall be considered available to the institutionalized spouse. If the community spouse asset allowance has been increased under subdivision 4, then the assets considered available to the institutionalized spouse under this subdivision shall be further reduced by the value of additional amounts allowed under subdivision 4.

(b) An institutionalized spouse may be found eligible for medical assistance even though assets in excess of the allowable amount are found to be available under paragraph (a) if the assets are owned jointly or individually by the community spouse, and the institutionalized spouse cannot use those assets to pay for the cost of care without the consent of the community spouse, and if: (i) the institutionalized spouse assigns to the commissioner the right to support from the community spouse under section 256B.14, subdivision 3; (ii) the institutionalized spouse lacks the ability to execute an assignment due to a physical or mental impairment; or (iii) the denial of eligibility would cause an imminent threat to the institutionalized spouse's health and well-being.

(c) After the month in which the institutionalized spouse is determined eligible for medical assistance, and during the continuous period of institutionalization enrollment, no assets of the community spouse are considered available to the institutionalized spouse, unless the institutionalized spouse has been found eligible under paragraph (b).

(d) Assets determined to be available to the institutionalized spouse under this section must be used for the health care or personal needs of the institutionalized spouse.

(e) For purposes of this section, assets do not include assets excluded under the Supplemental Security Income program.

**EFFECTIVE DATE.** This section is effective June 1, 2016.

Sec. 31. Minnesota Statutes 2014, section 256B.059, is amended by adding a subdivision to read:

**Subd. 6. Temporary application.** (a) During the period in which rules against spousal impoverishment are temporarily applied according to section 2404 of the Patient Protection Affordable Care Act, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law 111-152, this section applies to an institutionalized spouse:

(1) applying for home and community-based waivers under sections 256B.092, 256B.093, and 256B.49 on or after June 1, 2016;

(2) enrolled in home and community-based waivers under sections 256B.092, 256B.093, and 256B.49 before June 1, 2016; or

(3) applying for services under section 256B.85 upon the effective date of that section.

(b) During the applicable period of paragraph (a), the definition of "institutionalized spouse" in subdivision 1, paragraph (f), also includes an institutionalized spouse referenced in paragraph (a).

**EFFECTIVE DATE.** (a) Minnesota Statutes, section 256B.059, subdivision 6, paragraphs (a), clauses (1) and (3), and (b) are effective June 1, 2016. Minnesota Statutes, section 256B.059, subdivision 6, paragraph (a), clause (2), is effective March 1, 2017.



(b) Minnesota Statutes, section 256B.059, subdivision 6, paragraph (a), clauses (1) and (2), expire upon notification to the commissioner of human services that the Center for Medicare and Medicaid Services approved the continuation of the deeming rules in effect on May 31, 2016, for the treatment of the assets of a community spouse. The commissioner of human services shall notify the revisor of statutes when notice is received.

Sec. 32. Minnesota Statutes 2014, section 256B.06, subdivision 4, is amended to read:

Subd. 4. **Citizenship requirements.** (a) Eligibility for medical assistance is limited to citizens of the United States, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States. Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) "Qualified noncitizen" means a person who meets one of the following immigration criteria:

- (1) admitted for lawful permanent residence according to United States Code, title 8;
- (2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;
- (3) granted asylum according to United States Code, title 8, section 1158;
- (4) granted withholding of deportation according to United States Code, title 8, section 1253(h);
- (5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);
- (6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);
- (7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;
- (8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or
- (9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.

(c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation.

(d) Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter are eligible for medical assistance with federal participation for five years if they meet one of the following criteria:

- (1) refugees admitted to the United States according to United States Code, title 8, section 1157;
- (2) persons granted asylum according to United States Code, title 8, section 1158;
- (3) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);

(4) veterans of the United States armed forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; or

(5) persons on active duty in the United States armed forces, other than for training, their spouses and unmarried minor dependent children.

Beginning July 1, 2010, children and pregnant women who are noncitizens described in paragraph (b) or who are lawfully present in the United States as defined in Code of Federal Regulations, title 8, section 103.12, and who otherwise meet eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation as provided by the federal Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3.

(e) Nonimmigrants who otherwise meet the eligibility requirements of this chapter are eligible for the benefits as provided in paragraphs (f) to (h). For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).

(f) Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if such care and services are necessary for the treatment of an emergency medical condition.

(g) For purposes of this subdivision, the term "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

(h)(1) Notwithstanding paragraph (g), services that are necessary for the treatment of an emergency medical condition are limited to the following:

(i) services delivered in an emergency room or by an ambulance service licensed under chapter 144E that are directly related to the treatment of an emergency medical condition;

(ii) services delivered in an inpatient hospital setting following admission from an emergency room or clinic for an acute emergency condition; and

(iii) follow-up services that are directly related to the original service provided to treat the emergency medical condition and are covered by the global payment made to the provider.

(2) Services for the treatment of emergency medical conditions do not include:

(i) services delivered in an emergency room or inpatient setting to treat a nonemergency condition;

(ii) organ transplants, stem cell transplants, and related care;

(iii) services for routine prenatal care;

(iv) continuing care, including long-term care, nursing facility services, home health care, adult day care, day training, or supportive living services;

(v) elective surgery;

(vi) outpatient prescription drugs, unless the drugs are administered or dispensed as part of an emergency room visit;

(vii) preventative health care and family planning services;

- (viii) rehabilitation services;
- (ix) physical, occupational, or speech therapy;
- (x) transportation services;
- (xi) case management;
- (xii) prosthetics, orthotics, durable medical equipment, or medical supplies;
- (xiii) dental services;
- (xiv) hospice care;
- (xv) audiology services and hearing aids;
- (xvi) podiatry services;
- (xvii) chiropractic services;
- (xviii) immunizations;
- (xix) vision services and eyeglasses;
- (xx) waiver services;
- (xxi) individualized education programs; or
- (xxii) chemical dependency treatment.

(i) Pregnant noncitizens who are ineligible for federally funded medical assistance because of immigration status, are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance through the period of pregnancy, including labor and delivery, and 60 days postpartum, to the extent federal funds are available under title XXI of the Social Security Act, and the state children's health insurance program.

(j) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph shall not be required to participate in prepaid medical assistance. The nonprofit center referenced under this paragraph may establish itself as a provider of mental health targeted case management services through a county contract under section 256.0112, subdivision 6. If the nonprofit center is unable to secure a contract with a lead county in its service area, then, notwithstanding the requirements of section 256B.0625, subdivision 20, the commissioner may negotiate a contract with the nonprofit center for provision of mental health targeted case management services. When serving clients who are not the financial responsibility of their contracted lead county, the nonprofit center must gain the concurrence of the county of financial responsibility prior to providing mental health targeted case management services for those clients.

(k) Notwithstanding paragraph (h), clause (2), the following services are covered as emergency medical conditions under paragraph (f) except where coverage is prohibited under federal law:

- (1) dialysis services provided in a hospital or freestanding dialysis facility; ~~and~~
- (2) surgery and the administration of chemotherapy, radiation, and related services necessary to treat cancer if the recipient has a cancer diagnosis that is not in remission and requires surgery, chemotherapy, or radiation treatment; and
- (3) kidney transplant if the person has been diagnosed with end stage renal disease, is currently receiving dialysis services, and is a potential candidate for a kidney transplant.

(1) Effective July 1, 2013, recipients of emergency medical assistance under this subdivision are eligible for coverage of the elderly waiver services provided under section 256B.0915, and coverage of rehabilitative services provided in a nursing facility. The age limit for elderly waiver services does not apply. In order to qualify for coverage, a recipient of emergency medical assistance is subject to the assessment and reassessment requirements of section 256B.0911. Initial and continued enrollment under this paragraph is subject to the limits of available funding.

Sec. 33. Minnesota Statutes 2014, section 256B.0625, is amended by adding a subdivision to read:

Subd. 9c. **Oral health assessments.** Medical assistance covers oral health assessments that meet the requirements of this subdivision. An oral health assessment must use the risk factors established by the commissioner of human services and be conducted by a licensed dental provider in collaborative practice under section 150A.10, subdivision 1a; 150A.105; or 150A.106, to identify possible signs of oral or systemic disease, malformation, or injury and the need for referral for diagnosis and treatment. Oral health assessments are limited to once per patient per year and must be conducted in a community setting. The provider performing the assessment must document that a formal arrangement with a licensed dentist for patient referral and follow-up is in place and is being utilized. The patient referral and follow-up arrangement must allow patients receiving an assessment under this subdivision to receive follow-up services in a timely manner and establish an ongoing relationship with a dental provider that is available to serve as the patient's dental home. If the commissioner determines from an analysis of claims or other information that the referral and follow-up arrangement is not reasonably effective in ensuring that patients receive follow-up services, the commissioner may disqualify the treating provider or the pay-to provider from receiving payment for assessments under this subdivision.

Sec. 34. Minnesota Statutes 2015 Supplement, section 256B.0625, subdivision 17a, is amended to read:

**Subd. 17a. Payment for ambulance services.** (a) Medical assistance covers ambulance services. Providers shall bill ambulance services according to Medicare criteria. Nonemergency ambulance services shall not be paid as emergencies. Effective for services rendered on or after July 1, 2001, medical assistance payments for ambulance services shall be paid at the Medicare reimbursement rate or at the medical assistance payment rate in effect on July 1, 2000, whichever is greater.

(b) Effective for services provided on or after July 1, 2016, medical assistance payment rates for ambulance services identified in this paragraph are increased by five percent. Capitation payments made to managed care plans and county-based purchasing plans for ambulance services provided on or after January 1, 2017, shall be increased to reflect this rate increase, and shall require the plans to pass on the full amount of the increase in the form of higher reimbursement rates to the ambulance service providers identified in this paragraph. The increased rate described in this paragraph applies to ambulance service providers whose base of operations as defined in section 144E.10 is located:

(1) outside the metropolitan counties listed in section 473.121, subdivision 4, and outside the cities of Duluth, Mankato, Moorhead, St. Cloud, and Rochester; or

(2) within a municipality with a population of less than 1,000.

Sec. 35. Minnesota Statutes 2014, section 256B.0625, subdivision 30, is amended to read:

Subd. 30. **Other clinic services.** (a) Medical assistance covers rural health clinic services, federally qualified health center services, nonprofit community health clinic services, and public health clinic services. Rural health clinic services and federally qualified health center services mean services defined in United States Code, title 42, section 1396d(a)(2)(B) and (C). Payment for rural health clinic and federally qualified health center services shall be made according to applicable federal law and regulation.

(b) A federally qualified health center that is beginning initial operation shall submit an estimate of budgeted costs and visits for the initial reporting period in the form and detail required by the commissioner. A federally qualified health center that is already in operation shall submit an initial report using actual costs and visits for the initial reporting period. Within 90 days of the end of its reporting period, a federally qualified health center shall submit, in the form and detail required by the commissioner, a report of its operations, including allowable costs actually incurred for the period and the actual number of visits for services furnished during the period, and other information required by the commissioner. Federally qualified health centers that file Medicare cost reports shall provide the commissioner with a copy of the most recent Medicare cost report filed with the Medicare program intermediary for the reporting year which support the costs claimed on their cost report to the state.

(c) In order to continue cost-based payment under the medical assistance program according to paragraphs (a) and (b), a federally qualified health center or rural health clinic must apply for designation as an essential community provider within six months of final adoption of rules by the Department of Health according to section 62Q.19, subdivision 7. For those federally qualified health centers and rural health clinics that have applied for essential community provider status within the six-month time prescribed, medical assistance payments will continue to be made according to paragraphs (a) and (b) for the first three years after application. For federally qualified health centers and rural health clinics that either do not apply within the time specified above or who have had essential community provider status for three years, medical assistance payments for health services provided by these entities shall be according to the same rates and conditions applicable to the same service provided by health care providers that are not federally qualified health centers or rural health clinics.

(d) Effective July 1, 1999, the provisions of paragraph (c) requiring a federally qualified health center or a rural health clinic to make application for an essential community provider designation in order to have cost-based payments made according to paragraphs (a) and (b) no longer apply.

(e) Effective January 1, 2000, payments made according to paragraphs (a) and (b) shall be limited to the cost phase-out schedule of the Balanced Budget Act of 1997.

(f) Effective January 1, 2001, each federally qualified health center and rural health clinic may elect to be paid either under the prospective payment system established in United States Code, title 42, section 1396a(aa), or under an alternative payment methodology consistent with the requirements of United States Code, title 42, section 1396a(aa), and approved by the Centers for

Medicare and Medicaid Services. The alternative payment methodology shall be 100 percent of cost as determined according to Medicare cost principles.

(g) For purposes of this section, "nonprofit community clinic" is a clinic that:

(1) has nonprofit status as specified in chapter 317A;

(2) has tax exempt status as provided in Internal Revenue Code, section 501(c)(3);

(3) is established to provide health services to low-income population groups, uninsured, high-risk and special needs populations, underserved and other special needs populations;

(4) employs professional staff at least one-half of which are familiar with the cultural background of their clients;

(5) charges for services on a sliding fee scale designed to provide assistance to low-income clients based on current poverty income guidelines and family size; and

(6) does not restrict access or services because of a client's financial limitations or public assistance status and provides no-cost care as needed.

(h) Effective for services provided on or after January 1, 2015, all claims for payment of clinic services provided by federally qualified health centers and rural health clinics shall be paid by the commissioner. The commissioner shall determine the most feasible method for paying claims from the following options:

(1) federally qualified health centers and rural health clinics submit claims directly to the commissioner for payment, and the commissioner provides claims information for recipients enrolled in a managed care or county-based purchasing plan to the plan, on a regular basis; or

(2) federally qualified health centers and rural health clinics submit claims for recipients enrolled in a managed care or county-based purchasing plan to the plan, and those claims are submitted by the plan to the commissioner for payment to the clinic.

(i) For clinic services provided prior to January 1, 2015, the commissioner shall calculate and pay monthly the proposed managed care supplemental payments to clinics, and clinics shall conduct a timely review of the payment calculation data in order to finalize all supplemental payments in accordance with federal law. Any issues arising from a clinic's review must be reported to the commissioner by January 1, 2017. Upon final agreement between the commissioner and a clinic on issues identified under this subdivision, and in accordance with United States Code, title 42, section 1396a(bb), no supplemental payments for managed care plan or county-based purchasing plan claims for services provided prior to January 1, 2015, shall be made after June 30, 2017. If the commissioner and clinics are unable to resolve issues under this subdivision, the parties shall submit the dispute to the arbitration process under section 14.57.

(j) The commissioner shall seek a federal waiver, authorized under section 1115 of the Social Security Act, in order to obtain federal financial participation at the 100 percent federal matching percentage available to facilities of the Indian Health Service or tribal organization in accordance with section 1905(b) of the Social Security Act for expenditures made to organizations dually certified under Title V of the Indian Health Care Improvement Act, PL-437, and as a federally qualified health center under paragraph (a) that provides services to American Indian and Alaskan Native individuals eligible for services under this subdivision.

Sec. 36. Minnesota Statutes 2015 Supplement, section 256B.0625, subdivision 31, is amended to read:

Subd. 31. **Medical supplies and equipment.** (a) Medical assistance covers medical supplies and equipment. Separate payment outside of the facility's payment rate shall be made for wheelchairs and wheelchair accessories for recipients who are residents of intermediate care facilities for the developmentally disabled. Reimbursement for wheelchairs and wheelchair accessories for ICF/DD recipients shall be subject to the same conditions and limitations as coverage for recipients who do not reside in institutions. A wheelchair purchased outside of the facility's payment rate is the property of the recipient.

(b) Vendors of durable medical equipment, prosthetics, orthotics, or medical supplies must enroll as a Medicare provider.

(c) When necessary to ensure access to durable medical equipment, prosthetics, orthotics, or medical supplies, the commissioner may exempt a vendor from the Medicare enrollment requirement if:

(1) the vendor supplies only one type of durable medical equipment, prosthetic, orthotic, or medical supply;

(2) the vendor serves ten or fewer medical assistance recipients per year;

(3) the commissioner finds that other vendors are not available to provide same or similar durable medical equipment, prosthetics, orthotics, or medical supplies; and

(4) the vendor complies with all screening requirements in this chapter and Code of Federal Regulations, title 42, part 455. The commissioner may also exempt a vendor from the Medicare enrollment requirement if the vendor is accredited by a Centers for Medicare and Medicaid Services approved national accreditation organization as complying with the Medicare program's supplier and quality standards and the vendor serves primarily pediatric patients.

(d) Durable medical equipment means a device or equipment that:

(1) can withstand repeated use;

(2) is generally not useful in the absence of an illness, injury, or disability; and

(3) is provided to correct or accommodate a physiological disorder or physical condition or is generally used primarily for a medical purpose.

(e) Electronic tablets may be considered durable medical equipment if the electronic tablet will be used as an augmentative and alternative communication system as defined under subdivision 31a, paragraph (a). To be covered by medical assistance, the device must be locked in order to prevent use not related to communication.

(f) Notwithstanding the requirement in paragraph (e) that an electronic tablet must be locked to prevent use not as an augmentative communication device, a recipient of waiver services may use an electronic tablet for a use not related to communication when the recipient has been authorized under the waiver to receive one or more additional applications that can be loaded onto the electronic tablet, such that allowing the additional use prevents the purchase of a separate electronic tablet with waiver funds.

(g) Allergen-reducing products provided according to subdivision 65, paragraph (b), clause (3), shall be considered durable medical equipment.

**EFFECTIVE DATE.** This section is effective upon federal approval, but not before January 1, 2017. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 37. Minnesota Statutes 2014, section 256B.0625, subdivision 34, is amended to read:

Subd. 34. **Indian health services facilities.** (a) Medical assistance payments and MinnesotaCare payments to facilities of the Indian health service and facilities operated by a tribe or tribal organization under funding authorized by United States Code, title 25, sections 450f to 450n, or title III of the Indian Self-Determination and Education Assistance Act, Public Law 93-638, for enrollees who are eligible for federal financial participation, shall be at the option of the facility in accordance with the rate published by the United States Assistant Secretary for Health under the authority of United States Code, title 42, sections 248(a) and 249(b). ~~General assistance medical care payments to facilities of the Indian health services and facilities operated by a tribe or tribal organization for the provision of outpatient medical care services billed after June 30, 1990, must be in accordance with the general assistance medical care rates paid for the same services when provided in a facility other than a facility of the Indian health service or a facility operated by a tribe or tribal organization.~~ MinnesotaCare payments for enrollees who are not eligible for federal financial participation at facilities of the Indian health service and facilities operated by a tribe or tribal organization for the provision of outpatient medical services must be in accordance with the medical assistance rates paid for the same services when provided in a facility other than a facility of the Indian health service or a facility operated by a tribe or tribal organization.

(b) Effective upon federal approval, the medical assistance payments to a dually certified facility as defined in subdivision 30, paragraph (j), shall be the encounter rate described in paragraph (a) or a rate that is substantially equivalent for services provided to American Indians and Alaskan Native populations. The rate established under this paragraph for dually certified facilities shall not apply to MinnesotaCare payments.

Sec. 38. Minnesota Statutes 2015 Supplement, section 256B.0625, subdivision 58, is amended to read:

Subd. 58. **Early and periodic screening, diagnosis, and treatment services.** (a) Medical assistance covers early and periodic screening, diagnosis, and treatment services (EPSDT). The payment amount for a complete EPSDT screening shall not include charges for health care services and products that are available at no cost to the provider and shall not exceed the rate established per Minnesota Rules, part 9505.0445, item M, effective October 1, 2010.

(b) Effective for services provided on or after July 1, 2016, payment for a complete EPSDT screening shall be increased by five percent. Effective January 1, 2017, capitation payments made to managed care plans and county-based purchasing plans shall be increased to reflect this increase and the commissioner shall require the plans to pass on the full amount of the increase in the form of higher payment rates to the providers. This increase does not apply to federally qualified health centers, rural health centers, and Indian health services.

Sec. 39. Minnesota Statutes 2014, section 256B.0625, is amended by adding a subdivision to read:



Subd. 60a. **Community emergency medical technician services.** (a) Medical assistance covers services provided by a community emergency medical technician (CEMT) who is certified under section 144E.275, subdivision 7, when the services are provided in accordance with this subdivision.

(b) A CEMT may provide a posthospital discharge visit when ordered by a treating physician. The posthospital discharge visit includes:

- (1) verbal or visual reminders of discharge orders;
- (2) recording and reporting of vital signs to the patient's primary care provider;
- (3) medication access confirmation;
- (4) food access confirmation; and
- (5) identification of home hazards.

(c) An individual who has repeat ambulance calls due to falls, has been discharged from a nursing home, or identified by the individual's primary care provider as at risk for nursing home placement, may receive a safety evaluation visit from a CEMT when ordered by a primary care provider in accordance with the individual's care plan. A safety evaluation visit includes:

- (1) medication access confirmation;
- (2) food access confirmation; and
- (3) identification of home hazards.

(d) A CEMT shall be paid at \$9.75 per 15-minute increment. A safety evaluation visit may not be billed for the same day as a posthospital discharge visit for the same individual.

**EFFECTIVE DATE.** This section is effective January 1, 2017, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 40. Minnesota Statutes 2014, section 256B.0625, is amended by adding a subdivision to read:

Subd. 65. **Enhanced asthma care services.** (a) Medical assistance covers enhanced asthma care services and related products for children with poorly controlled asthma to be provided in the child's home. To be eligible for services and products under this subdivision, a child must:

- (1) be under 21 years of age;
- (2) have poorly controlled asthma;
- (3) have, at least one time in the past year, received health care for the child's asthma from a hospital emergency department or been hospitalized for the treatment of asthma; and
- (4) receive a referral for asthma care services and products covered under this subdivision from a treating health care provider.

(b) Covered asthma care services and products include:

- (1) a home assessment for asthma triggers provided by an enrolled healthy homes specialist currently credentialed by the National Environmental Health Association;

(2) targeted asthma education services in the child's home by an enrolled asthma educator certified by the National Asthma Educator Certification Board. Asthma education services provided under this clause include education on self-management, avoiding asthma triggers, identifying worsening asthma symptoms, and medication uses and techniques; and

(3) allergen-reducing products recommended for the child by the healthy homes specialist or the certified asthma educator based on the documented allergies for that child and proven to reduce asthma triggers identified in the child's home assessment, including:

(i) encasements for mattresses, box springs, and pillows;

(ii) a HEPA vacuum cleaner, filters, and bags;

(iii) a dehumidifier and filters;

(iv) single-room air cleaners and filters;

(v) nontoxic pest control systems, including traps and starter packages of food storage containers;

(vi) a damp mopping system;

(vii) if the child does not have access to a bed, a waterproof hospital-grade mattress; and

(viii) furnace filters, for homeowners only.

(c) A child is limited to one home assessment and one visit by a certified asthma educator to provide education on the use and maintenance of the products listed in paragraph (b), clause (3). A child may receive an additional home assessment if the child moves to a new home: (1) develops a new asthma trigger, including tobacco smoke; or (2) the child's health care provider documents a new allergy for the child, including an allergy to mold, pests, pets, or dust mites.

(d) The commissioner shall determine the frequency that a child may receive a product listed in paragraph (b), clause (3), based on the reasonable expected lifetime of the product.

**EFFECTIVE DATE.** This section is effective upon federal approval, but not before January 1, 2017. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 41. Minnesota Statutes 2014, section 256B.15, subdivision 1, is amended to read:

Subdivision 1. **Policy and applicability.** (a) It is the policy of this state that individuals or couples, either or both of whom participate in the medical assistance program, use their own assets to pay their share of the total cost of their care during or after their enrollment in the program according to applicable federal law and the laws of this state. The following provisions apply:

(1) subdivisions 1c to 1k shall not apply to claims arising under this section which are presented under section 525.313;

(2) the provisions of subdivisions 1c to 1k expanding the interests included in an estate for purposes of recovery under this section give effect to the provisions of United States Code, title 42, section 1396p, governing recoveries, but do not give rise to any express or implied liens in favor of any other parties not named in these provisions;

(3) the continuation of a recipient's life estate or joint tenancy interest in real property after the recipient's death for the purpose of recovering medical assistance under this section modifies common law principles holding that these interests terminate on the death of the holder;

(4) all laws, rules, and regulations governing or involved with a recovery of medical assistance shall be liberally construed to accomplish their intended purposes;

(5) a deceased recipient's life estate and joint tenancy interests continued under this section shall be owned by the remainderpersons or surviving joint tenants as their interests may appear on the date of the recipient's death. They shall not be merged into the remainder interest or the interests of the surviving joint tenants by reason of ownership. They shall be subject to the provisions of this section. Any conveyance, transfer, sale, assignment, or encumbrance by a remainderperson, a surviving joint tenant, or their heirs, successors, and assigns shall be deemed to include all of their interest in the deceased recipient's life estate or joint tenancy interest continued under this section; and

(6) the provisions of subdivisions 1c to 1k continuing a recipient's joint tenancy interests in real property after the recipient's death do not apply to a homestead owned of record, on the date the recipient dies, by the recipient and the recipient's spouse as joint tenants with a right of survivorship. Homestead means the real property occupied by the surviving joint tenant spouse as their sole residence on the date the recipient dies and classified and taxed to the recipient and surviving joint tenant spouse as homestead property for property tax purposes in the calendar year in which the recipient dies. For purposes of this exemption, real property the recipient and their surviving joint tenant spouse purchase solely with the proceeds from the sale of their prior homestead, own of record as joint tenants, and qualify as homestead property under section 273.124 in the calendar year in which the recipient dies and prior to the recipient's death shall be deemed to be real property classified and taxed to the recipient and their surviving joint tenant spouse as homestead property in the calendar year in which the recipient dies. The surviving spouse, or any person with personal knowledge of the facts, may provide an affidavit describing the homestead property affected by this clause and stating facts showing compliance with this clause. The affidavit shall be prima facie evidence of the facts it states.

(b) For purposes of this section, "medical assistance" includes the medical assistance program under this chapter and the general assistance medical care program under chapter 256D and alternative care for nonmedical assistance recipients under section 256B.0913.

(c) For purposes of this section, beginning January 1, 2010, "medical assistance" does not include Medicare cost-sharing benefits in accordance with United States Code, title 42, section 1396p.

(d) All provisions in this subdivision, and subdivisions 1d, 1f, 1g, 1h, 1i, and 1j, related to the continuation of a recipient's life estate or joint tenancy interests in real property after the recipient's death for the purpose of recovering medical assistance, are effective only for life estates and joint tenancy interests established on or after August 1, 2003. For purposes of this paragraph, medical assistance does not include alternative care.

Sec. 42. Minnesota Statutes 2014, section 256B.15, subdivision 1a, is amended to read:

Subd. 1a. **Estates subject to claims.** (a) If a person receives any medical assistance hereunder, on the person's death, if single, or on the death of the survivor of a married couple, either or both of whom received medical assistance, or as otherwise provided for in this section, the total amount paid for medical assistance rendered as limited under subdivision 2 for the person and spouse shall

be filed as a claim against the estate of the person or the estate of the surviving spouse in the court having jurisdiction to probate the estate or to issue a decree of descent according to sections 525.31 to 525.313.

(b) For the purposes of this section, the person's estate must consist of:

(1) the person's probate estate;

(2) all of the person's interests or proceeds of those interests in real property the person owned as a life tenant or as a joint tenant with a right of survivorship at the time of the person's death;

(3) all of the person's interests or proceeds of those interests in securities the person owned in beneficiary form as provided under sections 524.6-301 to 524.6-311 at the time of the person's death, to the extent the interests or proceeds of those interests become part of the probate estate under section 524.6-307;

(4) all of the person's interests in joint accounts, multiple-party accounts, and pay-on-death accounts, brokerage accounts, investment accounts, or the proceeds of those accounts, as provided under sections 524.6-201 to 524.6-214 at the time of the person's death to the extent the interests become part of the probate estate under section 524.6-207; and

(5) assets conveyed to a survivor, heir, or assign of the person through survivorship, living trust, or other arrangements.

(c) For the purpose of this section and recovery in a surviving spouse's estate for medical assistance paid for a predeceased spouse, the estate must consist of all of the legal title and interests the deceased individual's predeceased spouse had in jointly owned or marital property at the time of the spouse's death, as defined in subdivision 2b, and the proceeds of those interests, that passed to the deceased individual or another individual, a survivor, an heir, or an assign of the predeceased spouse through a joint tenancy, tenancy in common, survivorship, life estate, living trust, or other arrangement. A deceased recipient who, at death, owned the property jointly with the surviving spouse shall have an interest in the entire property.

(d) For the purpose of recovery in a single person's estate or the estate of a survivor of a married couple, "other arrangement" includes any other means by which title to all or any part of the jointly owned or marital property or interest passed from the predeceased spouse to another including, but not limited to, transfers between spouses which are permitted, prohibited, or penalized for purposes of medical assistance.

(e) A claim shall be filed if medical assistance was rendered for either or both persons under one of the following circumstances:

(1) the person was over 55 years of age, and received services under this chapter prior to January 1, 2014;

(2) the person resided in a medical institution for six months or longer, received services under this chapter, and, at the time of institutionalization or application for medical assistance, whichever is later, the person could not have reasonably been expected to be discharged and returned home, as certified in writing by the person's treating physician. For purposes of this section only, a "medical institution" means a skilled nursing facility, intermediate care facility, intermediate care facility for persons with developmental disabilities, nursing facility, or inpatient hospital; or

(3) the person received general assistance medical care services under chapter 256D; or

(4) the person was 55 years of age or older and received medical assistance services on or after January 1, 2014, that consisted of nursing facility services, home and community-based services, or related hospital and prescription drug benefits.

(f) The claim shall be considered an expense of the last illness of the decedent for the purpose of section 524.3-805. Notwithstanding any law or rule to the contrary, a state or county agency with a claim under this section must be a creditor under section 524.6-307. Any statute of limitations that purports to limit any county agency or the state agency, or both, to recover for medical assistance granted hereunder shall not apply to any claim made hereunder for reimbursement for any medical assistance granted hereunder. Notice of the claim shall be given to all heirs and devisees of the decedent, and to other persons with an ownership interest in the real property owned by the decedent at the time of the decedent's death, whose identity can be ascertained with reasonable diligence. The notice must include procedures and instructions for making an application for a hardship waiver under subdivision 5; time frames for submitting an application and determination; and information regarding appeal rights and procedures. Counties are entitled to one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort. Counties are entitled to ten percent of the collections for alternative care directly attributable to county effort.

**EFFECTIVE DATE.** This section is effective upon federal approval and applies to services rendered on or after January 1, 2014, and to claims not paid prior to July 1, 2016.

Sec. 43. Minnesota Statutes 2014, section 256B.15, subdivision 2, is amended to read:

Subd. 2. **Limitations on claims.** (a) For services rendered prior to January 1, 2014, the claim shall include only the total amount of medical assistance rendered after age 55 or during a period of institutionalization described in subdivision 1a, paragraph (e), and the total amount of general assistance medical care rendered, and shall not include interest.

(b) For services rendered on or after January 1, 2014, the claim shall include only:

(1) the amount of medical assistance rendered to recipients 55 years of age or older and that consisted of nursing facility services, home and community-based services, and related hospital and prescription drug services; and

(2) the total amount of medical assistance rendered during a period of institutionalization described in subdivision 1a, paragraph (e), clause (2).

The claim shall not include interest. For the purposes of this section, "home and community-based services" has the same meaning it has when used in United States Code, title 42, section 1396p(b)(1)(B)(i).

(c) Claims that have been allowed but not paid shall bear interest according to section 524.3-806, paragraph (d). A claim against the estate of a surviving spouse who did not receive medical assistance, for medical assistance rendered for the predeceased spouse, shall be payable from the full value of all of the predeceased spouse's assets and interests which are part of the surviving spouse's estate under subdivisions 1a and 2b. Recovery of medical assistance expenses in the nonrecipient surviving spouse's estate is limited to the value of the assets of the estate that were marital property or jointly owned property at any time during the marriage. The claim is not payable from the value of assets or proceeds of assets in the estate attributable to a predeceased

spouse whom the individual married after the death of the predeceased recipient spouse for whom the claim is filed or from assets and the proceeds of assets in the estate which the nonrecipient decedent spouse acquired with assets which were not marital property or jointly owned property after the death of the predeceased recipient spouse. Claims for alternative care shall be net of all premiums paid under section 256B.0913, subdivision 12, on or after July 1, 2003, and shall be limited to services provided on or after July 1, 2003. Claims against marital property shall be limited to claims against recipients who died on or after July 1, 2009.

**EFFECTIVE DATE.** This section is effective upon federal approval and applies to services rendered on or after January 1, 2014, and to claims not paid prior to July 1, 2016.

Sec. 44. Minnesota Statutes 2014, section 256B.69, subdivision 6, is amended to read:

Subd. 6. **Service delivery.** (a) Each demonstration provider shall be responsible for the health care coordination for eligible individuals. Demonstration providers:

(1) shall authorize and arrange for the provision of all needed health services including but not limited to the full range of services listed in sections 256B.02, subdivision 8, and 256B.0625 in order to ensure appropriate health care is delivered to enrollees. Notwithstanding section 256B.0621, demonstration providers that provide nursing home and community-based services under this section shall provide relocation service coordination to enrolled persons age 65 and over;

(2) shall accept the prospective, per capita payment from the commissioner in return for the provision of comprehensive and coordinated health care services for eligible individuals enrolled in the program;

(3) may contract with other health care and social service practitioners to provide services to enrollees; and

(4) shall institute recipient grievance procedures according to the method established by the project, utilizing applicable requirements of chapter 62D. Disputes not resolved through this process shall be appealable to the commissioner as provided in subdivision 11.

(b) Demonstration providers must comply with the standards for claims settlement under section 72A.201, subdivisions 4, 5, 7, and 8, when contracting with other health care and social service practitioners to provide services to enrollees. A demonstration provider must pay a clean claim, as defined in Code of Federal Regulations, title 42, section 447.45(b), within 30 business days of the date of acceptance of the claim.

**(c) Managed care plans and county-based purchasing plans must comply with chapter 62M and section 62Q.83.**

Sec. 45. Minnesota Statutes 2015 Supplement, section 256B.76, subdivision 1, is amended to read:

Subdivision 1. **Physician reimbursement.** (a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Centers for Medicare and Medicaid Services' common procedural coding system codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," cesarean delivery and pharmacologic management provided to psychiatric patients, and level three codes for enhanced

services for prenatal high risk, shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992; and

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases except that payment rates for home health agency services shall be the rates in effect on September 30, 1992.

(b) Effective for services rendered on or after January 1, 2000, payment rates for physician and professional services shall be increased by three percent over the rates in effect on December 31, 1999, except for home health agency and family planning agency services. The increases in this paragraph shall be implemented January 1, 2000, for managed care.

(c) Effective for services rendered on or after July 1, 2009, payment rates for physician and professional services shall be reduced by five percent, except that for the period July 1, 2009, through June 30, 2010, payment rates shall be reduced by 6.5 percent for the medical assistance and general assistance medical care programs, over the rates in effect on June 30, 2009. This reduction and the reductions in paragraph (d) do not apply to office or other outpatient visits, preventive medicine visits and family planning visits billed by physicians, advanced practice nurses, or physician assistants in a family planning agency or in one of the following primary care practices: general practice, general internal medicine, general pediatrics, general geriatrics, and family medicine. This reduction and the reductions in paragraph (d) do not apply to federally qualified health centers, rural health centers, and Indian health services. Effective October 1, 2009, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment reduction described in this paragraph.

(d) Effective for services rendered on or after July 1, 2010, payment rates for physician and professional services shall be reduced an additional seven percent over the five percent reduction in rates described in paragraph (c). This additional reduction does not apply to physical therapy services, occupational therapy services, and speech pathology and related services provided on or after July 1, 2010. This additional reduction does not apply to physician services billed by a psychiatrist or an advanced practice nurse with a specialty in mental health. Effective October 1, 2010, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment reduction described in this paragraph.

(e) Effective for services rendered on or after September 1, 2011, through June 30, 2013, payment rates for physician and professional services shall be reduced three percent from the rates in effect on August 31, 2011. This reduction does not apply to physical therapy services, occupational therapy services, and speech pathology and related services.

(f) Effective for services rendered on or after September 1, 2014, payment rates for physician and professional services, including physical therapy, occupational therapy, speech pathology, and mental health services shall be increased by five percent from the rates in effect on August 31, 2014. In calculating this rate increase, the commissioner shall not include in the base rate for August 31, 2014, the rate increase provided under section 256B.76, subdivision 7. This increase does not apply to federally qualified health centers, rural health centers, and Indian health services. Payments made

to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(g) Effective for services rendered on or after July 1, 2015, payment rates for physical therapy, occupational therapy, and speech pathology and related services provided by a hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4), shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(h) Effective for services provided on or after July 1, 2016, payment rates for primary care services that were eligible for the rate increase in 2013 and 2014 under section 1902(a)(13)(c) of the Social Security Act shall be increased by five percent when that service is provided by a provider meeting one of the following criteria:

(1) a physician certified in the specialties of family medicine, general internal medicine, pediatric medicine, or obstetric and gynecological medicine; or

(2) a physician assistant, advanced practice registered nurse, or physician other than a psychiatrist, for whom at least 60 percent of the services for which the provider received payment under medical assistance and MinnesotaCare were for primary care evaluation and management services or vaccine administration services under the Vaccines for Children program. The commissioner shall periodically validate the eligibility of providers who attest to meeting the criteria established under this clause.

Effective January 1, 2017, capitation payments made to managed care plans and county-based purchasing plans shall be increased to reflect this increase, and the commissioner shall require the plans to pass on the full amount of the increase in the form of higher payment rates to eligible providers. This increase does not apply to federally qualified health centers, rural health centers, and Indian health services.

Sec. 46. Minnesota Statutes 2015 Supplement, section 256B.76, subdivision 2, is amended to read:

Subd. 2. **Dental reimbursement.** (a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992; and

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases.

(b) Beginning October 1, 1999, the payment for tooth sealants and fluoride treatments shall be the lower of (1) submitted charge, or (2) 80 percent of median 1997 charges.

(c) Effective for services rendered on or after January 1, 2000, payment rates for dental services shall be increased by three percent over the rates in effect on December 31, 1999.

(d) Effective for services provided on or after January 1, 2002, payment for diagnostic examinations and dental x-rays provided to children under age 21 shall be the lower of (1) the submitted charge, or (2) 85 percent of median 1999 charges.



(e) The increases listed in paragraphs (b) and (c) shall be implemented January 1, 2000, for managed care.

(f) Effective for dental services rendered on or after October 1, 2010, by a state-operated dental clinic, payment shall be paid on a reasonable cost basis that is based on the Medicare principles of reimbursement. This payment shall be effective for services rendered on or after January 1, 2011, to recipients enrolled in managed care plans or county-based purchasing plans.

(g) Beginning in fiscal year 2011, if the payments to state-operated dental clinics in paragraph (f), including state and federal shares, are less than \$1,850,000 per fiscal year, a supplemental state payment equal to the difference between the total payments in paragraph (f) and \$1,850,000 shall be paid from the general fund to state-operated services for the operation of the dental clinics.

(h) If the cost-based payment system for state-operated dental clinics described in paragraph (f) does not receive federal approval, then state-operated dental clinics shall be designated as critical access dental providers under subdivision 4, paragraph (b), and shall receive the critical access dental reimbursement rate as described under subdivision 4, paragraph (a).

(i) Effective for services rendered on or after September 1, 2011, through June 30, 2013, payment rates for dental services shall be reduced by three percent. This reduction does not apply to state-operated dental clinics in paragraph (f).

(j) Effective for services rendered on or after January 1, 2014, payment rates for dental services shall be increased by five percent from the rates in effect on December 31, 2013. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, and Indian health services. Effective January 1, 2014, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment increase described in this paragraph.

(k) Effective for services rendered on or after July 1, 2015, through December 31, 2016, the commissioner shall increase payment rates for services furnished by dental providers located outside of the seven-county metropolitan area by the maximum percentage possible above the rates in effect on June 30, 2015, while remaining within the limits of funding appropriated for this purpose. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, and Indian health services. Effective January 1, 2016, through December 31, 2016, payments to managed care plans and county-based purchasing plans under sections 256B.69 and 256B.692 shall reflect the payment increase described in this paragraph. The commissioner shall require managed care and county-based purchasing plans to pass on the full amount of the increase, in the form of higher payment rates to dental providers located outside of the seven-county metropolitan area.

(l) Effective for services provided on or after January 1, 2017, the commissioner shall increase payment rates by 9.65 percent for dental services provided outside of the seven-county metropolitan area. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, or Indian health services. Effective January 1, 2017, payments to managed care plans and county-based purchasing plans under sections 256B.69 and 256B.692 shall reflect the payment increase described in this paragraph. The commissioner shall require managed care and county-based purchasing plans to pass on the full amount of the increase in the form of higher payment rates to dental providers for the dental services that are identified for the rate increase in this paragraph.

(m) Effective for services provided on or after July 1, 2016, payment rates for preventive dental services shall be increased by five percent. Effective January 1, 2017, capitation payments made to managed care plans and county-based purchasing plans shall be increased to reflect this increase, and the commissioner shall require the plans to pass on the full amount of the increase in the form of higher payment rates for these services. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, and Indian health services.

Sec. 47. Minnesota Statutes 2015 Supplement, section 256B.76, subdivision 4, is amended to read:

Subd. 4. **Critical access dental providers.** ~~(a) Effective for dental services rendered on or after January 1, 2002,~~ The commissioner shall increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. For dental services rendered on or after July 1, ~~2007~~ 2016, the commissioner shall increase reimbursement by ~~35~~ 37.5 percent above the reimbursement rate that would otherwise be paid to the critical access dental provider, except as specified under paragraph (b). The commissioner shall pay the managed care plans and county-based purchasing plans in amounts sufficient to reflect increased reimbursements to critical access dental providers as approved by the commissioner.

(b) For dental services rendered on or after July 1, 2016, by a dental clinic or dental group that meets the critical access dental provider designation under paragraph (d), clause (4), and is owned and operated by a health maintenance organization licensed under chapter 62D, the commissioner shall increase reimbursement by 35 percent above the reimbursement rate that would otherwise be paid to the critical access provider.

~~(b)~~ (c) Critical access dental payments made under paragraph (a) or (b) for dental services provided by a critical access dental provider to an enrollee of a managed care plan or county-based purchasing plan must not reflect any capitated payments or cost-based payments from the managed care plan or county-based purchasing plan. The managed care plan or county-based purchasing plan must base the additional critical access dental payment on the amount that would have been paid for that service had the dental provider been paid according to the managed care plan or county-based purchasing plan's fee schedule that applies to dental providers that are not paid under a capitated payment or cost-based payment.

(d) The commissioner shall designate the following dentists and dental clinics as critical access dental providers:

- (1) nonprofit community clinics that:
  - (i) have nonprofit status in accordance with chapter 317A;
  - (ii) have tax exempt status in accordance with the Internal Revenue Code, section 501(c)(3);
  - (iii) are established to provide oral health services to patients who are low income, uninsured, have special needs, and are underserved;
  - (iv) have professional staff familiar with the cultural background of the clinic's patients;
  - (v) charge for services on a sliding fee scale designed to provide assistance to low-income patients based on current poverty income guidelines and family size;

(vi) do not restrict access or services because of a patient's financial limitations or public assistance status; and

(vii) have free care available as needed;

(2) federally qualified health centers, rural health clinics, and public health clinics;

(3) city or county hospital-based dental clinics owned and operated hospital-based dental clinics by a city, county, or former state hospital as defined in section 62Q.19, subdivision 1, paragraph (a), clause (4);

(4) a dental clinic or dental group owned and operated by a nonprofit corporation in accordance with chapter 317A with more than 10,000 patient encounters per year with patients who are uninsured or covered by medical assistance or MinnesotaCare;

(5) a dental clinic owned and operated by the University of Minnesota or the Minnesota State Colleges and Universities system; and

(6) private practicing dentists if:

(i) ~~the dentist's office is located within a health professional shortage area as defined under Code of Federal Regulations, title 42, part 5, and United States Code, title 42, section 254E;~~

(ii) more the seven-county metropolitan area and more than 50 percent of the dentist's patient encounters per year are with patients who are uninsured or covered by medical assistance or MinnesotaCare; and or

~~(iii) the level of service provided by the dentist is critical to maintaining adequate levels of patient access within the service area in which the dentist operates.~~

(ii) the dentist's office is located outside the seven-county metropolitan area and more than 25 percent of the dentist's patient encounters per year are with patients who are uninsured or covered by medical assistance or MinnesotaCare.

Sec. 48. Minnesota Statutes 2014, section 256B.761, is amended to read:

**256B.761 REIMBURSEMENT FOR MENTAL HEALTH SERVICES.**

(a) Effective for services rendered on or after July 1, 2001, payment for medication management provided to psychiatric patients, outpatient mental health services, day treatment services, home-based mental health services, and family community support services shall be paid at the lower of (1) submitted charges, or (2) 75.6 percent of the 50th percentile of 1999 charges.

(b) Effective July 1, 2001, the medical assistance rates for outpatient mental health services provided by an entity that operates: (1) a Medicare-certified comprehensive outpatient rehabilitation facility; and (2) a facility that was certified prior to January 1, 1993, with at least 33 percent of the clients receiving rehabilitation services in the most recent calendar year who are medical assistance recipients, will be increased by 38 percent, when those services are provided within the comprehensive outpatient rehabilitation facility and provided to residents of nursing facilities owned by the entity.

(c) The commissioner shall establish three levels of payment for mental health diagnostic assessment, based on three levels of complexity. The aggregate payment under the tiered rates must not exceed the projected aggregate payments for mental health diagnostic assessment under the

previous single rate. The new rate structure is effective January 1, 2011, or upon federal approval, whichever is later.

(d) In addition to rate increases otherwise provided, the commissioner may restructure coverage policy and rates to improve access to adult rehabilitative mental health services under section 256B.0623 and related mental health support services under section 256B.021, subdivision 4, paragraph (f), clause (2). For state fiscal years 2015 and 2016, the projected state share of increased costs due to this paragraph is transferred from adult mental health grants under sections 245.4661 and 256E.12. The transfer for fiscal year 2016 is a permanent base adjustment for subsequent fiscal years. Payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the rate changes described in this paragraph.

(e) Effective for services provided on or after July 1, 2016, payments for outpatient mental health services shall be increased by five percent. Effective January 1, 2017, capitation payments made to managed care plans and county-based purchasing plans shall be increased to reflect this increase, and the commissioner shall require the plans to pass on the full amount of the increase in the form of higher payment rates for these services. This increase is not applicable to federally qualified health centers, rural health centers, Indian health services, other cost-based rates, rates that are negotiated with the county, or rates that are established by the federal government.

**Sec. 49. [256B.7625] REIMBURSEMENT FOR EVIDENCE-BASED PUBLIC HEALTH NURSE HOME VISITS.**

Effective for services provided on or after January 1, 2017, prenatal and postpartum follow-up home visits provided by public health nurses using evidence-based models shall be paid \$140 per visit. Evidence-based postpartum follow-up home visits must be administered by home visiting programs that meet the United States Department of Health and Human Services criteria for evidence-based models and identified by the commissioner of health as eligible services under the Maternal, Infant, and Early Childhood Home Visiting program. Home visits shall be targeted toward pregnant women and mothers with children up to three years of age. Effective January 1, 2017, capitation payments made to managed care plans and county-based purchasing plans shall be increased to reflect this increase and the commissioner shall require the plans to pass on the full amount of the increase in the form of higher payment rates to the providers.

Sec. 50. Minnesota Statutes 2015 Supplement, section 256B.766, is amended to read:

**256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.**

(a) Effective for services provided on or after July 1, 2009, total payments for basic care services, shall be reduced by three percent, except that for the period July 1, 2009, through June 30, 2011, total payments shall be reduced by 4.5 percent for the medical assistance and general assistance medical care programs, prior to third-party liability and spenddown calculation. Effective July 1, 2010, the commissioner shall classify physical therapy services, occupational therapy services, and speech-language pathology and related services as basic care services. The reduction in this paragraph shall apply to physical therapy services, occupational therapy services, and speech-language pathology and related services provided on or after July 1, 2010.

(b) Payments made to managed care plans and county-based purchasing plans shall be reduced for services provided on or after October 1, 2009, to reflect the reduction effective July 1, 2009, and payments made to the plans shall be reduced effective October 1, 2010, to reflect the reduction effective July 1, 2010.

(c) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for outpatient hospital facility fees shall be reduced by five percent from the rates in effect on August 31, 2011.

(d) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for ambulatory surgery centers facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, renal dialysis services, laboratory services, public health nursing services, physical therapy services, occupational therapy services, speech therapy services, eyeglasses not subject to a volume purchase contract, hearing aids not subject to a volume purchase contract, and anesthesia services shall be reduced by three percent from the rates in effect on August 31, 2011.

(e) Effective for services provided on or after September 1, 2014, payments for ambulatory surgery centers facility fees, hospice services, renal dialysis services, laboratory services, public health nursing services, eyeglasses not subject to a volume purchase contract, and hearing aids not subject to a volume purchase contract shall be increased by three percent and payments for outpatient hospital facility fees shall be increased by three percent. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(f) Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2014, through June 30, 2015, shall be decreased by .33 percent. Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2015, shall be increased by three percent from the rates as determined under paragraph (i).

(g) Effective for services provided on or after July 1, 2015, payments for outpatient hospital facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, and laboratory services to a hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4), shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(h) This section does not apply to physician and professional services, inpatient hospital services, family planning services, mental health services, dental services, prescription drugs, medical transportation, federally qualified health centers, rural health centers, Indian health services, and Medicare cost-sharing.

(i) ~~Effective July 1, 2015, the medical assistance payment rate for durable medical equipment, prosthetics, orthotics, or supplies shall be restored to the January 1, 2008, medical assistance fee schedule, updated to include subsequent rate increases in the Medicare and medical assistance fee schedules, and including following categories of durable medical equipment shall be individually priced items for the following categories: enteral nutrition and supplies, customized and other specialized tracheostomy tubes and supplies, electric patient lifts, and durable medical equipment repair and service. This paragraph does not apply to medical supplies and durable medical equipment subject to a volume purchase contract, products subject to the preferred diabetic testing supply program, and items provided to dually eligible recipients when Medicare is the primary payer for the item. The commissioner shall not apply any medical assistance rate reductions to durable medical equipment as a result of Medicare competitive bidding.~~

(j) Effective July 1, 2015, medical assistance payment rates for durable medical equipment, prosthetics, orthotics, or supplies shall be increased as follows:

(1) payment rates for durable medical equipment, prosthetics, orthotics, or supplies that were subject to the Medicare 2008 competitive bid shall be increased by 9.5 percent; and

(2) payment rates for durable medical equipment, prosthetics, orthotics, or supplies on the medical assistance fee schedule, whether or not subject to the Medicare 2008 competitive bid, shall be increased by 2.94 percent, with this increase being applied after calculation of any increased payment rate under clause (1).

This paragraph does not apply to medical supplies and durable medical equipment subject to a volume purchase contract, products subject to the preferred diabetic testing supply program, items provided to dually eligible recipients when Medicare is the primary payer for the item, and individually priced items identified in paragraph (i). Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect the rate increases in this paragraph.

Sec. 51. Minnesota Statutes 2014, section 256L.01, subdivision 1a, is amended to read:

Subd. 1a. **Child.** "Child" means an individual under 21 years of age, ~~including the unborn child of a pregnant woman, an emancipated minor, and an emancipated minor's spouse.~~

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

Sec. 52. Minnesota Statutes 2015 Supplement, section 256L.01, subdivision 5, is amended to read:

Subd. 5. **Income.** "Income" has the meaning given for modified adjusted gross income, as defined in Code of Federal Regulations, title 26, section 1.36B-1, and means a household's ~~projected annual income for the applicable tax year~~ current income, or if income fluctuates month to month, the income for the 12-month eligibility period.

**EFFECTIVE DATE.** This section is effective July 1, 2017.

Sec. 53. Minnesota Statutes 2015 Supplement, section 256L.03, subdivision 5, is amended to read:

Subd. 5. **Cost-sharing.** (a) Except as otherwise provided in this subdivision, the MinnesotaCare benefit plan shall include the following cost-sharing requirements for all enrollees:

(1) \$3 per prescription for adult enrollees;

(2) \$25 for eyeglasses for adult enrollees;

(3) \$3 per nonpreventive visit. For purposes of this subdivision, a "visit" means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(4) \$6 for nonemergency visits to a hospital-based emergency room for services provided through December 31, 2010, and \$3.50 effective January 1, 2011; and

(5) a family deductible equal to \$2.75 per month per family and adjusted annually by the percentage increase in the medical care component of the CPI-U for the period of September to September of the preceding calendar year, rounded to the next-higher five cent increment.

(b) Paragraph (a) does not apply to children under the age of 21 and to American Indians as defined in Code of Federal Regulations, title 42, section 447.51.

(c) Paragraph (a), clause (3), does not apply to mental health services.

(d) MinnesotaCare reimbursements to fee-for-service providers and payments to managed care plans or county-based purchasing plans shall not be increased as a result of the reduction of the co-payments in paragraph (a), clause (4), effective January 1, 2011.

(e) The commissioner, through the contracting process under section 256L.12, may allow managed care plans and county-based purchasing plans to waive the family deductible under paragraph (a), clause (5). The value of the family deductible shall not be included in the capitation payment to managed care plans and county-based purchasing plans. Managed care plans and county-based purchasing plans shall certify annually to the commissioner the dollar value of the family deductible.

(f) The commissioner shall increase co-payments for covered services in a manner sufficient to reduce the actuarial value of the benefit to 94 percent for recipients with incomes not exceeding 200 percent of the federal poverty guidelines. The commissioner shall increase co-payments for covered services in a manner sufficient to reduce the actuarial value of the benefit to 87 percent for recipients with incomes greater than 200 percent but not exceeding 250 percent of the federal poverty guidelines. The commissioner shall increase co-payments for covered services in a manner sufficient to reduce the actuarial value of the benefit to 80 percent for recipients with incomes greater than 250 percent but not exceeding 275 percent of the federal poverty guidelines. The cost-sharing changes described in this paragraph do not apply to eligible recipients or services exempt from cost-sharing under state law. ~~The cost-sharing changes described in this paragraph shall not be implemented prior to January 1, 2016.~~

(g) The cost-sharing changes authorized under paragraph (f) must satisfy the requirements for cost-sharing under the Basic Health Program as set forth in Code of Federal Regulations, title 42, sections 600.510 and 600.520.

**EFFECTIVE DATE.** This section is effective January 1, 2018, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 54. Minnesota Statutes 2014, section 256L.04, subdivision 1, is amended to read:

Subdivision 1. **Families with children.** Families with children with family income above 133 percent of the federal poverty guidelines and equal to or less than ~~200~~ 275 percent of the federal poverty guidelines for the applicable family size shall be eligible for MinnesotaCare according to this section. All other provisions of sections 256L.01 to 256L.18 shall apply unless otherwise specified. Children under age 19 with family income at or below ~~200~~ 275 percent of the federal poverty guidelines and who are ineligible for medical assistance by sole reason of the application of federal household composition rules for medical assistance are eligible for MinnesotaCare.

**EFFECTIVE DATE.** This section is effective January 1, 2018, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 55. Minnesota Statutes 2014, section 256L.04, subdivision 1a, is amended to read:

Subd. 1a. **Social Security number required.** (a) Individuals and families applying for MinnesotaCare coverage must provide a Social Security number if required by Code of Federal Regulations, title 45, section 155.310(a)(3).

(b) ~~The commissioner shall not deny eligibility to an otherwise eligible applicant who has applied for a Social Security number and is awaiting issuance of that Social Security number.~~

(c) ~~Newborns enrolled under section 256L.05, subdivision 3, are exempt from the requirements of this subdivision.~~

(d) ~~Individuals who refuse to provide a Social Security number because of well-established religious objections are exempt from the requirements of this subdivision. The term "well-established religious objections" has the meaning given in Code of Federal Regulations, title 42, section 435.910.~~

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

Sec. 56. Minnesota Statutes 2014, section 256L.04, subdivision 2, is amended to read:

Subd. 2. **Third-party liability, paternity, and other medical support.** (a) ~~To be eligible for MinnesotaCare,~~ Individuals and families must ~~may~~ cooperate with the state agency to identify potentially liable third-party payers and assist the state in obtaining third-party payments. "Cooperation" includes, but is not limited to, complying with the notice requirements in section 256B.056, subdivision 9, identifying any third party who may be liable for care and services provided under MinnesotaCare to the enrollee, providing relevant information to assist the state in pursuing a potentially liable third party, and completing forms necessary to recover third-party payments.

(b) ~~A parent, guardian, relative caretaker, or child enrolled in the MinnesotaCare program must cooperate with the Department of Human Services and the local agency in establishing the paternity of an enrolled child and in obtaining medical care support and payments for the child and any other person for whom the person can legally assign rights, in accordance with applicable laws and rules governing the medical assistance program. A child shall not be ineligible for or disenrolled from the MinnesotaCare program solely because the child's parent, relative caretaker, or guardian fails to cooperate in establishing paternity or obtaining medical support.~~

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

Sec. 57. Minnesota Statutes 2014, section 256L.04, subdivision 7, is amended to read:

Subd. 7. **Single adults and households with no children.** The definition of eligible persons includes all individuals and families with no children who have incomes that are above 133 percent and equal to or less than ~~200~~ 275 percent of the federal poverty guidelines for the applicable family size.



**EFFECTIVE DATE.** This section is effective January 1, 2018, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 58. Minnesota Statutes 2015 Supplement, section 256L.04, subdivision 7b, is amended to read:

Subd. 7b. **Annual income limits adjustment.** The commissioner shall adjust the income limits under this section annually on January each July 1 as provided described in Code of Federal Regulations, title 26, section 1.36B-1(h) section 256B.056, subdivision 1c.

**EFFECTIVE DATE.** This section is effective July 1, 2017.

Sec. 59. Minnesota Statutes 2015 Supplement, section 256L.05, subdivision 3a, is amended to read:

Subd. 3a. **Redetermination of eligibility.** (a) An enrollee's eligibility must be redetermined on an annual basis, in accordance with Code of Federal Regulations, title 42, section 435.916(a). The period of eligibility is the entire calendar year following the year in which eligibility is redetermined. Beginning in calendar year 2015, eligibility redeterminations shall occur during the open enrollment period for qualified health plans as specified in Code of Federal Regulations, title 45, section 155.410. The 12-month eligibility period begins the month of application. Beginning July 1, 2017, the commissioner shall adjust the eligibility period for enrollees to implement renewals throughout the year according to guidance from the Centers for Medicare and Medicaid Services.

(b) Each new period of eligibility must take into account any changes in circumstances that impact eligibility and premium amount. Coverage begins as provided in section 256L.06.

**EFFECTIVE DATE.** This section is effective July 1, 2017.

Sec. 60. Minnesota Statutes 2015 Supplement, section 256L.06, subdivision 3, is amended to read:

Subd. 3. **Commissioner's duties and payment.** (a) Premiums are dedicated to the commissioner for MinnesotaCare.

(b) The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments, based upon both increases and decreases in enrollee income, at the time the change in income is reported; and (3) disenroll enrollees from MinnesotaCare for failure to pay required premiums. Failure to pay includes payment with a dishonored check, a returned automatic bank withdrawal, or a refused credit card or debit card payment. The commissioner may demand a guaranteed form of payment, including a cashier's check or a money order, as the only means to replace a dishonored, returned, or refused payment.

(c) Premiums are calculated on a calendar month basis and may be paid on a monthly, quarterly, or semiannual basis, with the first payment due upon notice from the commissioner of the premium amount required. The commissioner shall inform applicants and enrollees of these premium payment options. Premium payment is required before enrollment is complete and to maintain eligibility in MinnesotaCare. Premium payments received before noon are credited the same day. Premium payments received after noon are credited on the next working day.

(d) Nonpayment of the premium will result in disenrollment from the plan effective for the calendar month following the month for which the premium was due. Persons disenrolled for nonpayment may not reenroll prior to the first day of the month following the payment of an amount equal to two months' premiums.

(e) The commissioner shall forgive the past-due premium for persons disenrolled under paragraph (d) prior to issuing a premium invoice for the fourth month following disenrollment.

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

Sec. 61. Minnesota Statutes 2014, section 256L.07, subdivision 1, is amended to read:

Subdivision 1. **General requirements.** Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 1, and individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above 200 percent of the federal poverty guidelines the maximum income eligibility limit in section 256L.04, subdivision 1 or 7, are no longer eligible for the program and shall be disenrolled by the commissioner. For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month ~~following the month~~ in which the commissioner ~~determines that~~ sends advance notice in accordance with Code of Federal Regulations, title 42, section 431.211, that indicates the income of a family or individual exceeds program income limits.

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

Sec. 62. Minnesota Statutes 2014, section 256L.11, subdivision 7, is amended to read:

Subd. 7. **Critical access dental providers.** Effective for dental services provided to MinnesotaCare enrollees on or after ~~January 1, 2007, through August 31, 2011~~ July 1, 2016, the commissioner shall increase payment rates to dentists and dental clinics deemed by the commissioner to be critical access providers under section 256B.76, subdivision 4, ~~by 50 percent above the payment rate that would otherwise be paid to the provider.~~ Effective for dental services provided on or after September 1, 2011, the commissioner shall increase the payment rate by 30 32.5 percent above the payment rate that would otherwise be paid to the provider, except for a dental clinic or dental group described in section 256B.76, subdivision 4, paragraph (b), in which the commissioner shall increase the payment rate by 30 percent above the payment rate that would otherwise be paid to the provider. The commissioner shall pay the prepaid health plans under contract with the commissioner amounts sufficient to reflect this rate increase. The prepaid health plan must pass this rate increase to providers who have been identified by the commissioner as critical access dental providers under section 256B.76, subdivision 4.

Sec. 63. Minnesota Statutes 2015 Supplement, section 256L.15, subdivision 1, is amended to read:

Subdivision 1. **Premium determination for MinnesotaCare.** (a) Families with children and individuals shall pay a premium determined according to subdivision 2.

(b) Members of the military and their families who meet the eligibility criteria for MinnesotaCare upon eligibility approval made within 24 months following the end of the member's tour of active duty shall have their premiums paid by the commissioner. The effective date of coverage for an individual or family who meets the criteria of this paragraph shall be the first day of the month following the month in which eligibility is approved. This exemption applies for 12 months.

(c) Beginning July 1, 2009, American Indians enrolled in MinnesotaCare and their families shall have their premiums waived by the commissioner in accordance with section 5006 of the American Recovery and Reinvestment Act of 2009, Public Law 111-5. An individual must document indicate status as an American Indian, as defined under Code of Federal Regulations, title 42, section 447.50, to qualify for the waiver of premiums. The commissioner shall accept attestation of an individual's status as an American Indian as verification until the United States Department of Health and Human Services approves an electronic data source for this purpose.

(d) For premiums effective August 1, 2015, and after, the commissioner, after consulting with the chairs and ranking minority members of the legislative committees with jurisdiction over human services, shall increase premiums under subdivision 2 for recipients based on June 2015 program enrollment. Premium increases shall be sufficient to increase projected revenue to the fund described in section 16A.724 by at least \$27,800,000 for the biennium ending June 30, 2017. The commissioner shall publish the revised premium scale on the Department of Human Services Web site and in the State Register no later than June 15, 2015. The revised premium scale applies to all premiums on or after August 1, 2015, in place of the scale under subdivision 2.

(e) By July 1, 2015, the commissioner shall provide the chairs and ranking minority members of the legislative committees with jurisdiction over human services the revised premium scale effective August 1, 2015, and statutory language to codify the revised premium schedule.

(f) Premium changes authorized under paragraph (d) must only apply to enrollees not otherwise excluded from paying premiums under state or federal law. Premium changes authorized under paragraph (d) must satisfy the requirements for premiums for the Basic Health Program under title 42 of Code of Federal Regulations, section 600.505.

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

Sec. 64. Minnesota Statutes 2015 Supplement, section 256L.15, subdivision 2, is amended to read:

Subd. 2. **Sliding fee scale; monthly individual or family income.** (a) The commissioner shall establish a sliding fee scale to determine the percentage of monthly individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee's monthly individual or family income.

(b) Beginning January 1, 2014, MinnesotaCare enrollees shall pay premiums according to the premium scale specified in paragraph (d).

(c) Paragraph (b) does not apply to:

- (1) children 20 years of age or younger; and
- (2) individuals with household incomes below 35 percent of the federal poverty guidelines.

(d) The following premium scale is established for each individual in the household who is 21 years of age or older and enrolled in MinnesotaCare:

<b>Federal Poverty Guideline Greater than or Equal to</b>	<b>Less than</b>	<b>Individual Premium Amount</b>
35%	55%	\$4

55%	80%	\$6
80%	90%	\$8
90%	100%	\$10
100%	110%	\$12
110%	120%	\$14
120%	130%	\$15
130%	140%	\$16
140%	150%	\$25
150%	160%	\$29
160%	170%	\$33
170%	180%	\$38
180%	190%	\$43
190%		\$50

(e) The commissioner shall extend the premium scale specified in paragraph (d) to include individuals with incomes greater than 200 percent but not exceeding 275 percent of the federal poverty guidelines, such that individuals with incomes at 201 percent of the federal poverty guidelines shall pay 4.09 percent of income, individuals with incomes at 251 percent of the federal poverty guidelines shall pay 7.26 percent of income, and individuals with incomes at 275 percent of the federal poverty guidelines shall pay 8.83 percent of income. The commissioner shall set other premium amounts in a proportional manner using evenly spaced income steps.

**EFFECTIVE DATE.** This section is effective January 1, 2018, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 65. **FEDERAL WAIVER.**

Subdivision 1. **Waiver goals.** (a) The commissioner of human services, in consultation with the commissioners of health and commerce, and the executive director of MNsure, shall seek the necessary federal waiver authority from the United States Department of Health and Human Services to design and operate a seamless and sustainable health coverage continuum that reduces barriers to care, eases the transition across the continuum for consumers, and ensures access to comprehensive and affordable health care coverage. The waiver request shall include all proposals described in this section and the commissioner shall seek authority to secure all federal funding available to meet the proposals as described under this section. This includes available Medicaid funding and all premium tax credits and cost-sharing subsidies available under United States Code, title 26, section 36B, and United States Code, title 42, section 18071, as applicable to each proposal.

(b) The waiver request must incorporate:

(1) the alignment of eligibility, benefits, and enrollment requirements across insurance affordability programs, including a common income methodology, 12 months of continuous

eligibility for families and children enrolled in medical assistance, consistent household composition rules, and a common definition of "American Indian";

(2) multipayer alignment across the health care coverage continuum that promotes health equity, including consistent payment methodologies across payers and products and similar coverage and contracting requirements across insurance affordability programs or product options; and

(3) innovative reforms to promote cost neutrality and sustainability, including prospective and outcome-based payment for collaborative organizations and primary care providers.

(c) In developing this federal waiver request, the commissioner shall coordinate with the appropriate state agencies and consult with stakeholder groups and consumers. The commissioner shall work with the commissioner of health for the purpose of analyzing the differences in the utilization of services and provider payment rates across markets. The commissioner may prioritize through separate waiver submissions the proposals described in paragraph (b) and subdivisions 3, 4, and 5 to the extent necessary to ensure conformity with the federal waiver application requirements.

(d) The commissioner is authorized to seek any available waivers or federal approvals to accomplish the goals and proposals under this section prior to January 1, 2018.

Subd. 2. **Expansion of the MinnesotaCare program.** (a) As part of the waiver request under subdivision 1, the commissioner shall seek authority to:

(1) expand MinnesotaCare to include persons with incomes up to 275 percent of federal poverty guidelines under section 1332 of the Affordable Care Act;

(2) modify MinnesotaCare premiums and cost-sharing to smooth affordability cliffs between insurance affordability programs; and

(3) receive for all MinnesotaCare enrollees, including but not limited to those with incomes at or below 275 percent of the federal poverty guidelines, the full amount of advanced premium tax credits, and cost-sharing reductions that these individuals would have otherwise received if they obtained qualified health plan coverage through MNsure.

(b) The commissioner shall notify the chairs and ranking minority members of the legislative committees with jurisdiction over health care finances when federal approval is obtained for this proposal.

(c) Upon federal approval, the commissioner is authorized to accept and expend federal funds that support the purpose of this subdivision.

Subd. 3. **Access to employer health coverage.** The commissioner shall include in the waiver request under subdivision 1 the ability for individuals who have access to health coverage through a spouse's or parent's employer that is deemed minimum essential coverage under Code of Federal Regulations, title 26, section 1.36B-2, and the portion of the annual premium the employee pays for employee and dependent coverage exceeds the required contribution percentage as described in Code of Federal Regulations, title 26, section 1.36B-2, to:

(1) enroll in the MinnesotaCare program if all eligibility requirements are met, except for the eligibility requirements in Minnesota Statutes, section 256L.07, subdivision 2, paragraph (a); and

(2) be eligible for advanced premium tax credits and cost-sharing credits under Code of Federal Regulations, title 26, section 1.36B-2, as applicable to their household income when purchasing a qualified health plan through MNsure, for individuals whose income is above the maximum income eligibility limit under Minnesota Statutes, section 256L.04, subdivision 1 or 7, but less than 400 percent of federal poverty guidelines.

Subd. 4. **MinnesotaCare public option.** (a) The commissioner shall include as part of the waiver request under subdivision 1, the authority to establish a public option that allows individuals with income above the maximum income eligibility limit under Minnesota Statutes, section 256L.04, subdivision 1 or 7, and who otherwise meet the MinnesotaCare eligibility requirements to purchase coverage through MinnesotaCare instead of purchasing a qualified health plan through MNsure, or an individual health plan offered outside of MNsure. The MinnesotaCare public option shall coordinate the administration of the public option with the MinnesotaCare program to maximize efficiency and improve the continuity of care. The commissioner shall seek to implement mechanisms to ensure the long-term financial sustainability of MinnesotaCare and mitigate any adverse financial impacts to MNsure. These mechanisms must address issues related to minimizing adverse selection; the state's financial risk and contribution; and impacts to premiums in the individual and group insurance market both inside and outside of MNsure, to health care provider payment rates, and to the financial stability of urban, rural, and safety net providers.

(b) The commissioner shall also seek federal authority for individuals who qualify for the purchase option to use advanced tax credits and cost-sharing credits, if eligible, to purchase the public option and to permit the public option to be offered through MNsure to be compared with qualified health plans.

(c) The public option shall include, at a minimum, the following:

(1) establishment of an annual per enrollee premium rate similar to the average rate paid by the state to managed care plan contractors under Minnesota Statutes, section 256L.12;

(2) establishment of a benefit set equal to the benefits covered under MinnesotaCare under Minnesota Statutes, section 256L.03;

(3) limiting annual enrollment to the same annual open enrollment periods established for MNsure;

(4) ability of the commissioner to adjust the purchase option's actuarial value to a value no lower than 87 percent;

(5) reimbursement mechanisms for addressing potential reductions in funding for MNsure operations; and

(6) reimbursement mechanisms for addressing potential increased cost to the MinnesotaCare program under Minnesota Statutes, chapter 256L.

(d) In preparing the actuarial analysis necessary for this portion of the waiver request, the commissioner may coordinate with the University of Minnesota School of Public Health.

Subd. 5. **Alternative open enrollment.** (a) The commissioner, in consultation with the commissioners of commerce and health, shall include in the waiver request under subdivision 1 the necessary approval to replace the annual open enrollment period in the individual health market required under the Affordable Care Act with an alternative open enrollment period for qualified

health plans offered through MNsure and individual health plans offered outside of MNsure. The alternative open enrollment period must be of equal length as the existing annual open enrollment period and must not begin before the federal individual tax filing deadline.

(b) The enrollment period described in paragraph (a) shall be limited to a specific period of time. Special open enrollment periods as defined under the Affordable Care Act shall continue to apply.

Subd. 6. **Report.** On March 1, 2017, the commissioner shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance on the progress of receiving a federal waiver, including the results of actuarial analyses on the broader impact to the health insurance market required for waiver submission and recommendations on necessary statutory changes, including the expected fiscal impact to the state.

Subd. 7. **Implementation.** Implementation of the proposals contained in the waiver request under this section shall be contingent upon necessary federal approval, and subsequent statutory changes and state financial contributions, except for subdivision 2, which shall be effective January 1, 2018, or upon federal approval, whichever is later.

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

Sec. 66. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; NOTICE.**

For all individuals that received medical assistance non-long term care services on or after July 1, 2014, the commissioner of human services must provide notice of the 2016 amendments to Minnesota Statutes, section 256B.15, subdivisions 1a and 2. The notice must be provided within 90 days from the date of enactment.

Sec. 67. **REQUEST FOR INFORMATION ON A PRIVATIZED STATE-BASED MARKETPLACE MODEL.**

(a) The commissioner of management and budget, in consultation with the commissioners of human services, commerce, health, MN.IT, the executive director of MNsure, and interested stakeholders, shall develop a request for information to consider the feasibility for a private vendor to provide the technology functionality for the individual market and small business health options program (SHOP) market currently provided by MNsure. The request shall seek options for a privately run automated system and may involve existing "off-the-shelf" products or customized solutions, or both. The system must provide certain core functions including eligibility and enrollment functions, plan management, consumer outreach and assistance, and the ability for consumers to compare and choose different qualified health plans or group health plans. The system must have account transfer functionality to accept application handoffs compatible with the Medicaid and MinnesotaCare eligibility and enrollment system maintained by the Department of Human Services.

(b) The commissioner shall report to the governor and legislature the results of the request for information and an analysis of the option for a privatized marketplace, including estimated costs by December 15, 2016.

Sec. 68. **REPEALER.**

(a) Minnesota Statutes 2014, section 256B.059, subdivision 1a, is repealed.

(b) Minnesota Statutes 2014, sections 256L.04, subdivisions 2a and 8; 256L.22; 256L.24;

256L.26; and 256L.28, are repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective June 1, 2016. Paragraph (b) is effective the day following final enactment.

## ARTICLE 26

### HEALTH DEPARTMENT

Section 1. Minnesota Statutes 2014, section 13.3805, is amended by adding a subdivision to read:

Subd. 5. **Radon testing and mitigation data.** Data maintained by the Department of Health that identify the address of a radon testing or mitigation site, and the name, address, e-mail address, and telephone number of residents and residential property owners of a radon testing or mitigation site, are private data on individuals or nonpublic data.

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

Sec. 2. Minnesota Statutes 2014, section 13.3806, subdivision 22, is amended to read:

Subd. 22. **Medical use of cannabis data.** Data collected under the registry program authorized under sections 152.22 to 152.37 are governed by sections 152.25, subdivision 1; 152.27, subdivision 8; 152.28, subdivision 2; and 152.37, subdivision 3.

Sec. 3. Minnesota Statutes 2014, section 62D.04, subdivision 1, is amended to read:

Subdivision 1. **Application review.** Upon receipt of an application for a certificate of authority, the commissioner of health shall determine whether the applicant for a certificate of authority has:

(a) demonstrated the willingness and potential ability to assure that health care services will be provided in such a manner as to enhance and assure both the availability and accessibility of adequate personnel and facilities;

(b) arrangements for an ongoing evaluation of the quality of health care, including a peer review process;

(c) a procedure to develop, compile, evaluate, and report statistics relating to the cost of its operations, the pattern of utilization of its services, the quality, availability and accessibility of its services, and such other matters as may be reasonably required by regulation of the commissioner of health;

(d) reasonable provisions for emergency and out of area health care services;

(e) demonstrated that it is financially responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees. In making this determination, the commissioner of health shall require the amount of initial net worth required in section 62D.042, compliance with the risk-based capital standards under sections 60A.50 to 60A.592, the deposit required in section 62D.041, and in addition shall consider:

(1) the financial soundness of its arrangements for health care services and the proposed schedule of charges used in connection therewith;



(2) arrangements which will guarantee for a reasonable period of time the continued availability or payment of the cost of health care services in the event of discontinuance of the health maintenance organization; and

(3) agreements with providers for the provision of health care services;

(f) demonstrated that it will assume full financial risk on a prospective basis for the provision of comprehensive health maintenance services, including hospital care; provided, however, that the requirement in this paragraph shall not prohibit the following:

(1) a health maintenance organization from obtaining insurance or making other arrangements (i) for the cost of providing to any enrollee comprehensive health maintenance services, the aggregate value of which exceeds \$5,000 in any year, (ii) for the cost of providing comprehensive health care services to its members on a nonelective emergency basis, or while they are outside the area served by the organization, or (iii) for not more than 95 percent of the amount by which the health maintenance organization's costs for any of its fiscal years exceed 105 percent of its income for such fiscal years; and

(2) a health maintenance organization from having a provision in a group health maintenance contract allowing an adjustment of premiums paid based upon the actual health services utilization of the enrollees covered under the contract, except that at no time during the life of the contract shall the contract holder fully self-insure the financial risk of health care services delivered under the contract. Risk sharing arrangements shall be subject to the requirements of sections 62D.01 to 62D.30;

(g) demonstrated that it has made provisions for and adopted a conflict of interest policy applicable to all members of the board of directors and the principal officers of the health maintenance organization. The conflict of interest policy shall include the procedures described in section 317A.255, subdivisions 1 and 2. However, the commissioner is not precluded from finding that a particular transaction is an unreasonable expense as described in section 62D.19 even if the directors follow the required procedures; and

(h) otherwise met the requirements of sections 62D.01 to 62D.30.

Sec. 4. Minnesota Statutes 2014, section 62D.08, subdivision 3, is amended to read:

Subd. 3. **Report requirements.** Such report shall be on forms prescribed by the commissioner of health, and shall include:

(a) a financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding year certified by an independent certified public accountant, reflecting at least (1) all prepayment and other payments received for health care services rendered, (2) expenditures to all providers, by classes or groups of providers, and insurance companies or nonprofit health service plan corporations engaged to fulfill obligations arising out of the health maintenance contract, (3) expenditures for capital improvements, or additions thereto, including but not limited to construction, renovation or purchase of facilities and capital equipment, and (4) a supplementary statement of assets, liabilities, premium revenue, and expenditures for risk sharing business under section 62D.04, subdivision 1, on forms prescribed by the commissioner;

(b) the number of new enrollees enrolled during the year, the number of group enrollees and the number of individual enrollees as of the end of the year and the number of enrollees terminated during the year;

(c) a summary of information compiled pursuant to section 62D.04, subdivision 1, clause (c), in such form as may be required by the commissioner of health;

(d) a report of the names and addresses of all persons set forth in section 62D.03, subdivision 4, clause (c), who were associated with the health maintenance organization or the major participating entity during the preceding year, and the amount of wages, expense reimbursements, or other payments to such individuals for services to the health maintenance organization or the major participating entity, as those services relate to the health maintenance organization, including a full disclosure of all financial arrangements during the preceding year required to be disclosed pursuant to section 62D.03, subdivision 4, clause (d);

(e) a separate report addressing health maintenance contracts sold to individuals covered by Medicare, title XVIII of the Social Security Act, as amended, including the information required under section 62D.30, subdivision 6; ~~and~~

(f) data on the number of complaints received and the category of each complaint as defined by the commissioner. The categories must include but are not limited to access, communication and behavior, health plan administration, facilities and environment, coordination of care, and technical competence and appropriateness. The commissioner must define complaint categories to be used by each health maintenance organization by July 1, 2017, and the categories must be used by each health maintenance organization beginning calendar year 2018; and

~~(f)~~ (g) such other information relating to the performance of the health maintenance organization as is reasonably necessary to enable the commissioner of health to carry out the duties under sections 62D.01 to 62D.30.

#### Sec. 5. [62D.115] QUALITY OF CARE COMPLAINTS.

Subdivision 1. **Quality of care complaint.** For purposes of this section, "quality of care complaint" means an expressed dissatisfaction regarding health care services resulting in potential or actual harm to an enrollee. Quality of care complaints may include but are not limited to concerns related to provider and staff competence, clinical appropriateness of services, communications, behavior, facility and environmental considerations, or other factors that could impact the quality of health care services.

Subd. 2. **Quality of care complaint investigation.** Each health maintenance organization shall develop and implement policies and procedures for the receipt, investigation, and resolution of quality of care complaints. The policy and procedures must be in writing and must meet the requirements in paragraphs (a) to (g).

(a) A health maintenance organization's definition for quality of care complaints must include the concerns identified in subdivision 1.

(b) A health maintenance organization must classify each quality of care complaint received by severity level as defined by the commissioner and must have investigation procedures for each level of severity.

(c) Any complaint with an allegation regarding quality of care or service must be investigated by the health maintenance organization and the health maintenance organization must document the investigation process, including documentation that the complaint was received and investigated, and that each allegation was addressed. The investigation record must include all related documents, correspondence, summaries, discussions, consultations, and conferences held in relation to the investigation of the quality of care complaint in accordance with subdivision 4.

(d) The resolution of a complaint must be supported by evidence and may include a corrective action plan or a formal response from a provider to the health maintenance organization if a formal response was submitted to the health maintenance organization.

(e) A medical director review shall be conducted as part of the investigation process when there is potential for patient harm.

(f) Each quality of care complaint received by a health maintenance organization must be tracked and trended by the health maintenance organization according to provider type and the following type of quality of care issue: behavior, facility, environmental, or technical competence.

(g) The commissioner shall define the quality of care complaints severity levels by July 1, 2017.

Subd. 3. **Reporting.** (a) Quality of care complaints must be reported as part of the requirements under section 62D.08, subdivision 3.

(b) All quality of care complaints received by a health maintenance organization that meet the highest level of severity as defined by the commissioner under subdivision 2 must be reported to the commissioner within ten calendar days of receipt of the complaint. The commissioner shall investigate each quality of care complaint received under this paragraph and may contract with experts in health care or medical practice to assist with the investigation. The commissioner's investigative process shall include the notification and investigation requirements described in section 214.103 to the extent applicable. The commissioner shall furnish to the person who made the complaint a written description of the commissioner's investigative process and any action taken by the commissioner relating to the complaint, including whether the complaint was referred to the Office of Health Facility Complaints or a health-related licensing board. If the commissioner takes corrective action or requires the health maintenance organization to make any corrective measures of any kind, the nature of the complaint and the action or measures required to be taken are public data.

(c) The commissioner shall forward any quality of care complaint received by a health maintenance organization under this subdivision or received directly from an enrollee of a health maintenance organization that involves the delivery of health care services by a health care provider or facility to the relevant health-related licensing board or state agency for further investigation. Prior to forwarding a complaint to the appropriate board or agency, the commissioner shall obtain the enrollee's consent.

Subd. 4. **Right to external quality of care review.** (a) An enrollee or an individual acting on behalf of an enrollee who files with the commissioner a quality of care complaint that involves a health maintenance organization may submit a written request to the commissioner for an external quality of care review. The enrollee must request an external review within six months from the date of the adverse event that led to the quality of care complaint.

(b) If the enrollee requests an external quality of care review, the health maintenance organization must participate in the external review. The cost of the external quality of care review shall be borne by the health maintenance organization.

Subd. 5. **Contract.** (a) Pursuant to a request for proposal, the commissioner shall contract with at least three organizations or business entities to provide independent external quality of care reviews submitted for external review.

(b) The request for proposal must require that the entity demonstrate:

(1) no conflicts of interest in that it is not owned by, a subsidiary of, or affiliated with a health maintenance organization, utilization review organization, or a trade organization of health care providers;

(2) an expertise in dispute resolution;

(3) an expertise in health-related law;

(4) an ability to conduct reviews using a variety of alternative dispute resolution procedures depending upon the nature of the dispute;

(5) an ability to maintain written records, for at least three years, regarding reviews conducted and provide data to the commissioners of health and commerce upon request on reviews conducted;

(6) an ability to ensure confidentiality of medical records and other enrollee information;

(7) accreditation by a nationally recognized private accrediting organization;

(8) the ability to provide an expedited external review process; and

(9) expertise in clinical medical care and the provision of clinically appropriate medical care to patients.

(c) The contract shall ensure that the fees for the services rendered by the entity in connection with the review are reasonable.

Subd. 6. **Process.** (a) Upon receiving a request for an external quality of care review, the commissioner shall randomly assign the review to one of the external review entities under contract in accordance with subdivision 5. The assigned external review entity must provide immediate notice of the review to the enrollee and to the health maintenance organization. Within ten business days of receiving notice of the review, the health maintenance organization and the enrollee must provide the assigned external review entity with any information that the enrollee wishes to be considered. Each party shall be provided an opportunity to present its version of the facts and arguments. The assigned external review entity must furnish to the health maintenance organization any additional information submitted by the enrollee within one business day of receipt. An enrollee may be assisted or represented by a person of the enrollee's choice.

(b) As part of the external quality of care review process, any aspect of an external review involving the quality of clinical care must be performed by a health care professional with expertise in the medical issue being reviewed.

(c) An external quality of care review shall be made as soon as practical but in no case later than 45 days after receiving the request for an external quality of care review and must promptly

send written notice of the decision and the reasons for it to the enrollee, the health maintenance organization, and the commissioner.

(d) The external review entity and the clinical reviewer assigned must not have a material professional, familial, or financial conflict of interest with:

- (1) the health maintenance organization that is the subject of the external quality of care review;
- (2) the enrollee, or any parties related to the enrollee, whose treatment is the subject of the external quality of care review;
- (3) any officer, director, or management employee of the health maintenance organization;
- (4) a plan administrator, plan fiduciaries, or plan employees;
- (5) the health care provider, the health care provider's group, or practice association recommending treatment that is the subject of the external quality of care review;
- (6) the facility at which the recommended treatment would be provided; or
- (7) the developer or manufacturer of the principal drug, device, procedure, or other therapy being recommended.

(e) An expedited external review must be provided upon the enrollee's request after receiving:

- (1) clinical care that involves a medical condition for which the time frame for completion of an expedited internal appeal would seriously jeopardize the life or health of the enrollee or would jeopardize the enrollee's ability to regain maximum function and the enrollee has simultaneously requested an expedited internal appeal; or
- (2) clinical care that concerns an admission, availability of care, continued stay, or health care service for which the enrollee received emergency services but has not been discharged from a facility.

(f) The external review entity must make its expedited determination and any recommendations for actions to ameliorate the effects of adverse clinical care as expeditiously as possible but within no more than 72 hours after the receipt of the request for expedited review and notify the enrollee, the health maintenance organization, and the commissioner of health of the determination.

(g) If the external review entity's notification is not in writing, the external quality of care review entity must provide written confirmation of the determination within 48 hours of the notification.

**Subd. 7. Records; data practices.** Each health maintenance organization shall maintain records of all quality of care complaints and their resolution and retain those records for five years. Notwithstanding section 145.64, the records must be made available to the commissioner upon request. Records provided to the commissioner under this subdivision are confidential data on individuals or protected nonpublic data as defined in section 13.02, subdivision 3 or 13.

**Subd. 8. Exception.** This section does not apply to quality of care complaints received by a health maintenance organization from an enrollee who is covered under a public health care program administered by the commissioner of human services under chapter 256B or 256L.

Sec. 6. Minnesota Statutes 2014, section 62J.495, subdivision 4, is amended to read:

Subd. 4. **Coordination with national HIT activities.** (a) The commissioner, in consultation with the e-Health Advisory Committee, shall update the statewide implementation plan required under subdivision 2 and released June 2008, to be consistent with the updated Federal HIT Strategic Plan released by the Office of the National Coordinator in accordance with section 3001 of the HITECH Act. The statewide plan shall meet the requirements for a plan required under section 3013 of the HITECH Act.

(b) The commissioner, in consultation with the e-Health Advisory Committee, shall work to ensure coordination between state, regional, and national efforts to support and accelerate efforts to effectively use health information technology to improve the quality and coordination of health care and the continuity of patient care among health care providers, to reduce medical errors, to improve population health, to reduce health disparities, and to reduce chronic disease. The commissioner's coordination efforts shall include but not be limited to:

(1) assisting in the development and support of health information technology regional extension centers established under section 3012(c) of the HITECH Act to provide technical assistance and disseminate best practices; ~~and~~

(2) providing supplemental information to the best practices gathered by regional centers to ensure that the information is relayed in a meaningful way to the Minnesota health care community;

(3) providing financial and technical support to Minnesota health care providers to encourage implementation of admission, discharge and transfer alerts, and care summary document exchange transactions and to evaluate the impact of health information technology on cost and quality of care;

(4) providing educational resources and technical assistance to health care providers and patients related to state and national privacy, security, and consent laws governing clinical health information. In carrying out these activities, the commissioner's technical assistance does not constitute legal advice;

(5) assessing Minnesota's legal, financial, and regulatory framework for health information exchange, and making recommendations for modifications that would strengthen the ability of Minnesota health care providers to securely exchange data in compliance with patient preferences and in a way that is efficient and financially sustainable; and

(6) seeking public input on both patient impact and costs associated with requirements related to patient consent for release of health records for the purposes of treatment, payment, and health care operations, as required in section 144.293, subdivision 2. The commissioner shall provide a report to the legislature on the findings of this public input process no later than February 1, 2017.

(c) The commissioner, in consultation with the e-Health Advisory Committee, shall monitor national activity related to health information technology and shall coordinate statewide input on policy development. The commissioner shall coordinate statewide responses to proposed federal health information technology regulations in order to ensure that the needs of the Minnesota health care community are adequately and efficiently addressed in the proposed regulations. The commissioner's responses may include, but are not limited to:

(1) reviewing and evaluating any standard, implementation specification, or certification criteria proposed by the national HIT standards committee;

(2) reviewing and evaluating policy proposed by the national HIT policy committee relating to the implementation of a nationwide health information technology infrastructure;

(3) monitoring and responding to activity related to the development of quality measures and other measures as required by section 4101 of the HITECH Act. Any response related to quality measures shall consider and address the quality efforts required under chapter 62U; and

(4) monitoring and responding to national activity related to privacy, security, and data stewardship of electronic health information and individually identifiable health information.

(d) To the extent that the state is either required or allowed to apply, or designate an entity to apply for or carry out activities and programs under section 3013 of the HITECH Act, the commissioner of health, in consultation with the e-Health Advisory Committee and the commissioner of human services, shall be the lead applicant or sole designating authority. The commissioner shall make such designations consistent with the goals and objectives of sections 62J.495 to 62J.497 and 62J.50 to 62J.61.

(e) The commissioner of human services shall apply for funding necessary to administer the incentive payments to providers authorized under title IV of the American Recovery and Reinvestment Act.

(f) The commissioner shall include in the report to the legislature information on the activities of this subdivision and provide recommendations on any relevant policy changes that should be considered in Minnesota.

Sec. 7. Minnesota Statutes 2014, section 62J.496, subdivision 1, is amended to read:

Subdivision 1. **Account establishment.** (a) An account is established to:

(1) finance the purchase of certified electronic health records or qualified electronic health records as defined in section 62J.495, subdivision 1a;

(2) enhance the utilization of electronic health record technology, which may include costs associated with upgrading the technology to meet the criteria necessary to be a certified electronic health record or a qualified electronic health record;

(3) train personnel in the use of electronic health record technology; and

(4) improve the secure electronic exchange of health information.

(b) Amounts deposited in the account, including any grant funds obtained through federal or other sources, loan repayments, and interest earned on the amounts shall be used only for awarding loans or loan guarantees, as a source of reserve and security for leveraged loans, for activities authorized in section 62J.495, subdivision 4, or for the administration of the account.

(c) The commissioner may accept contributions to the account from private sector entities subject to the following provisions:

(1) the contributing entity may not specify the recipient or recipients of any loan issued under this subdivision;

(2) the commissioner shall make public the identity of any private contributor to the loan fund, as well as the amount of the contribution provided;

(3) the commissioner may issue letters of commendation or make other awards that have no financial value to any such entity; and

(4) a contributing entity may not specify that the recipient or recipients of any loan use specific products or services, nor may the contributing entity imply that a contribution is an endorsement of any specific product or service.

(d) The commissioner may use the loan funds to reimburse private sector entities for any contribution made to the loan fund. Reimbursement to private entities may not exceed the principle amount contributed to the loan fund.

(e) The commissioner may use funds deposited in the account to guarantee, or purchase insurance for, a local obligation if the guarantee or purchase would improve credit market access or reduce the interest rate applicable to the obligation involved.

(f) The commissioner may use funds deposited in the account as a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the state if the proceeds of the sale of the bonds will be deposited into the loan fund.

Sec. 8. Minnesota Statutes 2015 Supplement, section 62U.04, subdivision 11, is amended to read:

Subd. 11. **Restricted uses of the all-payer claims data.** (a) Notwithstanding subdivision 4, paragraph (b), and subdivision 5, paragraph (b), the commissioner or the commissioner's designee shall only use the data submitted under subdivisions 4 and 5 for the following purposes:

(1) to evaluate the performance of the health care home program as authorized under sections 256B.0751, subdivision 6, and 256B.0752, subdivision 2;

(2) to study, in collaboration with the reducing avoidable readmissions effectively (RARE) campaign, hospital readmission trends and rates;

(3) to analyze variations in health care costs, quality, utilization, and illness burden based on geographical areas or populations;

(4) to evaluate the state innovation model (SIM) testing grant received by the Departments of Health and Human Services, including the analysis of health care cost, quality, and utilization baseline and trend information for targeted populations and communities; and

(5) to compile one or more public use files of summary data or tables that must:

(i) be available to the public for no or minimal cost by March 1, 2016, and available by Web-based electronic data download by June 30, 2019;

(ii) not identify individual patients, payers, or providers;

(iii) be updated by the commissioner, at least annually, with the most current data available;

(iv) contain clear and conspicuous explanations of the characteristics of the data, such as the dates of the data contained in the files, the absence of costs of care for uninsured patients or nonresidents, and other disclaimers that provide appropriate context; and

(v) not lead to the collection of additional data elements beyond what is authorized under this section as of June 30, 2015.



(b) The commissioner may publish the results of the authorized uses identified in paragraph (a) so long as the data released publicly do not contain information or descriptions in which the identity of individual hospitals, clinics, or other providers may be discerned.

(c) Nothing in this subdivision shall be construed to prohibit the commissioner from using the data collected under subdivision 4 to complete the state-based risk adjustment system assessment due to the legislature on October 1, 2015.

(d) The commissioner or the commissioner's designee may use the data submitted under subdivisions 4 and 5 for the purpose described in paragraph (a), clause (3), until July 1, ~~2016~~ 2019.

(e) The commissioner shall consult with the all-payer claims database work group established under subdivision 12 regarding the technical considerations necessary to create the public use files of summary data described in paragraph (a), clause (5).

(f) The commissioner shall develop a community input process to advise the commissioner in the identification of high priority analyses to be conducted pursuant to paragraph (a), clause (3), and in the creation of additional public use files of summary data described in paragraph (a), clause (5).

Sec. 9. Minnesota Statutes 2015 Supplement, section 144.061, is amended to read:

**144.061 EARLY DENTAL PREVENTION INITIATIVE.**

**Subdivision 1. Prevention initiative.** (a) The commissioner of health, in collaboration with the commissioner of human services, shall implement a statewide initiative to increase awareness among communities of color and recent immigrants on the importance of early preventive dental intervention for infants and toddlers before and after primary teeth appear.

(b) The commissioner shall develop educational materials and information for expectant and new parents within the targeted communities that include the importance of early dental care to prevent early cavities, including proper cleaning techniques and feeding habits, before and after primary teeth appear.

(c) The commissioner shall develop a distribution plan to ensure that the materials are distributed to expectant and new parents within the targeted communities, including, but not limited to, making the materials available to health care providers, community clinics, WIC sites, and other relevant sites within the targeted communities.

(d) In developing these materials and distribution plan, the commissioner shall work collaboratively with members of the targeted communities, dental providers, pediatricians, child care providers, and home visiting nurses.

(e) The commissioner shall, with input from stakeholders listed in paragraph (d), develop and pilot incentives to encourage early dental care within one year of an infant's teeth erupting. Effective July 1, 2017, for the incentives required under this paragraph for fiscal year 2018, the commissioner shall implement the incentive pilot described in subdivision 2.

**Subd. 2. Incentive pilot.** (a) For the purpose of determining the effectiveness of this initiative, the commissioner shall designate up to three communities of color or of recent immigrants, with at least one of the designated communities located outside the seven-county metropolitan area, and work with each designated community to ensure that the educational materials and information are distributed in accordance with subdivision 1. The commissioner shall assist the designated

community with developing strategies to encourage early dental care within one year of an infant's teeth erupting, including outreach through ethnic radio, Web casts, and local cable programs, and incentives that are geared toward the ethnic groups residing in the designated communities.

(b) The commissioner shall develop measurable outcomes, including a baseline measurement in order to evaluate whether the educational materials, information, strategies, and incentives increased the numbers of infants and toddlers receiving early preventive dental intervention and care. The evaluation of this incentive pilot shall assist the commissioner with the continued development of community incentives to encourage early dental care within targeted communities required under subdivision 1, paragraph (e).

**Sec. 10. [144.0615] STATEWIDE SCHOOL-BASED SEALANT GRANT PROGRAM.**

(a) The commissioner of health shall develop a statewide coordinated dental sealant program to improve access to preventive dental services for school-aged children. The program shall focus on developing the data tools necessary to identify the public schools in the state with students ages six to nine who are in the greatest need of preventive dental care based on the percentage of students who are low income and who are either enrolled in a public health care program or uninsured, and have no access to a school-based sealant program. In creating this program, the commissioner shall develop an implementation plan that identifies statewide needs, establishes outcome measures, and provides an evaluation process based on the outcome measures established.

(b) The commissioner shall award grants to nonprofit organizations to provide school-based sealant programs. The grants shall be available to expand existing school-based sealant programs and to create new programs in schools that have been identified as underserved high-risk schools.

(c) By March 15, 2018, the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health care, describing the implementation plan, including the data tools developed; the outcome measures; the number of grants awarded; and the location of the schools participating in the grants and the results of the evaluation of the program in terms of improving access to sealants for school-aged children ages six to nine.

**Sec. 11. [144.1912] GREATER MINNESOTA FAMILY MEDICINE RESIDENCY GRANT PROGRAM.**

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

(b) "Commissioner" means the commissioner of health.

(c) "Eligible family medicine residency program" means a program that meets the following criteria:

(1) is located in Minnesota outside the seven-county metropolitan area, as defined in section 473.121, subdivision 4;

(2) is accredited as a family medicine residency program or is a candidate for accreditation;

(3) is focused on the education and training of family medicine physicians to serve communities outside the metropolitan area; and

(4) demonstrates that over the most recent three years, at least 25 percent of its graduates practice in Minnesota communities outside the metropolitan area.

Subd. 2. **Program administration.** (a) The commissioner shall award family medicine residency grants to existing, eligible, not-for-profit family medicine residency programs to support current and new residency positions. Funds shall be allocated first to proposed new family medicine residency positions, and remaining funds shall be allocated proportionally based on the number of existing residents in eligible programs. The commissioner may fund a new residency position for up to three years.

(b) Grant funds awarded may only be spent to cover the costs of:

(1) establishing, maintaining, or expanding training for family medicine residents;

(2) recruitment, training, and retention of residents and faculty;

(3) travel and lodging for residents; and

(4) faculty, resident, and preceptor salaries.

(c) Grant funds shall not be used to supplant any other government or private funds available for these purposes.

Subd. 3. **Applications.** Eligible family medicine residency programs seeking a grant must apply to the commissioner. The application must include objectives, a related work plan and budget, a description of the number of new and existing residency positions that will be supported using grant funds, and additional information the commissioner determines to be necessary. The commissioner shall determine whether applications are complete and responsive and may require revisions or additional information before awarding a grant.

Subd. 4. **Program oversight.** The commissioner shall require and collect from family medicine residency programs receiving grants, information necessary to administer and evaluate the program. The evaluation shall include the scope of expansion of new residency positions and information describing specific programs to enhance current residency positions, which may include facility improvements. The commissioner shall continue to collect data on greater Minnesota family residency shortages.

Sec. 12. Minnesota Statutes 2015 Supplement, section 144.4961, subdivision 3, is amended to read:

Subd. 3. **Rulemaking.** The commissioner of health shall adopt rules for establishing licensure requirements and enforcement of applicable laws and rules work standards relating to indoor radon in dwellings and other buildings, with the exception of newly constructed Minnesota homes according to section 326B.106, subdivision 6. The commissioner shall coordinate, oversee, and implement all state functions in matters concerning the presence, effects, measurement, and mitigation of risks of radon in dwellings and other buildings.

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

Sec. 13. Minnesota Statutes 2015 Supplement, section 144.4961, subdivision 4, is amended to read:

Subd. 4. **System tag.** All radon mitigation systems installed in Minnesota on or after ~~October 1, 2017~~ January 1, 2018, must have a radon mitigation system tag provided by the commissioner. A radon mitigation professional must attach the tag to the radon mitigation system in a visible location.

Sec. 14. Minnesota Statutes 2015 Supplement, section 144.4961, subdivision 5, is amended to read:

Subd. 5. **License required annually.** Effective January 1, 2018, a license is required annually for every person, firm, or corporation that sells a device or performs a service for compensation to detect the presence of radon in the indoor atmosphere, performs laboratory analysis, or performs a service to mitigate radon in the indoor atmosphere. This section does not apply to retail stores that only sell or distribute radon sampling but are not engaged in the manufacture of radon sampling devices.

Sec. 15. Minnesota Statutes 2015 Supplement, section 144.4961, subdivision 6, is amended to read:

Subd. 6. **Exemptions.** This section does not apply to:

(1) radon control systems installed in newly constructed Minnesota homes according to section 326B.106, subdivision 6, prior to the issuance of a certificate of occupancy are not required to follow the requirements of this section;

(2) employees of a firm or corporation that installs radon control systems in newly constructed Minnesota homes specified in clause (1);

(3) a person authorized as a building official under Minnesota Rules, part 1300.0070, or that person's designee; or

(4) any person, firm, corporation, or entity that distributes radon testing devices or information for general educational purposes.

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

Sec. 16. Minnesota Statutes 2015 Supplement, section 144.4961, subdivision 8, is amended to read:

Subd. 8. **Licensing fees.** (a) All radon license applications submitted to the commissioner of health must be accompanied by the required fees. If the commissioner determines that insufficient fees were paid, the necessary additional fees must be paid before the commissioner approves the application. The commissioner shall charge the following fees for each radon license:

(1) Each measurement professional license, ~~\$300~~ \$150 per year. "Measurement professional" means any person who performs a test to determine the presence and concentration of radon in a building ~~they do the person does not own or lease; provides professional or expert advice on radon testing, radon exposure, or health risks related to radon exposure; or makes representations of doing any of these activities.~~

(2) Each mitigation professional license, ~~\$500~~ \$250 per year. "Mitigation professional" means an individual who ~~performs~~ installs or designs a radon mitigation system in a building they do the individual does not own or lease; provides professional or expert advice on radon mitigation or radon entry routes; or provides on-site supervision of radon mitigation and mitigation technicians; or makes representations of doing any of these activities. "On-site supervision" means a review

at the property of mitigation work upon completion of the work and attachment of a system tag. Employees or subcontractors who are supervised by a licensed mitigation professional are not required to be licensed under this clause. This license also permits the licensee to perform the activities of a measurement professional described in clause (1).

(3) Each mitigation company license, ~~\$500~~ \$100 per year. "Mitigation company" means any business or government entity that performs or authorizes employees to perform radon mitigation. This fee is waived if the mitigation company is a sole proprietorship employs only one licensed mitigation professional.

(4) Each radon analysis laboratory license, \$500 per year. "Radon analysis laboratory" means a business entity or government entity that analyzes passive radon detection devices to determine the presence and concentration of radon in the devices. This fee is waived if the laboratory is a government entity and is only distributing test kits for the general public to use in Minnesota.

(5) Each Minnesota Department of Health radon mitigation system tag, \$75 per tag. "Minnesota Department of Health radon mitigation system tag" or "system tag" means a unique identifiable radon system label provided by the commissioner of health.

(b) Fees collected under this section shall be deposited in the state treasury and credited to the state government special revenue fund.

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

Sec. 17. Minnesota Statutes 2015 Supplement, section 144.4961, is amended by adding a subdivision to read:

Subd. 10. **Local inspections or permits.** This section does not preclude local units of government from requiring additional permits or inspections for radon control systems, and does not supersede any local inspection or permit requirements.

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

Sec. 18. Minnesota Statutes 2014, section 144A.75, subdivision 5, is amended to read:

Subd. 5. **Hospice provider.** "Hospice provider" means an individual, organization, association, corporation, unit of government, or other entity that is regularly engaged in the delivery, directly or by contractual arrangement, of hospice services for a fee to ~~terminally ill~~ hospice patients. A hospice must provide all core services.

Sec. 19. Minnesota Statutes 2014, section 144A.75, subdivision 6, is amended to read:

Subd. 6. **Hospice patient.** "Hospice patient" means an individual ~~who has been diagnosed as terminally ill, with a probable life expectancy of under one year, as whose illness has been~~ documented by the individual's attending physician and hospice medical director, who alone or, when unable, through the individual's family has voluntarily consented to and received admission to a hospice provider, and who:

- (1) has been diagnosed as terminally ill, with a probable life expectancy of under one year; or
- (2) is 21 years of age or younger and has been diagnosed with a life-threatening illness contributing to a shortened life expectancy.

Sec. 20. Minnesota Statutes 2014, section 144A.75, subdivision 8, is amended to read:

Subd. 8. **Hospice services; hospice care.** "Hospice services" or "hospice care" means palliative and supportive care and other services provided by an interdisciplinary team under the direction of an identifiable hospice administration to ~~terminally ill~~ hospice patients and their families to meet the physical, nutritional, emotional, social, spiritual, and special needs experienced during the final stages of illness, dying, and bereavement, or during a life-threatening illness contributing to a shortened life expectancy. These services are provided through a centrally coordinated program that ensures continuity and consistency of home and inpatient care that is provided directly or through an agreement.

Sec. 21. Minnesota Statutes 2015 Supplement, section 144A.75, subdivision 13, is amended to read:

Subd. 13. **Residential hospice facility.** (a) "Residential hospice facility" means a facility that resembles a single-family home modified to address life safety, accessibility, and care needs, located in a residential area that directly provides 24-hour residential and support services in a home-like setting for hospice patients as an integral part of the continuum of home care provided by a hospice and that houses:

(1) no more than eight hospice patients; or

(2) at least nine and no more than 12 hospice patients with the approval of the local governing authority, notwithstanding section 462.357, subdivision 8.

(b) Residential hospice facility also means a facility that directly provides 24-hour residential and support services for hospice patients and that:

(1) houses no more than 21 hospice patients;

(2) meets hospice certification regulations adopted pursuant to title XVIII of the federal Social Security Act, United States Code, title 42, section 1395, et seq.; and

(3) is located on St. Anthony Avenue in St. Paul, Minnesota, and was licensed as a 40-bed non-Medicare certified nursing home as of January 1, 2015.

Sec. 22. Minnesota Statutes 2014, section 144A.75, is amended by adding a subdivision to read:

Subd. 13a. **Respite care.** "Respite care" means short-term care in an inpatient facility such as a residential hospice facility, when necessary to relieve the hospice patient's family or other persons caring for the patient. Respite care may be provided on an occasional basis.

Sec. 23. Minnesota Statutes 2014, section 152.27, subdivision 2, is amended to read:

Subd. 2. **Commissioner duties.** (a) The commissioner shall:

(1) give notice of the program to health care practitioners in the state who are eligible to serve as health care practitioners and explain the purposes and requirements of the program;

(2) allow each health care practitioner who meets or agrees to meet the program's requirements and who requests to participate, to be included in the registry program to collect data for the patient registry;

(3) allow each health care practitioner who meets the requirements of subdivision 8, and who requests access for a permissible purpose, to have limited access to a patient's registry information;

~~(3)~~ (4) provide explanatory information and assistance to each health care practitioner in understanding the nature of therapeutic use of medical cannabis within program requirements;

~~(4)~~ (5) create and provide a certification to be used by a health care practitioner for the practitioner to certify whether a patient has been diagnosed with a qualifying medical condition and include in the certification an option for the practitioner to certify whether the patient, in the health care practitioner's medical opinion, is developmentally or physically disabled and, as a result of that disability, the patient is unable to self-administer medication or acquire medical cannabis from a distribution facility;

~~(5)~~ (6) supervise the participation of the health care practitioner in conducting patient treatment and health records reporting in a manner that ensures stringent security and record-keeping requirements and that prevents the unauthorized release of private data on individuals as defined by section 13.02;

~~(6)~~ (7) develop safety criteria for patients with a qualifying medical condition as a requirement of the patient's participation in the program, to prevent the patient from undertaking any task under the influence of medical cannabis that would constitute negligence or professional malpractice on the part of the patient; and

~~(7)~~ (8) conduct research and studies based on data from health records submitted to the registry program and submit reports on intermediate or final research results to the legislature and major scientific journals. The commissioner may contract with a third party to complete the requirements of this clause. Any reports submitted must comply with section 152.28, subdivision 2.

(b) If the commissioner wishes to add a delivery method under section 152.22, subdivision 6, or a qualifying medical condition under section 152.22, subdivision 14, the commissioner must notify the chairs and ranking minority members of the legislative policy committees having jurisdiction over health and public safety of the addition and the reasons for its addition, including any written comments received by the commissioner from the public and any guidance received from the task force on medical cannabis research, by January 15 of the year in which the commissioner wishes to make the change. The change shall be effective on August 1 of that year, unless the legislature by law provides otherwise.

Sec. 24. Minnesota Statutes 2014, section 152.27, is amended by adding a subdivision to read:

Subd. 8. **Access to registry data.** (a) Notwithstanding section 152.31, a health care practitioner may access a patient's registry information to the extent the information relates specifically to a current patient, to whom the health care practitioner is:

(1) prescribing or considering prescribing any controlled substance;

(2) providing emergency medical treatment for which access to the data may be necessary; or

(3) providing other medical treatment for which access to the data may be necessary and the patient has consented to access to the registry account information, and with the provision that the health care practitioner remains responsible for the use or misuse of data accessed by a delegated agent or employee.

(b) A health care practitioner who is authorized to access the patient registry under this subdivision may be registered to electronically access limited data in the medical cannabis patient registry. If the data is accessed electronically, the health care practitioner shall implement and

maintain a comprehensive information security program that contains administrative, technical, and physical safeguards that are appropriate to the user's size and complexity, and the sensitivity of the personal information obtained. The health care practitioner shall identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of personal information that could result in the unauthorized disclosure, misuse, or other compromise of the information and assess the sufficiency of any safeguards in place to control the risks.

(c) When requesting access based on patient consent, a health care practitioner shall warrant that the request:

(1) contains no information known to the provider to be false;

(2) accurately states the patient's desire to have health records disclosed or that there is specific authorization in law; and

(3) does not exceed any limits imposed by the patient in the consent.

(d) Before a health care practitioner may access the data, the commissioner shall ensure that the health care practitioner agrees to comply with paragraph (b).

(e) The commissioner shall maintain a log of all persons who access the data for a period of three years.

Sec. 25. Minnesota Statutes 2014, section 152.33, is amended by adding a subdivision to read:

Subd. 7. **Improper access to registry; criminal penalty.** In addition to any other applicable penalty in law, a person who intentionally makes a false statement or misrepresentation to gain access to the patient registry under section 152.27, subdivision 8, or otherwise accesses the patient registry under false pretenses, is guilty of a misdemeanor punishable by imprisonment for not more than 90 days or by payment of a fine of not more than \$1,000, or both. The penalty is in addition to any other penalties that may apply for making a false statement, misrepresentation, or unauthorized acquisition of not public data.

Sec. 26. Minnesota Statutes 2014, section 327.14, subdivision 8, is amended to read:

Subd. 8. **Recreational camping area.** "Recreational camping area" means any area, whether privately or publicly owned, used on a daily, nightly, weekly, or longer basis for the accommodation of five or more tents or recreational camping vehicles free of charge or for compensation. "Recreational camping area" excludes:

(1) children's camps;

(2) industrial camps;

(3) migrant labor camps, as defined in Minnesota Statutes and state commissioner of health rules;

(4) United States Forest Service camps;

(5) state forest service camps;

(6) state wildlife management areas or state-owned public access areas which are restricted in use to picnicking and boat landing; and



(7) temporary holding areas for self-contained recreational camping vehicles created by and adjacent to motor sports facilities, if the chief law enforcement officer of an affected jurisdiction determines that it is in the interest of public safety to provide a temporary holding area; and

(8) a privately owned area used for camping no more than once a year and for no longer than seven consecutive days by members of a private club where the members pay annual dues to belong to the club.

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

Sec. 27. Laws 2015, chapter 71, article 8, section 24, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective July 1, 2015, except subdivisions 4 and 5, which are effective ~~October 1, 2017~~ July 1, 2016.

Sec. 28. **CONTAMINATED PRIVATE WELLS.**

Ten priority points must be assigned by the Department of Health pursuant to Minnesota Rules, part 4720.9020, if a drinking water advisory has been issued or a special well construction area has been established by the Department of Health.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to Minnesota Rules, part 4720.9020, until the Department of Health modifies part 4720.9020.

Sec. 29. **HEALTH RISK LIMITS.**

Fifteen points must be assigned by the Department of Health pursuant to Minnesota Rules, part 4720.9020, if the department has confirmed an exceedance of a health risk limit under Minnesota Rules, parts 4717.7500 to 4717.7900, within the past 36 calendar months.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to Minnesota Rules, part 4720.9020, until the Department of Health modifies part 4720.9020.

Sec. 30. **MEDICALLY NECESSARY CARE DEFINITION FOR HEALTH MAINTENANCE ORGANIZATIONS.**

The commissioner of health shall convene a public meeting with interested stakeholders to discuss the need for a uniform definition of medically necessary care for health maintenance organizations to utilize when determining the medical necessity, appropriateness, or efficacy of a health care service or procedure, and a uniform process for each health maintenance organization to follow when making such an initial determination or utilization review. This discussion shall exclude determinations or reviews involving enrollees covered under a public health care program administered by the commissioner of human services under Minnesota Statutes, chapter 256B or 256L.

By January 15, 2017, the commissioner shall report results of the public input and any recommendations, including draft legislation, to the chairs and ranking minority members of the legislative committees with jurisdiction over health care on the proposed uniform definition and determination process, and a process in which the commissioner may periodically review the medically necessary care determinations to ensure that the determinations made by a health maintenance organization adhere to the uniform definition and process.

Sec. 31. **PEER REVIEW DISCLOSURE.**

The commissioner of health shall consult with interested stakeholders including members of the public and family members of facility residents and make recommendations regarding when quality of care complaint investigations under Minnesota Statutes, section 62D.115, should be subject to peer review confidentiality and identifying circumstances in which peer review final determinations may be disclosed or made available to the public, notwithstanding Minnesota Statutes, section 145.64, including, but not limited to, patient safety and the parameters surrounding such disclosure. The commissioner shall submit these recommendations, including draft legislation to the chairs and ranking minority members of the legislative committees with jurisdiction over health care and data privacy by January 15, 2017.

**Sec. 32. COST AND BENEFIT ANALYSIS; HEALTH CARE SYSTEM PROPOSALS.**

Subdivision 1. **Contract for analysis of proposals.** The commissioner of health shall contract with the University of Minnesota School of Public Health to conduct an analysis of the costs and benefits of three specific proposals that seek to create a health care system with increased access, greater affordability, lower costs, and improved quality of care in comparison to the current system.

Subd. 2. **Plans.** The commissioner of health, with input from the commissioners of human services and commerce, legislators, and other stakeholders, shall submit to the University of Minnesota the following proposals:

- (1) a free-market insurance-based competition approach;
- (2) a universal health care plan designed to meet the following principles:
  - (i) ensure all Minnesotans receive quality health care;
  - (ii) cover all necessary care, including all coverage currently required by law, complete mental health services, chemical dependency treatment, prescription drugs, medical equipment and supplies, dental care, long-term care, and home care services;
  - (iii) allow patients to choose their own providers; and
  - (iv) use premiums based on ability to pay; and
- (3) a MinnesotaCare public option that would allow individuals with income above the maximum income eligibility limit established for the MinnesotaCare program the option of purchasing this public option instead of purchasing a qualified health plan through MNsure or an individual health plan offered outside of MNsure. For purposes of conducting the analysis, the MinnesotaCare public option shall include the following:
  - (i) individuals who qualify for advanced tax credits and cost-sharing credits under the Affordable Care Act may use the credits to purchase the MinnesotaCare public option;
  - (ii) enrollee premium rates shall be established at rates that are similar to the average rate paid by the state to managed care plan contractors for MinnesotaCare;
  - (iii) the covered benefit set shall be equal to the benefits covered under MinnesotaCare;
  - (iv) the same annual open enrollment period established for MNsure shall apply for this public option; and
  - (v) cost-sharing shall be established that maintains an actuarial value no lower than 87 percent.

The analysis of this option must include potential financial impacts on MNsure; the long-term financial stability of the MinnesotaCare program; impacts to premiums in the individual and small group insurance market; and impacts to health care provider reimbursement rates and to the financial stability of urban, rural, and safety net providers.

Subd. 3. **Proposal analysis.** (a) The analysis of each proposal must measure the impact on total public and private health care spending in Minnesota that would result from each proposal, including spending by individuals. "Total public and private health care spending" means spending on all medical care, including dental care, prescription drugs, medical equipment and supplies, complete mental health services, chemical dependency treatment, long-term care, and home care services as well as all of the costs for administering, delivering, and paying for the care. The analysis of total health care spending shall include whether there are savings or additional costs compared to the existing system due to:

(1) increased or reduced insurance, billing, underwriting, marketing, and other administrative functions;

(2) changes in access to and timely and appropriate use of medical care;

(3) availability and take-up of health insurance coverage;

(4) market-driven or negotiated prices on medical services and products, including pharmaceuticals;

(5) shortages or excess capacity of medical facilities and equipment;

(6) increased or decreased utilization; better health outcomes; and increased wellness due to prevention, early intervention, and health-promoting activities;

(7) payment reforms;

(8) coordination of care; and

(9) to the extent possible given available data and resources, non-health care impacts on state and local expenditures such as reduced out-of-home placement or crime costs due to mental health or chemical dependency coverage.

(b) To the extent possible given available data and resources, the analysis must also estimate for each proposal job losses or gains in health care and elsewhere in the economy due to implementation of the reforms.

(c) The analysis shall assume that the provisions in each proposal are not preempted by federal law or that the federal government gives a waiver to the preemption.

Subd. 4. **Report.** The commissioner shall provide a preliminary report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by March 15, 2017, and a final report by October 1, 2017. For the analyses described in subdivision 3, paragraphs (a), clause (9), and (b), a final report is due by March 15, 2018.

## ARTICLE 27

HEALTH-RELATED OCCUPATIONAL LICENSING  
SPOKEN LANGUAGE HEALTH CARE INTERPRETERSSection 1. [146C.01] DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 2. **Advisory council.** "Advisory council" means the Spoken Language Health Care Interpreter Advisory Council established in section 146C.11.

Subd. 3. **Code of ethics.** "Code of ethics" means the National Code of Ethics for Interpreters in Health Care, as published by the National Council on Interpreting in Health Care or its successor, or the International Medical Interpreters Association or its successor.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of health.

Subd. 5. **Common languages.** "Common languages" mean the ten most frequent languages without regard to dialect in Minnesota for which interpreters are listed on the registry.

Subd. 6. **Interpreting standards of practice.** "Interpreting standards of practice" means the interpreting standards of practice in health care as published by the National Council on Interpreting in Health Care or its successor, or the International Medical Interpreters Association or its successor.

Subd. 7. **Registry.** "Registry" means a database of spoken language health care interpreters in Minnesota who have met the qualifications described under section 146C.03, subdivision 2, 3, 4, or 5, which shall be maintained by the commissioner of health.

Subd. 8. **Remote interpretation.** "Remote interpretation" means providing spoken language interpreting services via a telephone or by video conferencing.

Subd. 9. **Spoken language health care interpreter or interpreter.** "Spoken language health care interpreter" or "interpreter" means an individual who receives compensation or other remuneration for providing spoken language interpreter services for patients with limited English proficiency within a medical setting either by face-to-face interpretation or remote interpretation.

Subd. 10. **Spoken language interpreting services.** "Spoken language interpreting services" means the conversion of one spoken language into another by an interpreter for the purpose of facilitating communication between a patient and a health care provider who do not share a common spoken language.

Sec. 2. [146C.03] REGISTRY.

Subdivision 1. **Establishment.** (a) By July 1, 2017, the commissioner of health shall establish and maintain a registry for spoken language health care interpreters. The registry shall contain four separate tiers based on different qualification standards for education and training.

(b) An individual who wants to be listed on the registry must submit an application to the commissioner on a form provided by the commissioner along with all applicable fees required under section 146C.13. The form must include the applicant's name; Social Security number; business address and telephone number, or home address and telephone number if the applicant has a home office; the applicant's employer or the agencies with which the applicant is affiliated;

the employer's or agencies' addresses and telephone numbers; and the languages the applicant is qualified to interpret.

(c) Upon receipt of the application, the commissioner shall determine if the applicant meets the requirements for the applicable registry tier. The commissioner may request further information from the applicant if the information provided is not complete or accurate. The commissioner shall notify the applicant of action taken on the application, and if the application is denied, the grounds for denying the application.

(d) If the commissioner denies an application, the applicant may apply for a lower tier or may reapply for the same tier at a later date. If an applicant applies for a different tier or reapplies for the same tier, the applicant must submit with the new application the applicable fees under section 146C.13.

(e) Applicants who qualify for different tiers for different languages shall only be required to complete one application and submit with the application the fee associated with the highest tier for which the applicant is applying.

(f) The commissioner may request, as deemed necessary, additional information from an applicant to determine or verify qualifications or collect information to manage the registry or monitor the field of health care interpreting.

Subd. 2. **Tier 1 requirements.** The commissioner shall include on the tier 1 registry an applicant who meets the following requirements:

(1) is at least 18 years of age;

(2) passes an examination approved by the commissioner on basic medical terminology in English;

(3) passes an examination approved by the commissioner on interpreter ethics and standards of practice; and

(4) affirms by signature, including electronic signature, that the applicant has read the code of ethics and interpreting standards of practice identified on the registry Web site and agrees to abide by them.

Subd. 3. **Tier 2 requirements.** The commissioner shall include on the tier 2 registry an applicant who meets the requirements for tier 1 described under subdivision 2 and who:

(1) effective July 1, 2017, to June 30, 2018, provides proof of successfully completing a training program for medical interpreters approved by the commissioner that is, at a minimum, 40 hours in length; or

(2) effective July 1, 2018, provides proof of successfully completing a training program for medical interpreters approved by the commissioner that is equal in length to the number of hours required by the Certification Commission for Healthcare Interpreters (CCHI) or National Board of Certification for Medical Interpreters (NBCMI) or their successors. If the number of hours required by CCHI or its successor and the number of hours required by NBCMI or its successor differ, the number of hours required to qualify for the registry shall be the greater of the two. A training program of 40 hours or more approved by the commissioner and completed prior to July 1, 2017, may count toward the number of hours required.

Subd. 4. **Tier 3 requirements.** The commissioner shall include on the tier 3 registry an applicant who meets the requirements for tier 1 described under subdivision 2 and who:

(1) has a national certification in health care interpreting that does not include a performance examination from a certifying organization approved by the commissioner; or

(2) provides proof of successfully completing an interpreting certification program from an accredited United States academic institution approved by the commissioner that is, at a minimum, 18 semester credits.

Subd. 5. **Tier 4 requirements.** (a) The commissioner shall include on the tier 4 registry an applicant who meets the requirements for tier 1 described under subdivision 2 and who:

(1) has a national certification from a certifying organization approved by the commissioner in health care interpreting that includes a performance examination in the non-English language in which the interpreter is registering to interpret; or

(2)(i) has an associate's degree or higher in interpreting from an accredited United States academic institution. The degree and institution must be approved by the commissioner and the degree must include a minimum of three semester credits in medical terminology or medical interpreting; and

(ii) has achieved a score of "advanced mid" or higher on the American Council on the Teaching of Foreign Languages Oral Proficiency Interview in a non-English language in which the interpreter is registering to interpret.

(b) The commissioner, in consultation with the advisory council, may approve alternative means of meeting oral proficiency requirements for tier 4 for languages in which the American Council of Teaching of Foreign Languages Oral Proficiency Interview is not available.

(c) The commissioner, in consultation with the advisory council, may approve a degree from an educational institution from a foreign country as meeting the associate's degree requirement in paragraph (a), clause (2). The commissioner may assess the applicant a fee to cover the cost of foreign credential evaluation services approved by the commissioner, in consultation with the advisory council, and any additional steps necessary to process the application. Any assessed fee must be paid by the interpreter before the interpreter will be registered.

Subd. 6. **Change of name and address.** Registered spoken language health care interpreters who change their name, address, or e-mail address must inform the commissioner in writing of the change within 30 days. All notices or other correspondence mailed to the interpreter's address or e-mail address on file with the commissioner shall be considered as having been received by the interpreter.

Subd. 7. **Data.** Section 13.41 applies to government data of the commissioner on applicants and registered interpreters.

Sec. 3. **[146C.05] RENEWAL.**

Subdivision 1. **Registry period.** Listing on the registry is valid for a one-year period. To renew inclusion on the registry, an interpreter must submit:

(1) a renewal application on a form provided by the commissioner;

(2) a continuing education report on a form provided by the commissioner as specified under section 146C.09; and

(3) the required fees under section 146C.13.

Subd. 2. **Notice.** (a) Sixty days before the registry expiration date, the commissioner shall send out a renewal notice to the spoken language health care interpreter's last known address or e-mail address on file with the commissioner. The notice must include an application for renewal and the amount of the fee required for renewal. If the interpreter does not receive the renewal notice, the interpreter is still required to meet the deadline for renewal to qualify for continuous inclusion on the registry.

(b) An application for renewal must be received by the commissioner or postmarked at least 30 calendar days before the registry expiration date.

Subd. 3. **Late fee.** A renewal application submitted after the renewal deadline date must include the late fee specified in section 146C.13. Fees for late renewal shall not be prorated.

Subd. 4. **Lapse in renewal.** An interpreter whose registry listing has been expired for a period of one year or longer must submit a new application to be listed on the registry instead of a renewal application.

#### Sec. 4. **[146C.07] DISCIPLINARY ACTIONS; OVERSIGHT OF COMPLAINTS.**

Subdivision 1. **Prohibited conduct.** (a) The following conduct is prohibited and is grounds for disciplinary or corrective action:

(1) failure to provide spoken language interpreting services consistent with the code of ethics and interpreting standards of practice, or performance of the interpretation in an incompetent or negligent manner;

(2) conviction of a crime, including a finding or verdict of guilt, an admission of guilt, or a no-contest plea, in any court in Minnesota or any other jurisdiction in the United States, demonstrably related to engaging in spoken language health care interpreter services. Conviction includes a conviction for an offense which, if committed in this state, would be deemed a felony;

(3) conviction of violating any state or federal law, rule, or regulation that directly relates to the practice of spoken language health care interpreters;

(4) adjudication as mentally incompetent or as a person who is dangerous to self or adjudication pursuant to chapter 253B as chemically dependent, developmentally disabled, mentally ill and dangerous to the public, or as a sexual psychopathic personality or sexually dangerous person;

(5) violation or failure to comply with an order issued by the commissioner;

(6) obtaining money, property, services, or business from a client through the use of undue influence, excessive pressure, harassment, duress, deception, or fraud;

(7) revocation of the interpreter's national certification as a result of disciplinary action brought by the national certifying body;

(8) failure to perform services with reasonable judgment, skill, or safety due to the use of alcohol or drugs or other physical or mental impairment;

- (9) engaging in conduct likely to deceive, defraud, or harm the public;
- (10) demonstrating a willful or careless disregard for the health, welfare, or safety of a client;
- (11) failure to cooperate with the commissioner or advisory council in an investigation or to provide information in response to a request from the commissioner or advisory council;
- (12) aiding or abetting another person in violating any provision of this chapter; and
- (13) release or disclosure of a health record in violation of sections 144.291 to 144.298.

(b) In disciplinary actions alleging a violation of paragraph (a), clause (2), (3), or (4), a copy of the judgment or proceeding under seal of the court administrator, or of the administrative agency that entered the same, is admissible into evidence without further authentication and constitutes prima facie evidence of its contents.

Subd. 2. **Complaints.** The commissioner may initiate an investigation upon receiving a complaint or other oral or written communication that alleges or implies a violation of subdivision 1. In the receipt, investigation, and hearing of a complaint that alleges or implies a violation of subdivision 1, the commissioner shall follow the procedures in section 214.10.

Subd. 3. **Disciplinary actions.** If the commissioner finds that an interpreter who is listed on the registry has violated any provision of this chapter, the commissioner may take any one or more of the following actions:

- (1) remove the interpreter from the registry;
- (2) impose limitations or conditions on the interpreter's practice, impose rehabilitation requirements, or require practice under supervision; or
- (3) censure or reprimand the interpreter.

Subd. 4. **Reinstatement requirements after disciplinary action.** Interpreters who have been removed from the registry may request and provide justification for reinstatement. The requirements of this chapter for registry renewal and any other conditions imposed by the commissioner must be met before the interpreter may be reinstated on the registry.

#### Sec. 5. [146C.09] CONTINUING EDUCATION.

Subdivision 1. **Course approval.** The advisory council shall approve continuing education courses and training. A course that has not been approved by the advisory council may be submitted, but may be disapproved by the commissioner. If the course is disapproved, it shall not count toward the continuing education requirement. The interpreter must complete the following hours of continuing education during each one-year registry period:

- (1) for tier 2 interpreters, a minimum of four contact hours of continuing education;
- (2) for tier 3 interpreters, a minimum of six contact hours of continuing education; and
- (3) for tier 4 interpreters, a minimum of eight contact hours of continuing education.

Contact hours shall be prorated for interpreters who are assigned a registry cycle of less than one year.



Subd. 2. **Continuing education verification.** Each spoken language health care interpreter shall submit with a renewal application a continuing education report on a form provided by the commissioner that indicates that the interpreter has met the continuing education requirements of this section. The form shall include the following information:

- (1) the title of the continuing education activity;
- (2) a brief description of the activity;
- (3) the sponsor, presenter, or author;
- (4) the location and attendance dates;
- (5) the number of contact hours; and
- (6) the interpreter's notarized affirmation that the information is true and correct.

Subd. 3. **Audit.** The commissioner or advisory council may audit a percentage of the continuing education reports based on a random selection.

**Sec. 6. [146C.11] SPOKEN LANGUAGE HEALTH CARE INTERPRETER ADVISORY COUNCIL.**

Subdivision 1. **Establishment.** The commissioner shall appoint 12 members to a Spoken Language Health Care Interpreter Advisory Council consisting of the following members:

(1) three members who are interpreters listed on the roster prior to July 1, 2017, or on the registry after July 1, 2017, and who are Minnesota residents. Of these members, each must be an interpreter for a different language; at least one must have a national certification credential; and at least one must have been listed on the roster prior to July 1, 2017, or on the registry after July 1, 2017, as an interpreter in a language other than the common languages and must have completed a training program for medical interpreters approved by the commissioner that is, at a minimum, 40 hours in length;

(2) three members representing limited English proficient (LEP) individuals, of these members, two must represent LEP individuals who are proficient in a common language and one must represent LEP individuals who are proficient in a language that is not one of the common languages;

(3) one member representing a health plan company;

(4) one member representing a Minnesota health system who is not an interpreter;

(5) one member representing an interpreter agency;

(6) one member representing an interpreter training program or postsecondary educational institution program providing interpreter courses or skills assessment;

(7) one member who is affiliated with a Minnesota-based or Minnesota chapter of a national or international organization representing interpreters; and

(8) one member who is a licensed direct care health provider.

Subd. 2. **Organization.** The advisory council shall be organized and administered under section 15.059.

Subd. 3. **Duties.** The advisory council shall:

(1) advise the commissioner on issues relating to interpreting skills, ethics, and standards of practice, including reviewing and recommending changes to the examinations identified in section 146C.03, subdivision 2, on basic medical terminology in English and interpreter ethics and interpreter standards of practice;

(2) advise the commissioner on recommended changes to accepted spoken language health care interpreter qualifications, including degree and training programs and performance examinations;

(3) address barriers for interpreters to gain access to the registry, including barriers to interpreters of uncommon languages and interpreters in rural areas;

(4) advise the commissioner on methods for identifying gaps in interpreter services in rural areas and make recommendations to address interpreter training and funding needs;

(5) inform the commissioner on emerging issues in the spoken language health care interpreter field;

(6) advise the commissioner on training and continuing education programs;

(7) provide for distribution of information regarding interpreter standards and resources to help interpreters qualify for higher registry tier levels;

(8) make recommendations for necessary statutory changes to Minnesota interpreter law;

(9) compare the annual cost of administering the registry and the annual total collection of registration fees and advise the commissioner, if necessary, to recommend an adjustment to the registration fees;

(10) identify barriers to meeting tier requirements and make recommendations to the commissioner for addressing these barriers;

(11) identify and make recommendations to the commissioner for Web distribution of patient and provider education materials on working with an interpreter and on reporting interpreter behavior as identified in section 146C.07; and

(12) review and update as necessary the process for determining common languages.

Sec. 7. **[146C.13] FEES.**

Subdivision 1. **Fees.** (a) The initial and renewal application fees for interpreters listed on the registry shall be established by the commissioner not to exceed \$90.

(b) The renewal late fee for the registry shall be established by the commissioner not to exceed \$30.

(c) If the commissioner must translate a document to verify whether a foreign degree qualifies for registration for tier 4, the commissioner may assess a fee equal to the actual cost of translation and additional effort necessary to process the application.

Subd. 2. **Nonrefundable fees.** The fees in this section are nonrefundable.

Subd. 3. **Deposit.** Fees received under this chapter shall be deposited in the state government special revenue fund.

**GENETIC COUNSELORS****Sec. 8. [147F.01] DEFINITIONS.**

Subdivision 1. **Applicability.** For purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **ABGC.** "ABGC" means the American Board of Genetic Counseling, a national agency for certification and recertification of genetic counselors, or its successor organization or equivalent.

Subd. 3. **ABMG.** "ABMG" means the American Board of Medical Genetics, a national agency for certification and recertification of genetic counselors, medical geneticists, and Ph.D. geneticists, or its successor organization.

Subd. 4. **ACGC.** "ACGC" means the Accreditation Council for Genetic Counseling, a specialized program accreditation board for educational training programs granting master's degrees or higher in genetic counseling, or its successor organization.

Subd. 5. **Board.** "Board" means the Board of Medical Practice.

Subd. 6. **Eligible status.** "Eligible status" means an applicant who has met the requirements and received approval from the ABGC to sit for the certification examination.

Subd. 7. **Genetic counseling.** "Genetic counseling" means the provision of services described in section 147F.03 to help clients and their families understand the medical, psychological, and familial implications of genetic contributions to a disease or medical condition.

Subd. 8. **Genetic counselor.** "Genetic counselor" means an individual licensed under this chapter to engage in the practice of genetic counseling.

Subd. 9. **Licensed physician.** "Licensed physician" means an individual who is licensed to practice medicine under chapter 147.

Subd. 10. **NSGC.** "NSGC" means the National Society of Genetic Counselors, a professional membership association for genetic counselors that approves continuing education programs.

Subd. 11. **Qualified supervisor.** "Qualified supervisor" means any person who is licensed under this chapter as a genetic counselor or a physician licensed under chapter 147 to practice medicine in Minnesota.

Subd. 12. **Supervisee.** "Supervisee" means a genetic counselor with a provisional license.

Subd. 13. **Supervision.** "Supervision" means an assessment of the work of the supervisee, including regular meetings and file review, by a qualified supervisor according to the supervision contract. Supervision does not require the qualified supervisor to be present while the supervisee provides services.

**Sec. 9. [147F.03] SCOPE OF PRACTICE.**

The practice of genetic counseling by a licensed genetic counselor includes the following services:

(1) obtaining and interpreting individual and family medical and developmental histories;

(2) determining the mode of inheritance and the risk of transmitting genetic conditions and birth defects;

(3) discussing the inheritance, features, natural history, means of diagnosis, and management of conditions with clients;

(4) identifying, coordinating, ordering, and explaining the clinical implications of genetic laboratory tests and other laboratory studies;

(5) assessing psychosocial factors, including social, educational, and cultural issues;

(6) providing client-centered counseling and anticipatory guidance to the client or family based on their responses to the condition, risk of occurrence, or risk of recurrence;

(7) facilitating informed decision-making about testing and management;

(8) identifying and using community resources that provide medical, educational, financial, and psychosocial support and advocacy; and

(9) providing accurate written medical, genetic, and counseling information for families and health care professionals.

**Sec. 10. [147F.05] UNLICENSED PRACTICE PROHIBITED; PROTECTED TITLES AND RESTRICTIONS ON USE.**

Subdivision 1. **Protected titles.** No individual may use the title "genetic counselor," "licensed genetic counselor," "gene counselor," "genetic consultant," "genetic assistant," "genetic associate," or any words, letters, abbreviations, or insignia indicating or implying that the individual is eligible for licensure by the state as a genetic counselor unless the individual has been licensed as a genetic counselor according to this chapter.

Subd. 2. **Unlicensed practice prohibited.** Effective January 1, 2018, no individual may practice genetic counseling unless the individual is licensed as a genetic counselor under this chapter except as otherwise provided under this chapter.

Subd. 3. **Other practitioners.** (a) Nothing in this chapter shall be construed to prohibit or restrict the practice of any profession or occupation licensed or registered by the state by an individual duly licensed or registered to practice the profession or occupation or to perform any act that falls within the scope of practice of the profession or occupation.

(b) Nothing in this chapter shall be construed to require a license under this chapter for:

(1) an individual employed as a genetic counselor by the federal government or a federal agency if the individual is providing services under the direction and control of the employer;

(2) a student or intern, having graduated within the past six months, or currently enrolled in an ACGC-accredited genetic counseling educational program providing genetic counseling services that are an integral part of the student's or intern's course of study, are performed under the direct supervision of a licensed genetic counselor or physician who is on duty in the assigned patient care area, and the student is identified by the title "genetic counseling intern";

(3) a visiting ABGC- or ABMG-certified genetic counselor working as a consultant in this state who permanently resides outside of the state, or the occasional use of services from organizations from outside of the state that employ ABGC- or ABMG-certified genetic counselors. This is limited

to practicing for 30 days total within one calendar year. Certified genetic counselors from outside of the state working as a consultant in this state must be licensed in their state of residence if that credential is available; or

(4) an individual who is licensed to practice medicine under chapter 147.

Subd. 4. **Sanctions.** An individual who violates this section is guilty of a misdemeanor and shall be subject to sanctions or actions according to section 214.11.

Sec. 11. **[147F.07] LICENSURE REQUIREMENTS.**

Subdivision 1. **General requirements for licensure.** To be eligible for licensure, an applicant, with the exception of those seeking licensure by reciprocity under subdivision 2, must submit to the board:

(1) a completed application on forms provided by the board along with all fees required under section 147F.17. The applicant must include:

(i) the applicant's name, Social Security number, home address and telephone number, and business address and telephone number if currently employed;

(ii) the name and location of the genetic counseling or medical program the applicant completed;

(iii) a list of degrees received from other educational institutions;

(iv) a description of the applicant's professional training;

(v) a list of registrations, certifications, and licenses held in other jurisdictions;

(vi) a description of any other jurisdiction's refusal to credential the applicant;

(vii) a description of all professional disciplinary actions initiated against the applicant in any jurisdiction; and

(viii) any history of drug or alcohol abuse, and any misdemeanor, gross misdemeanor, or felony conviction;

(2) evidence of graduation from an education program accredited by the ACGC or its predecessor or successor organization;

(3) a verified copy of a valid and current certification issued by the ABGC or ABMG as a certified genetic counselor, or by the ABMG as a certified medical geneticist;

(4) additional information as requested by the board, including any additional information necessary to ensure that the applicant is able to practice with reasonable skill and safety to the public;

(5) a signed statement verifying that the information in the application is true and correct to the best of the applicant's knowledge and belief; and

(6) a signed waiver authorizing the board to obtain access to the applicant's records in this or any other state in which the applicant completed an educational program or engaged in the practice of genetic counseling.

Subd. 2. **Licensure by reciprocity.** To be eligible for licensure by reciprocity, the applicant must hold a current genetic counselor or medical geneticist registration or license in another state, the District of Columbia, or a territory of the United States, whose standards for registration or licensure are at least equivalent to those of Minnesota, and must:

(1) submit the application materials and fees as required by subdivision 1, clauses (1), (2), and (4) to (6);

(2) provide a verified copy from the appropriate government body of a current registration or license for the practice of genetic counseling in another jurisdiction that has initial registration or licensing requirements equivalent to or higher than the requirements in subdivision 1; and

(3) provide letters of verification from the appropriate government body in each jurisdiction in which the applicant holds a registration or license. Each letter must state the applicant's name, date of birth, registration or license number, date of issuance, a statement regarding disciplinary actions, if any, taken against the applicant, and the terms under which the registration or license was issued.

Subd. 3. **Licensure by equivalency.** (a) The board may grant a license to an individual who does not meet the certification requirements in subdivision 1 but who has been employed as a genetic counselor for a minimum of ten years and provides the following documentation to the board no later than January 1, 2018:

(1) proof of a master's or higher degree in genetics or related field of study from an accredited educational institution;

(2) proof that the individual has never failed the ABGC or ABMG certification examination;

(3) three letters of recommendation, with at least one from an individual eligible for licensure under this chapter, and at least one from an individual certified as a genetic counselor by the ABGC or ABMG or an individual certified as a medical geneticist by the ABMG. An individual who submits a letter of recommendation must have worked with the applicant in an employment setting during the past ten years and must attest to the applicant's competency; and

(4) documentation of the completion of 100 hours of NSGC-approved continuing education credits within the past five years.

(b) This subdivision expires January 1, 2018.

Subd. 4. **License expiration.** A genetic counselor license shall be valid for one year from the date of issuance.

Subd. 5. **License renewal.** To be eligible for license renewal, a licensed genetic counselor must submit to the board:

(1) a renewal application on a form provided by the board;

(2) the renewal fee required under section 147F.17;

(3) evidence of compliance with the continuing education requirements in section 147F.11; and

(4) any additional information requested by the board.

Sec. 12. **[147F.09] BOARD ACTION ON APPLICATIONS FOR LICENSURE.**

(a) The board shall act on each application for licensure according to paragraphs (b) to (d).

(b) The board shall determine if the applicant meets the requirements for licensure under section 147F.07. The board may investigate information provided by an applicant to determine whether the information is accurate and complete.

(c) The board shall notify each applicant in writing of action taken on the application, the grounds for denying licensure if a license is denied, and the applicant's right to review the board's decision under paragraph (d).

(d) Applicants denied licensure may make a written request to the board, within 30 days of the board's notice, to appear before the advisory council and for the advisory council to review the board's decision to deny the applicant's license. After reviewing the denial, the advisory council shall make a recommendation to the board as to whether the denial shall be affirmed. Each applicant is allowed only one request for review per licensure period.

**Sec. 13. [147F.11] CONTINUING EDUCATION REQUIREMENTS.**

(a) A licensed genetic counselor must complete a minimum of 25 hours of NSGC- or ABMG-approved continuing education units every two years. If a licensee's renewal term is prorated to be more or less than one year, the required number of continuing education units is prorated proportionately.

(b) The board may grant a variance to the continuing education requirements specified in this section if a licensee demonstrates to the satisfaction of the board that the licensee is unable to complete the required number of educational units during the renewal term. The board may allow the licensee to complete the required number of continuing education units within a time frame specified by the board. In no case shall the board allow the licensee to complete less than the required number of continuing education units.

**Sec. 14. [147F.13] DISCIPLINE; REPORTING.**

For purposes of this chapter, licensed genetic counselors and applicants are subject to sections 147.091 to 147.162.

**Sec. 15. [147F.15] LICENSED GENETIC COUNSELOR ADVISORY COUNCIL.**

Subdivision 1. **Membership.** The board shall appoint a five-member Licensed Genetic Counselor Advisory Council. One member must be a licensed physician with experience in genetics, three members must be licensed genetic counselors, and one member must be a public member.

Subd. 2. **Organization.** The advisory council shall be organized and administered under section 15.059, except that section 15.059, subdivision 2, does not apply to this section. Members shall serve two-year terms, and shall serve until their successors have been appointed. The council shall select a chair from its membership.

Subd. 3. **Duties.** The advisory council shall:

- (1) advise the board regarding standards for licensed genetic counselors;
- (2) provide for distribution of information regarding licensed genetic counselor practice standards;
- (3) advise the board on enforcement of this chapter;

(4) review applications and recommend granting or denying licensure or license renewal;

(5) advise the board on issues related to receiving and investigating complaints, conducting hearings, and imposing disciplinary action in relation to complaints against licensed genetic counselors; and

(6) perform other duties authorized for advisory councils under chapter 214, as directed by the board.

Subd. 4. **Expiration.** Notwithstanding section 15.059, the advisory council does not expire.

Sec. 16. **[147F.17] FEES.**

Subdivision 1. **Fees.** Fees are as follows:

(1) license application fee, \$200;

(2) initial licensure and annual renewal, \$150; and

(3) late fee, \$75.

Subd. 2. **Proration of fees.** The board may prorate the initial license fee. All licensees are required to pay the full fee upon license renewal.

Subd. 3. **Penalty for late renewals.** An application for registration renewal submitted after the deadline must be accompanied by a late fee in addition to the required fees.

Subd. 4. **Nonrefundable fees.** All fees are nonrefundable.

Subd. 5. **Deposit.** Fees collected by the board under this section shall be deposited in the state government special revenue fund.

## **LACTATION CARE PROVIDERS**

Sec. 17. **[148.9801] SCOPE AND APPLICATION.**

Subdivision 1. **Scope.** Sections 148.9801 to 148.9812 apply to persons who are applicants for licensure, who are licensed, who use protected titles, or who represent that they are licensed under sections 148.9801 to 148.9812.

Subd. 2. **Application.** Nothing in sections 148.9801 to 148.9812 shall prohibit any person from providing breastfeeding education and support services, whether or not that person is licensed under sections 148.9801 to 148.9812.

Sec. 18. **[148.9802] DEFINITIONS.**

Subdivision 1. **Application.** For purposes of sections 148.9801 to 148.9812, the following terms have the meanings given.

Subd. 2. **Biennial licensure period.** "Biennial licensure period" means the two-year period for which licensure is effective.

Subd. 3. **Breastfeeding education and support services.** "Breastfeeding education and support services" refers to services such as educating women, families, health professionals, and the community about the impact of breastfeeding and human lactation on health and what to expect in the normal course of breastfeeding; facilitating the development of policies that protect,



promote, and support breastfeeding; acting as an advocate for breastfeeding as the child-feeding norm; providing holistic breastfeeding support, encouragement, and care from preconception to weaning in order to help women and their families meet their breastfeeding goals; using principles of adult education when teaching clients, health care providers, and others in the community; and identifying and referring high-risk mothers and babies and those requiring clinical treatment to licensed providers. Any individual, with or without a license, may provide breastfeeding education and support services.

**Subd. 4. Certified lactation counselor, advanced lactation consultant, or advanced nurse lactation consultant.** "Certified lactation counselor, advanced lactation consultant, or advanced nurse lactation consultant" means an individual who possesses certification from the Academy of Lactation Policy and Practice of the Healthy Children Project, Inc.

**Subd. 5. Clinical lactation services.** "Clinical lactation services" refers to the clinical application of evidence-based practices for evaluation, problem identification, treatment, education, and consultation in providing lactation care and services to childbearing families. Clinical lactation services involves one or more of the following activities: lactation assessment through the systematic collection of data; analysis of data; creation of lactation care plans; implementation of lactation care plans, including but not limited to providing demonstration and instruction to parents and communicating with the primary health care provider; evaluation of outcomes; and recommending the use of assistive devices when appropriate. Individuals who provide one or more of the services listed in this subdivision are providing clinical lactation services.

**Subd. 6. Commissioner.** "Commissioner" means the commissioner of health or a designee.

**Subd. 7. Credential.** "Credential" means a license, permit, certification, registration, or other evidence of qualification or authorization to engage in the practice of clinical lactation care services issued by any authority.

**Subd. 8. International Board-Certified Lactation Consultant.** "International Board-Certified Lactation Consultant" means an individual who possesses certification from the International Board of Lactation Consultant Examiners as accredited by the National Commission for Certifying Agencies.

**Subd. 9. License or licensed.** "License" or "licensed" means the act or status of a natural person who meets the requirements of sections 148.9801 to 148.9812.

**Subd. 10. Licensed lactation care provider.** "Licensed lactation care provider" means an individual who meets the requirements of sections 148.9801 to 148.9812, is licensed by the commissioner, and is permitted to provide clinical lactation services and use the titles authorized in this section and section 148.9803.

**Subd. 11. Licensee.** "Licensee" means a person who meets the requirements of sections 148.9801 to 148.9812.

**Subd. 12. Licensure by equivalency.** "Licensure by equivalency" means a method of licensure described in section 148.9806, subdivision 2, by which an individual who possesses a credential from the International Board of Lactation Consultant Examiners as accredited by the National Commission for Certifying Agencies, from the Academy of Lactation Policy and Practice of the Healthy Children Project, Inc., or from another nationally recognized credentialing agency may qualify for licensure.

Subd. 13. **Licensure by reciprocity.** "Licensure by reciprocity" means a method of licensure described in section 148.9806, subdivision 3, by which an individual who possesses a credential from another jurisdiction may qualify for Minnesota licensure.

Subd. 14. **Protected title.** "Protected title" means the title of licensed lactation consultant, licensed certified lactation counselor, licensed advanced lactation consultant, licensed advanced nurse lactation consultant, or licensed International Board-Certified Lactation Consultant.

Sec. 19. **[148.9803] LICENSURE; PROTECTED TITLES AND RESTRICTIONS ON USE; EXEMPT PERSONS; SANCTIONS.**

Subdivision 1. **Unlicensed practice prohibited.** Effective July 1, 2017, no person shall engage in the practice of clinical lactation services unless the person is licensed as a lactation care provider in accordance with sections 148.9801 to 148.9812.

Subd. 2. **Protected titles and restrictions on use.** (a) The terms or phrases "licensed International Board-Certified Lactation Consultant" or "licensed lactation consultant" alone or in combination can only be used by an individual licensed under sections 148.9801 to 148.9812 and who possesses a credential from the International Board of Lactation Consultant Examiners as accredited by the National Commission for Certifying Agencies.

(b) The terms or phrases "licensed certified lactation counselor," "certified lactation counselor," "licensed advanced lactation consultant," "advanced lactation consultant," "licensed advanced nurse lactation consultant," "advanced nurse lactation consultant," "licensed lactation counselor," or "licensed lactation consultant" alone or in combination can only be used by an individual licensed under sections 148.9801 to 148.9812 and who possesses a credential from the Academy of Lactation Policy and Practice of the Healthy Children Project, Inc.

Subd. 3. **Exempt persons.** This section does not apply to:

(1) a person employed as a lactation consultant or lactation counselor by the government of the United States or any agency of it. However, use of the protected titles under those circumstances is allowed only in connection with performance of official duties for the federal government;

(2) a student participating in supervised fieldwork or supervised coursework that is necessary to meet the requirements of sections 148.9801 to 148.9812 if the student is designated by a title which clearly indicates the student's status as a student trainee. Any use of the protected titles under these circumstances is allowed only while the person is performing the duties of the supervised fieldwork or supervised coursework;

(3) a person visiting and then leaving the state and performing clinical lactation services while in the state if the services are performed no more than 30 days in a calendar year as part of a professional activity that is limited in scope and duration and is in association with a licensed lactation care provider licensed under sections 148.9801 to 148.9812, and:

(i) the person is credentialed under the law of another state which has credentialing requirements at least as stringent as the requirements of sections 148.9801 to 148.9812;

(ii) the person meets the requirements for certification as an International Board-Certified Lactation Consultant established by the International Board of Lactation Consultant Examiners as accredited by the National Commission for Certifying Agencies; or

(iii) the person is certified as a certified lactation counselor, advanced lactation consultant, or advanced nurse lactation consultant by the Academy of Lactation Policy and Practice of the Healthy Children Project, Inc.;

(4) a person licensed to practice as a dentist under chapter 150A, physician or osteopath under chapter 147, nurse under sections 148.171 to 148.285, physician assistant under chapter 147A, dietitian under sections 148.621 to 148.634, or midwife under chapter 147D, when providing clinical lactation services incidental to the practice of the person's profession, except the person shall not use the protected titles;

(5) an employee of a department, agency, or division of state, county, or local government, when providing clinical lactation services within the discharge of the employee's official duties including, but not limited to, peer counselors in the Special Supplemental Nutrition Program for Women, Infants, and Children; or

(6) a volunteer providing clinical lactation services, if:

(i) the volunteer does not use the protected titles or represent that the volunteer is licensed or has the clinical skills and abilities associated with licensure;

(ii) the volunteer service is performed at no cost, with no fee charged to or payment, monetary or otherwise, provided by the individual or group served; and

(iii) the volunteer receives no compensation, monetary or otherwise, except for administrative expenses including, but not limited to, mileage.

Subd. 4. **Sanctions.** A person who practices clinical lactation services or represents that they are a licensed lactation care provider by or through the use of any title described in subdivision 2 without prior licensure according to sections 148.9801 to 148.9812 is subject to sanctions or action against continuing the activity according to section 148.9804, chapter 214, or other statutory authority.

Subd. 5. **Exemption.** Nothing in sections 148.9801 to 148.9812 shall prohibit the practice of any profession or occupation, licensed or registered by the state, by any person duly licensed or registered to practice the profession or occupation or to perform any act that falls within the scope of practice of the profession or occupation.

Sec. 20. **[148.9804] PENALTY.**

If the commissioner finds that a licensed lactation care provider has violated the provisions of sections 148.9801 to 148.9812 or rules adopted under those sections, the commissioner may impose a civil penalty not exceeding \$10,000 for each separate violation. The amount of the civil penalty shall be fixed so as to deprive the licensed lactation care provider of any economic advantage gained by reason of the violation charged, to discourage similar violations, and to reimburse the commissioner for the cost of the investigation and proceeding, including, but not limited to: fees paid for services provided by the Office of Administrative Hearings, legal and investigative services provided by the Office of the Attorney General, services of court reporters, witnesses, and reproduction of records.

Sec. 21. **[148.9806] APPLICATION REQUIREMENTS; PROCEDURE.**

Subdivision 1. **Application for licensure.** An applicant for licensure must:

(1) have a current certification from the International Board of Lactation Consultant Examiners as accredited by the National Commission for Certifying Agencies, the Academy of Lactation Policy and Practice of the Healthy Children Project, Inc., or another jurisdiction whose standards for credentialing are determined by the commissioner to be equivalent to or exceed the requirements for licensure under subdivision 2;

(2) submit a completed application for licensure on forms provided by the commissioner and supply the information requested on the application, including:

(i) the applicant's name, business address, business telephone number, business setting, and daytime telephone number;

(ii) a description of the applicant's education and training, including a list of degrees received from educational institutions;

(iii) the applicant's work history for the six years preceding the application, including the number of hours worked;

(iv) a list of all lactation consulting credentials currently and previously held in Minnesota and other jurisdictions;

(v) a description of any jurisdiction's refusal to credential the applicant;

(vi) a description of all professional disciplinary actions initiated against the applicant in any jurisdiction;

(vii) information on any physical or mental condition or chemical dependency that impairs the applicant's ability to provide clinical lactation services with reasonable judgment or safety;

(viii) a description of any misdemeanor, gross misdemeanor, or felony conviction that is reasonably related to the practice of clinical lactation services; and

(ix) a description of any state or federal court order, including a conciliation court order or a disciplinary order, related to the individual's clinical lactation services practice;

(3) submit with the application all fees required by section 148.9811;

(4) sign a statement that the information in the application is true and correct to the best of the applicant's knowledge and belief;

(5) sign a waiver authorizing the commissioner to obtain access to the applicant's records in this or any other state in which the applicant holds or previously held a credential for the practice of an occupation, completed a clinical lactation services education program, or engaged in the practice of clinical lactation services;

(6) within 30 days of a request, submit additional information as requested by the commissioner to clarify information in the application, including information to determine whether the individual has engaged in conduct warranting disciplinary action under section 148.9812; and

(7) submit the additional information required for licensure by equivalency or licensure by reciprocity.

**Subd. 2. Credentialed applicants.** An applicant who is credentialed by the International Board of Lactation Consultant Examiners as accredited by the National Commission for Certifying

Agencies as an International Board-Certified Lactation Consultant or an applicant who is credentialed by the Academy of Lactation Policy and Practice of the Healthy Children Project, Inc. may be eligible for licensure by equivalency as a licensed lactation care provider. Nothing in this section limits the commissioner's authority to deny licensure based upon the grounds for discipline in section 148.9812. Applicants under this subdivision must provide the materials required in subdivision 1 and must also provide:

(1) verified documentation from the International Board of Lactation Consultant Examiners stating that the applicant is credentialed as an International Board-Certified Lactation Consultant, or verified documentation from the Academy of Lactation Policy and Practice of the Healthy Children Project, Inc., that the applicant is credentialed as a certified lactation counselor, advanced lactation consultant, or advanced nurse lactation consultant. The applicant is responsible for obtaining this documentation; and

(2) a waiver authorizing the commissioner to obtain access to the applicant's records maintained by the International Board of Lactation Consultant Examiners or the Academy of Lactation Policy and Practice of the Healthy Children Project, Inc.

Subd. 3. **Applicants credentialed in another jurisdiction.** (a) An applicant who holds a current credential as a licensed lactation consultant, licensed lactation care provider, or licensed lactation counselor in the District of Columbia or a state or territory of the United States whose standards for credentialing are determined by the commissioner to be equivalent to or exceed the requirements for licensure under subdivision 2, may be eligible for licensure by reciprocity as a licensed lactation care provider. Nothing in this section limits the commissioner's authority to deny licensure based upon the grounds for discipline in section 148.9812.

(b) Applicants under this subdivision must provide the materials required in subdivision 1 and must also request that the appropriate government body in each jurisdiction in which the applicant holds or held credentials as a licensed lactation care provider or substantially similar title send a letter to the commissioner verifying the applicant's credentials. A license shall not be issued until the commissioner receives a letter verifying each of the applicant's credentials. Each letter must include the applicant's name and date of birth, credential number and date of issuance, a statement regarding investigations pending and disciplinary actions taken or pending against the applicant, current status of the credential, and the terms under which the credential was issued.

Subd. 4. **Action on applications for licensure.** (a) The commissioner shall approve, approve with conditions, or deny licensure. The commissioner shall act on an application for licensure according to paragraphs (b) to (d).

(b) The commissioner shall determine if the applicant meets the requirements for licensure. The commissioner may investigate information provided by an applicant to determine whether the information is accurate and complete.

(c) The commissioner shall notify an applicant of action taken on the application and, if licensure is denied or approved with conditions, the grounds for the commissioner's determination.

(d) An applicant denied licensure or granted licensure with conditions may make a written request to the commissioner, within 30 days of the date of the commissioner's determination, for reconsideration of the commissioner's determination. Individuals requesting reconsideration may submit information which the applicant wants considered in the reconsideration. After reconsideration of the commissioner's determination to deny licensure or grant licensure with

conditions, the commissioner shall determine whether the original determination should be affirmed or modified. An applicant is allowed no more than one request in any one biennial licensure period for reconsideration of the commissioner's determination to deny licensure or approve licensure with conditions.

**Sec. 22. [148.9807] LICENSURE RENEWAL.**

Subdivision 1. **Renewal requirements.** To be eligible for licensure renewal, a licensee must:

(1) submit a completed and signed application for licensure renewal on forms provided by the commissioner;

(2) submit the renewal fee required under section 148.9811;

(3) submit proof that the licensee is currently credentialed by the International Board of Lactation Consultant Examiners as accredited by the National Commission for Certifying Agencies, the Academy of Lactation Policy and Practice of the Healthy Children Project, Inc., or another jurisdiction as described in section 148.9806; and

(4) submit additional information as requested by the commissioner to clarify information presented in the renewal application. The information must be submitted within 30 days after the commissioner's request.

Subd. 2. **Renewal deadline.** (a) Except as provided in paragraph (c), licenses must be renewed every two years. Licensees must comply with the procedures in paragraphs (b) to (e).

(b) Each license must state an expiration date. An application for licensure renewal must be received by the Department of Health at least 30 calendar days before the expiration date.

(c) If the commissioner changes the renewal schedule and the new expiration date is less than two years in the future, the fee to be reported at the next renewal must be prorated.

(d) An application for licensure renewal not received within the time required under paragraph (b), but received on or before the expiration date, must be accompanied by a late fee in addition to the renewal fee specified in section 148.9811.

(e) Licensure renewals received after the expiration date shall not be accepted and persons seeking licensed status must comply with the requirements of section 148.9808.

Subd. 3. **Licensure renewal notice.** At least 60 calendar days before the expiration date in subdivision 2, the commissioner shall notify the licensee. The notice must include an application for licensure renewal and notice of fees required for renewal. The licensee's failure to receive notice does not relieve the licensee of the obligation to meet the renewal deadline and other requirements for licensure renewal.

**Sec. 23. [148.9808] LICENSURE RENEWAL; AFTER EXPIRATION DATE.**

An individual whose application for licensure renewal is received after the licensure expiration date must submit the following:

(1) a completed and signed application for licensure following lapse in licensed status on forms provided by the commissioner;

(2) the renewal fee and the late fee required under section 148.9811;

(3) proof that the licensee is currently credentialed by the International Board of Lactation Consultant Examiners, the Academy of Lactation Policy and Practice of the Healthy Children Project, Inc., or another jurisdiction as described in section 148.9806; and

(4) additional information as requested by the commissioner to clarify information in the application, including information to determine whether the individual has engaged in conduct warranting disciplinary action as set forth in section 148.9812. This information must be submitted within 30 days after the commissioner's request.

**Sec. 24. [148.9809] CHANGE OF NAME, ADDRESS, OR EMPLOYMENT.**

A licensee who changes a name, address, or employment must inform the commissioner, in writing, of the change of name, address, employment, business address, or business telephone number within 30 days. A change in name must be accompanied by a copy of a marriage certificate or court order. All notices or other correspondence mailed to or served on a licensee by the commissioner at the licensee's address on file with the commissioner shall be considered as having been received by the licensee.

**Sec. 25. [148.9810] RECIPIENT NOTIFICATION.**

Subdivision 1. **Required notification.** In the absence of a physician referral or prior authorization, and before providing clinical lactation services for remuneration or expectation of payment from the client, a licensed lactation care provider must provide the following written notification in all capital letters of 12-point or larger boldface type to the client, parent, or guardian: "YOUR HEALTH CARE PROVIDER, INSURER, OR PLAN MAY REQUIRE A PHYSICIAN REFERRAL OR PRIOR AUTHORIZATION AND YOU MAY BE OBLIGATED FOR PARTIAL OR FULL PAYMENT FOR CLINICAL LACTATION SERVICES RENDERED." Information other than this notification may be included as long as the notification remains conspicuous on the face of the document. A nonwritten disclosure format may be used to satisfy the recipient notification requirement when necessary to accommodate the physical condition of a client or client's guardian.

Subd. 2. **Evidence of recipient notification.** The licensed lactation care provider is responsible for providing evidence of compliance with the recipient notification requirement of this section.

**Sec. 26. [148.9811] FEES.**

Subdivision 1. **Initial licensure fee.** The initial licensure fee for licensed lactation care providers is \$80. The commissioner shall prorate fees based on the number of quarters remaining in the biennial licensure period.

Subd. 2. **Licensure renewal fee.** The biennial licensure renewal fee for licensed lactation care providers is \$80.

Subd. 3. **Duplicate license fee.** The fee for a duplicate license is \$25.

Subd. 4. **Late fee.** The fee for late submission of a renewal application is \$25.

Subd. 5. **Verification to other states.** The fee for verification of licensure to other states is \$25.

Subd. 6. **Use of fees.** All fees are nonrefundable. Fees collected under this section shall be deposited in the state treasury and credited to the state government special revenue fund for the purposes of administering sections 148.9801 to 148.9812.

Subd. 7. **Penalty fee.** (a) The penalty for using one of the protected titles without a current license after the credential has expired and before it is renewed is the amount of the license renewal fee for any part of the first month, plus the license renewal fee for any part of any subsequent month up to 36 months.

(b) The penalty for applicants who use the protected title of licensed lactation care provider before being issued a license is the amount of the license application fee for any part of the first month, plus the license application fee for any part of any subsequent month up to 36 months.

(c) For conduct described in paragraph (a) or (b) exceeding six months, payment of a penalty does not preclude any disciplinary action reasonably justified by the individual case.

**Sec. 27. [148.9812] GROUNDS FOR DISCIPLINE OR DENIAL OF LICENSURE; INVESTIGATION PROCEDURES; DISCIPLINARY ACTIONS.**

Subdivision 1. **Grounds for discipline or denial of licensure.** The commissioner may deny an application for licensure, may approve licensure with conditions, or may discipline a licensee using any disciplinary action listed in subdivision 3 on proof that the individual has:

- (1) intentionally submitted false or misleading information to the commissioner;
- (2) failed, within 30 days, to provide information in response to a written request by the commissioner;
- (3) performed services of a licensed lactation care provider in an incompetent manner, in a manner that is outside of the provider's scope of practice, or in a manner that falls below the community standard of care;
- (4) violated a provision of sections 148.9801 to 148.9812;
- (5) aided or abetted another person in violating a provision of sections 148.9801 to 148.9812;
- (6) failed to perform services with reasonable judgment, skill, or safety due to the use of alcohol or drugs, or other physical or mental impairment;
- (7) been convicted of violating any state or federal law, rule, or regulation which directly relates to the practice of clinical lactation services;
- (8) been disciplined for conduct in the practice of an occupation by the state of Minnesota, another jurisdiction, or a national professional association, if any of the grounds for discipline are the same or substantially equivalent to those in sections 148.9801 to 148.9812;
- (9) not cooperated with the commissioner in an investigation conducted according to subdivision 2;
- (10) advertised in a manner that is false or misleading;
- (11) engaged in dishonest, unethical, or unprofessional conduct in connection with the practice of clinical lactation services that is likely to deceive, defraud, or harm the public;
- (12) demonstrated a willful or careless disregard for the health, welfare, or safety of a client;
- (13) performed medical diagnosis or provided treatment without being licensed to do so under the laws of this state;



(14) paid or promised to pay a commission or part of a fee to any person who contacts the licensed lactation care provider for consultation or sends patients to the licensed lactation care provider for treatment;

(15) engaged in abusive or fraudulent billing practices, including violations of federal Medicare and Medicaid laws, Food and Drug Administration regulations, or state medical assistance laws;

(16) obtained money, property, or services from a consumer through the use of undue influence, high-pressure sales tactics, harassment, duress, deception, or fraud;

(17) performed services for a client who had no possibility of benefiting from the services;

(18) failed to refer a client for medical evaluation when appropriate or when a client indicated symptoms associated with diseases that could be medically or surgically treated;

(19) engaged in conduct with a client that is sexual, or may reasonably be interpreted by the client as sexual, or in any verbal behavior that is seductive or sexually demeaning to a client;

(20) violated a federal or state court order, including a conciliation court judgment, or a disciplinary order issued by the commissioner, related to the person's clinical lactation services practice; or

(21) any other just cause related to the practice of clinical lactation services.

Subd. 2. **Investigation of complaints.** The commissioner may initiate an investigation upon receiving a complaint or other oral or written communication that alleges or implies that a person has violated sections 148.9801 to 148.9812. In the receipt, investigation, and hearing of a complaint that alleges or implies that a person has violated sections 148.9801 to 148.9812, the commissioner shall follow the procedures in section 214.10.

Subd. 3. **Disciplinary action.** If the commissioner finds that a licensed lactation care provider should be disciplined according to subdivision 1, the commissioner may take any one or more of the following actions:

(1) refuse to grant or renew licensure;

(2) approve licensure with conditions;

(3) revoke licensure;

(4) suspend licensure;

(5) any reasonable lesser action including, but not limited to, reprimand or restriction on licensure; or

(6) any action authorized by statute.

Subd. 4. **Effect of specific disciplinary action on use of title.** Upon notice from the commissioner denying licensure renewal or upon notice that disciplinary actions have been imposed and the person is no longer entitled to provide clinical lactation services and use one of the protected titles, the person shall cease to provide clinical lactation services, to use the title protected by sections 148.9801 to 148.9812, and to represent to the public that the person is licensed by the commissioner.

Subd. 5. **Reinstatement requirements after disciplinary action.** A person who has had licensure suspended may request and provide justification for reinstatement following the period of suspension specified by the commissioner. The requirements of section 148.9808 for renewing licensure and any other conditions imposed with the suspension must be met before licensure may be reinstated.

Subd. 6. **Authority to contract.** The commissioner shall contract with the health professionals services program as authorized by sections 214.31 to 214.37 to provide these services to practitioners under sections 148.9801 to 148.9812. The health professionals services program does not affect the commissioner's authority to discipline violations of sections 148.9801 to 148.9812.

### **MASSAGE AND BODYWORK THERAPY**

#### **Sec. 28. [148.982] DEFINITIONS.**

Subdivision 1. **Applicability.** The definitions in this section apply to sections 148.982 to 148.9885.

Subd. 2. **Advertise.** "Advertise" means to publish, display, broadcast, or disseminate information by any means that can be reasonably construed as an advertisement.

Subd. 3. **Advisory council.** "Advisory council" means the Registered Massage and Bodywork Therapist Advisory Council established under section 148.9861.

Subd. 4. **Applicant.** "Applicant" means an individual applying for registration or renewal according to sections 148.982 to 148.9885.

Subd. 5. **Board.** "Board" means the Minnesota Board of Nursing.

Subd. 6. **Client.** "Client" means a recipient of massage and bodywork therapy services.

Subd. 7. **Competency exam.** "Competency exam" means a massage and bodywork therapy competency assessment that is approved by the board and is psychometrically valid, based on a job task analysis, and administered by a national testing organization.

Subd. 8. **Contact hour.** "Contact hour" means an instructional session of at least 50 consecutive minutes, excluding coffee breaks, registration, meals without a speaker, and social activities.

Subd. 9. **Credential.** "Credential" means a license, registration, or certification.

Subd. 10. **Health care provider.** "Health care provider" means a person who has a state credential to provide one or more of the following services: medical as defined in section 147.081, chiropractic as defined in section 148.01, podiatry as defined in section 153.01, dentistry as defined in section 150A.01, physical therapy as defined in section 148.65, or other state-credentialed providers.

Subd. 11. **Massage and bodywork therapy.** "Massage and bodywork therapy" means a health care service involving systematic and structured touch and palpation, and pressure and movement of the muscles, tendons, ligaments, and fascia, in order to reduce muscle tension, relieve soft tissue pain, improve circulation, increase flexibility, increase activity of the parasympathetic branch of the autonomic nervous system, or to promote general wellness, by use of the techniques and applications described in section 148.983.

Subd. 12. **Municipality.** "Municipality" means a county, town, or home rule charter or statutory city.

Subd. 13. **Physical agent modality.** "Physical agent modality" means modalities that use the properties of light, water, temperature, sound, and electricity to produce a response in soft tissue.

Subd. 14. **Practice of massage and bodywork therapy.** "Practice of massage and bodywork therapy" means to engage professionally for compensation or as a volunteer in massage and bodywork therapy or the instruction of professional technique coursework.

Subd. 15. **Professional organization.** "Professional organization" means an organization that represents massage and bodywork therapists, was established before the year 2005, offers professional liability insurance as a benefit of membership, has an established code of professional ethics, and is board approved.

Subd. 16. **Registered massage and bodywork therapist or registrant.** "Registered massage and bodywork therapist" or "registrant" means a health care provider registered according to sections 148.982 to 148.9885, for the practice of massage and bodywork therapy.

Subd. 17. **State.** "State" means any state in the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or Guam; or any Canadian province or similar political subdivision of a foreign country; except "this state" means the state of Minnesota.

Sec. 29. **[148.983] MASSAGE AND BODYWORK THERAPY.**

(a) The practice of massage and bodywork therapy by a registered massage and bodywork therapist includes the following:

(1) use of any or all of the following techniques using the hands, forearms, elbows, knees, or feet, or handheld, nonpuncturing, mechanical, or electrical devices that mimic or enhance the actions of the human hands: effleurage or gliding; petrissage or kneading; vibration and jostling; friction; tapotement or percussion; compression; fascial manipulation; passive stretching within the normal anatomical range of motion; and

(2) application and use of any of the following: oils, lotions, gels, rubbing alcohol, or powders for the purpose of lubricating the skin to be massaged; creams, with the exception of prescription medicinal creams; hot or cold stones; essential oils as used in aromatherapy for inhalation or diluted for topical application; salt glows and wraps; or heat or ice.

(b) The practice of massage and bodywork therapy does not include any of the following:

(1) diagnosing any illness or disease;

(2) altering a course of recommended massage and bodywork therapy when recommended by a state-credentialed health care provider without first consulting that health care provider;

(3) prescription of drugs or medicines;

(4) intentional adjustment, manipulation, or mobilization of abnormal articulations, neurological disturbances, structural alterations, biomechanical alterations as described in section 148.01, including by means of a high-velocity, low-amplitude thrusting force or by means of manual therapy or mechanical therapy for the manipulation or adjustment of joint articulation as defined in section 146.23; or

(5) application of physical agent modalities, needles that puncture the skin, or injection therapy.

**Sec. 30. [148.984] LIMITATIONS ON PRACTICE.**

If a massage and bodywork therapist has reason to believe a client's medical condition is beyond the scope of practice established by sections 148.982 to 148.9885, or by rules of the board for a registered massage and bodywork therapist, the massage and bodywork therapist must refer the client to a health care provider as defined in sections 148.982 to 148.9885, but is not prohibited from comanaging the client.

**Sec. 31. [148.985] PROTECTED TITLES AND RESTRICTIONS ON USE.**

Subdivision 1. **Designation.** An individual regulated by sections 148.982 to 148.9885, is designated as a "registered massage and bodywork therapist" or "RMBT."

Subd. 2. **Title protection.** Effective July 1, 2017, no individual may use the title "registered massage and bodywork therapist," or use, in connection with the individual's name, the letters "RMBT," or any other titles, words, letters, abbreviations, or insignia indicating or implying that the individual is registered or eligible for registration by this state as a registered massage therapist unless the individual has been registered under sections 148.982 to 148.9885.

Subd. 3. **Identification of registrants.** (a) A massage and bodywork therapist registered according to sections 148.982 to 148.9885 shall be identified as a "registered massage and bodywork therapist." If not written in full, this must be designated as "RMBT."

(b) The board may adopt rules for the implementation of this section, including the identification of terms or references that may be used only by registered massage and bodywork therapists as necessary to protect the public.

(c) A massage and bodywork therapist who is credentialed by another state, or who holds a certification from organizations, agencies, or educational providers may advertise using those terms or letters to indicate that credential, provided that the credentialing body is clearly identified.

Subd. 4. **Other health care providers.** Nothing in sections 148.982 to 148.9885 may be construed to prohibit, restrict the practice of, or require massage and bodywork therapy registration of any of the following:

(1) a health care provider credentialed by this state, using massage and bodywork therapy techniques within the scope of the provider's credential, provided the provider does not advertise or imply that the provider is registered according to sections 148.982 to 148.9885; or

(2) the natural health procedures, practices, and treatments in section 146A.01, subdivision 4, provided that the provider does not advertise or imply that the provider is registered according to sections 148.982 to 148.9885.

**Sec. 32. [148.986] POWERS OF BOARD.**

The board, acting with the advice of the advisory council, shall issue registrations to duly qualified applicants and shall exercise the following powers and duties:

(1) adopt rules, including standards of practice and a professional code of ethics, consistent with the law, as may be necessary to enable the board to implement the provisions of sections 148.982 to 148.9885;

(2) assign duties to the advisory council that are necessary to implement the provisions of sections 148.982 to 148.9885;

(3) approve or conduct a competency exam;

(4) appoint members to the advisory council according to section 148.9861 and chapter 214;

(5) enforce sections 148.982 to 148.9885; investigate violations of section 148.9882 by a registrant or applicant; impose discipline as described in section 148.9882, and incur any necessary expense;

(6) maintain a record of names and addresses of registrants;

(7) keep a permanent record of all its proceedings;

(8) distribute information regarding massage and bodywork therapy standards, including applications and forms necessary to carry into effect the provisions of sections 148.982 to 148.9885;

(9) take action on applications according to section 148.9881; and

(10) employ and establish the duties of necessary personnel.

**Sec. 33. [148.9861] REGISTERED MASSAGE AND BODYWORK THERAPIST ADVISORY COUNCIL.**

Subdivision 1. **Creation; membership.** (a) The Registered Massage and Bodywork Therapist Advisory Council is created and is composed of five members appointed by the board. All members must have resided in this state for at least three years prior to appointment. The advisory council consists of:

(1) two public members, as defined in section 214.02;

(2) three members who, except for initial appointees, are registered massage and bodywork therapists. Initial appointees must practice massage and bodywork therapy. An initial appointee shall be removed from the council if the appointee does not obtain registration under section 148.987 within a reasonable time after registration procedures are established.

(b) A person may not be appointed to serve more than two consecutive full terms.

(c) No more than one member of the advisory council may be an owner or administrator of a massage and bodywork therapy education provider.

Subd. 2. **Vacancies.** When a vacancy occurs for a member who is a registered massage and bodywork therapist, the board may appoint a member from among qualified candidates or from a list of nominees submitted by professional organizations that contains twice the number of nominees as vacancies. The board may fill vacancies occurring on the advisory council for unexpired terms according to this section. Members shall retain membership until a qualified successor is appointed.

Subd. 3. **Terms; compensation; removal.** Membership terms shall be as provided in section 15.059, subdivision 2. The members appointed under subdivision 1, clause (2), shall serve terms that are coterminous with the governor. Members shall be compensated as provided in section 15.059, subdivision 3. Members may be removed and vacancies filled as provided in section 15.059, subdivision 4, except as provided in subdivision 2.

Subd. 4. **Chair.** The council must elect a chair from among its members.

Subd. 5. **Staffing.** The Minnesota Board of Nursing shall provide meeting space and administrative support for the advisory council.

Subd. 6. **Duties.** The advisory council shall advise the board regarding:

(1) establishment of standards of practice and a code of ethics for registered massage and bodywork therapists;

(2) distribution of information regarding massage and bodywork standards;

(3) enforcement of sections 148.982 to 148.9885;

(4) applications and recommendations of applicants for registration or registration renewal;

(5) complaints and recommendations regarding disciplinary matters and proceedings according to sections 214.10; 214.103; and 214.13, subdivisions 6 and 7;

(6) approval or creation of a competency exam granting status as an approved education provider; and

(7) performance of other duties of advisory councils under chapter 214, or as directed by the board.

Subd. 7. **Sunset.** The advisory council shall not expire.

Sec. 34. **[148.987] REGISTRATION REQUIREMENTS.**

Subdivision 1. **Registration.** To be eligible for registration according to sections 148.982 to 148.9885, an applicant must:

(1) pay applicable fees;

(2) submit to a criminal background check and pay the fees associated with obtaining the criminal background check. The background check shall be conducted in accordance with section 214.075; and

(3) file a written application on a form provided by the board that includes:

(i) the applicant's name, Social Security number, home address and telephone number, business address and telephone number, and business setting;

(ii) provide proof, as required by the board, of:

(A) having obtained a high school diploma or its equivalent;

(B) being 18 years of age or older;

(C) current cardiopulmonary resuscitation and first aid certification;

(D) current professional liability insurance coverage, with a minimum of \$1,000,000 of coverage per occurrence; and

(E) proof, as required by the board, that the applicant has completed a postsecondary course of study that includes:

(aa) science, including anatomy and physiology, kinesiology, pathology, hygiene, and standard precautions; and

(bb) clinical practice in massage and bodywork therapy techniques; supervised practice; professional ethics and standards of practice; business and legal practices related to massage and bodywork therapy; and history, theory, and research related to massage and bodywork therapy;

(iii) unless registered under subdivision 3 or 4, successful completion of a competency exam;

(iv) a list of credentials or memberships held in this state or other states or from private credentialing or professional organizations;

(v) a description of any other state or municipality's refusal to credential the applicant;

(vi) a description of all professional disciplinary actions initiated against the applicant in any jurisdiction;

(vii) any history of drug or alcohol abuse;

(viii) any misdemeanor, gross misdemeanor, or felony conviction;

(ix) additional information as requested by the board;

(x) the applicant's signature on a statement that the information in the application is true and correct to the best of the applicant's knowledge; and

(xi) the applicant's signature on a waiver authorizing the board to obtain access to the applicant's records in this state or any other state in which the applicant has engaged in the practice of massage and bodywork therapy.

Subd. 2. **Registration prohibited.** The board may deny an application for registration if an applicant:

(1) has been convicted in this state of any of the following crimes, or of equivalent crimes in another state:

(i) prostitution as defined under section 609.321, 609.324, or 609.3242;

(ii) criminal sexual conduct under sections 609.342 to 609.3451, or 609.3453; or

(iii) a violent crime as defined under section 611A.08, subdivision 6;

(2) is a registered sex offender under section 243.166;

(3) has been subjected to disciplinary action under section 146A.09, if the board determines such denial is necessary to protect the public; or

(4) if an applicant is charged with or under investigation for complaints in this state or any state that would constitute a violation of the statutes or rules established for the practice of massage and bodywork therapy in this state, the applicant shall not be registered until the complaints have been resolved in the applicant's favor. Should a complaint be resolved in favor of the complainant, the application for registration in this state may be denied.

Subd. 3. **Registration by endorsement.** (a) To be eligible for registration by endorsement, an applicant shall:

(1) meet the requirements for registration in subdivision 1, clauses (1), (2), and (3), items (v) to (xi); and

(2) provide proof of a current and unrestricted equivalent credential in another state that has qualifications at least equivalent to the requirements of sections 148.982 to 148.9885. The proof shall include records as required by rules of the board.

(b) Registrations issued by endorsement shall expire on the same schedule and be renewed by the same procedures as registrations issued under subdivision 1.

Subd. 4. **Registration by grandfathering.** (a) To be eligible for registration by grandfathering, an applicant shall:

(1) meet the requirements for registration in subdivision 1, clauses (1), (2), and (3), items (v) to (xi); and

(2) provide documentation as specified by the board demonstrating the applicant has met at least one of the following qualifications:

(i) successful completion of at least 500 hours of supervised classroom and hands-on instruction relating to massage and bodywork therapy;

(ii) successful completion of a competency exam;

(iii) evidence of experience in the practice of massage and bodywork therapy for at least two of the previous five years immediately preceding application; or

(iv) active membership in a professional organization for at least two of the previous five years immediately preceding application.

(b) Registrations issued by grandfathering shall expire and be renewed on the same schedule and by the same procedures as registrations issued under subdivision 1.

(c) This subdivision is effective for two years after the first date the board has made applications available.

Subd. 5. **Temporary permit.** A temporary permit to practice as a registered massage and bodywork therapist may be issued to an applicant eligible for registration under subdivision 1, 3, or 4, if the application for registration is complete, all applicable requirements in this section have been met, and applicable fees have been paid. The temporary permit remains valid until the board takes action on the applicant's application.

#### Sec. 35. [148.9871] EXPIRATION AND RENEWAL.

Subdivision 1. **Registration expiration.** Registrations issued according to this chapter expire annually.

Subd. 2. **Renewal.** To be eligible for registration renewal, a registrant must annually, or as determined by the board:

(1) complete a renewal application on a form provided by the board;

(2) submit applicable fees; and

(3) submit any additional information requested by the board to clarify information presented in the renewal application. The information must be submitted within 30 days after the board's request, or the renewal request is canceled.



Subd. 3. **Change of address.** A registrant who changes addresses must inform the board within 30 days, in writing, of the change of address. Notices or other correspondence mailed to or served on a registrant at the registrant's current address on file shall be considered as having been received by the registrant.

Subd. 4. **Registration renewal notice.** At least 60 days before the registration renewal date, the board shall send out a renewal notice to the last known address of the registrant on file. The notice must include a renewal application and a notice of fees required for renewal. It must also inform the registrant that registration will expire without further action by the board if an application for registration renewal is not received before the deadline for renewal. The registrant's failure to receive this notice shall not relieve the registrant of the obligation to meet the deadline and other requirements for registration renewal. Failure to receive this notice is not grounds for challenging expiration of registered status.

Subd. 5. **Renewal deadline.** The renewal application and fee must be postmarked on or before October 1 of the year of renewal or as determined by the board. If the postmark is illegible, the application shall be considered timely if received by the third working day after the deadline.

Subd. 6. **Inactive status and return to active status.** (a) A registration may be placed in inactive status upon application to the board by the registrant and upon payment of an inactive status fee.

(b) A registrant seeking restoration to active status from inactive status must pay the current renewal fees and all unpaid back inactive fees. The registrant must meet the criteria for renewal under subdivision 7 prior to submitting an application to regain registered status. If the registrant has been in inactive status for more than five years, a qualifying score on a competency exam is required.

Subd. 7. **Registration following lapse of registration status for two years or less.** In order for an individual whose registration status has lapsed for two years or less, to regain registration status, the individual must:

- (1) apply for registration renewal according to subdivision 2; and
- (2) submit applicable fees for the period not registered, including the fee for late renewal.

Subd. 8. **Cancellation due to nonrenewal.** The board shall not renew, reissue, reinstate, or restore a registration that has lapsed and has not been renewed within two years. A registrant whose registration is canceled for nonrenewal must obtain a new registration by applying for initial registration and fulfilling all requirements then in existence for initial registration as a massage and bodywork therapist.

Subd. 9. **Cancellation of registration in good standing.** (a) A registrant holding active registration as a massage and bodywork therapist in this state may, upon approval of the board, be granted registration cancellation if the board is not investigating the person as a result of a complaint or information received or if the board has not begun disciplinary proceedings against the registrant. Such action by the board shall be reported as a cancellation of registration in good standing.

(b) A registrant who receives board approval for registration cancellation is not entitled to a refund of any registration fees paid for the registration period in which cancellation of the registration occurred.

(c) To obtain registration after cancellation, an applicant must obtain a new registration by applying for initial registration and fulfilling the requirements then in existence for obtaining initial registration according to sections 148.982 to 148.9885.

**Sec. 36. [148.9881] BOARD ACTION ON APPLICATIONS; DATA PRACTICES.**

(a) The board shall act on each application for registration or renewal according to paragraphs (b) and (d).

(b) The board or advisory council shall determine if the applicant meets the requirements for registration or renewal under section 148.987 or 148.9871. The board or advisory council may investigate information provided by an applicant to determine whether the information is accurate and complete, and may request additional information or documentation.

(c) The board shall notify each applicant, in writing, of action taken on the application, the grounds for denying registration if registration is denied, and the applicant's right to review under paragraph (d).

(d) An applicant denied registration may make a written request to the board, within 30 days of the board's notice, to appear before the advisory council and for the advisory council to review the board's decision to deny the applicant's registration. After reviewing the denial, the advisory council shall make a recommendation to the board as to whether the denial shall be affirmed. Each applicant is allowed only one request for review per registration period.

(e) Section 13.41 applies to government data of the board on applicants and registrants.

**Sec. 37. [148.9882] GROUNDS FOR DISCIPLINARY ACTION.**

Subdivision 1. **Grounds listed.** (a) The board may deny, revoke, suspend, limit, or condition the registration of a registrant or registered massage and bodywork therapist, or may otherwise discipline a registrant. The fact that massage and bodywork therapy may be considered a less customary approach to health care shall not constitute the basis for disciplinary action per se.

(b) The following are grounds for disciplinary action, regardless of whether injury to a client is established:

(1) failing to demonstrate the qualifications or to satisfy the requirements for registration contained in sections 148.982 to 148.9885, or rules of the board. In the case of an applicant, the burden of proof is on the applicant to demonstrate the qualifications or satisfy the requirements;

(2) advertising in a false, fraudulent, deceptive, or misleading manner, including, but not limited to:

(i) advertising or holding oneself out as a "registered massage and bodywork therapist" or any abbreviation or derivative thereof to indicate such a title, when such registration is not valid or current for any reason;

(ii) advertising or holding oneself out as a "licensed massage and bodywork therapist" or any abbreviation or derivative thereof to indicate such a title, unless the registrant currently holds a valid state license in another state and provided that the state is clearly identified;

(iii) advertising a service, the provision of which would constitute a violation of this chapter or rules established by the board; and

(iv) using fraud, deceit, or misrepresentation when communicating with the general public, health care providers, or other business professionals;

(3) falsifying information in a massage and bodywork therapy registration or renewal application or attempting to obtain registration, registration renewal, or reinstatement by fraud, deception, or misrepresentation, or aiding and abetting any of these acts;

(4) engaging in conduct with a client that is sexual or may reasonably be interpreted by the client as sexual, or in any verbal behavior that is seductive or sexually demeaning to a client, or engaging in sexual exploitation of a client, without regard to who initiates such behaviors;

(5) committing an act of gross malpractice, negligence, or incompetency, or failing to practice massage and bodywork therapy with the level of care, skill, and treatment that is recognized by a reasonably prudent massage and bodywork therapist as being acceptable under similar conditions and circumstances;

(6) having an actual or potential inability to practice massage and bodywork therapy with reasonable skill and safety to clients by reason of illness, as a result of any mental or physical condition, or use of alcohol, drugs, chemicals, or any other material. Being adjudicated as mentally incompetent, mentally ill, a chemically dependent person, or a person dangerous to the public by a court of competent jurisdiction, inside or outside of this state, may be considered as evidence of an inability to practice massage and bodywork therapy;

(7) being the subject of disciplinary action as a massage and bodywork therapist by another state or jurisdiction where the board or advisory council determines that the cause of the disciplinary action would be a violation under this state's statutes or rules of the board if the violation had occurred in this state;

(8) failing to notify the board of revocation or suspension of a credential, or any other disciplinary action taken by this or any other state, territory, or country, including any restrictions on the right to practice; or the surrender or voluntary termination of a credential during a board investigation of a complaint, as part of a disciplinary order, or while under a disciplinary order;

(9) conviction of a crime, including a finding or verdict of guilt, an admission of guilt, or a no-contest plea, in this state or elsewhere, reasonably related to engaging in massage and bodywork therapy practices. Conviction, as used in this clause, includes a conviction of an offense that, if committed in this state, would be deemed a felony, gross misdemeanor, or misdemeanor, without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered;

(10) if a registrant is on probation, failing to abide by terms of that probation;

(11) practicing or offering to practice beyond the scope of the practice of massage and bodywork therapy;

(12) managing client records and information improperly, including but not limited to failing to maintain adequate client records, comply with a client's request made according to sections 144.291 to 144.298, or furnish a client record or report required by law;

(13) revealing a privileged communication from or relating to a client except when otherwise required or permitted by law;

(14) providing massage and bodywork therapy services that are linked to the financial gain of a referral source;

(15) obtaining money, property, or services from a client, other than reasonable fees for services provided to the client, through the use of undue influence, harassment, duress, deception, or fraud;

(16) engaging in abusive or fraudulent billing practices, including violations of federal Medicare and Medicaid laws or state medical assistance laws;

(17) failing to consult with a client's health care provider who prescribed a course of massage and bodywork therapy treatment if the treatment needs to be altered from the original written order to conform with standards in the massage and bodywork therapy field or the registrant's level of training or experience;

(18) failing to cooperate with an investigation of the board or its representatives, including failing to respond fully and promptly to any question raised by or on behalf of the board relating to the subject of the investigation, failing to execute all releases requested by the board, failing to provide copies of client records, as reasonably requested by the board to assist in its investigation, and failing to appear at conferences or hearings scheduled by the board or its staff;

(19) interfering with an investigation or disciplinary proceeding, including by willful misrepresentation of facts or by the use of threats or harassment to prevent a person from providing evidence in a disciplinary proceeding or any legal action;

(20) violating a statute, rule, order, or agreement for corrective action that the board issued or is otherwise authorized or empowered to enforce;

(21) aiding or abetting a person in violating sections 148.982 to 148.9885;

(22) failing to report to the board other massage and bodywork therapists who commit violations of sections 148.982 to 148.9885; and

(23) failing to notify the board, in writing, of the entry of a final judgment by a court of competent jurisdiction against the registrant for malpractice of massage and bodywork therapy, or any settlement by the registrant in response to charges or allegations of malpractice of massage and bodywork therapy. The notice must be provided to the board within 60 days after the entry of a judgment, and must contain the name of the court, case number, and the names of all parties to the action.

Subd. 2. **Evidence.** In disciplinary actions alleging a violation of subdivision 1, a copy of the judgment or proceeding under the seal of the court administrator or of the administrative agency that entered the same shall be admissible into evidence without further authentication and shall constitute prima facie evidence of the violation.

Subd. 3. **Examination; access to medical data.** The board may take the actions described in section 148.261, subdivision 5, if it has probable cause to believe that grounds for disciplinary action exist under subdivision 1. The requirements and limitations described in section 148.261, subdivision 5, shall apply.

**Sec. 38. [148.9883] DISCIPLINE; REPORTING.**

For purposes of sections 148.982 to 148.9885, registered massage and bodywork therapists and applicants are subject to sections 148.262 to 148.266.

Sec. 39. [148.9884] EFFECT ON MUNICIPAL ORDINANCES.

Subdivision 1. **License authority.** The provisions of sections 148.982 to 148.9885 preempt the licensure and regulation of registered massage and bodywork therapists by a municipality, including, without limitation, conducting a criminal background investigation and examination of a massage and bodywork therapist or applicant for a municipality's credential to practice massage and bodywork therapy.

Subd. 2. **Municipal regulation.** Nothing in sections 148.982 to 148.9885 shall be construed to limit a municipality from:

(1) requiring a massage business establishment to obtain a business license or permit in order to transact business in the jurisdiction regardless of whether the massage business establishment is operated by a registered or unregistered massage and bodywork therapist;

(2) enforcing the provisions of health codes related to communicable diseases;

(3) requiring a criminal background check of any unregistered massage and bodywork therapist applying for a license to conduct massage and bodywork therapy in the municipality; and

(4) otherwise regulating massage business establishments by ordinance regardless of whether the massage business establishment is operated by a registered or unregistered massage and bodywork therapist.

Subd. 3. **Prosecuting authority.** A municipality may prosecute violations of sections 148.982 to 148.9885, a local ordinance, or any other law by a registered or unregistered massage and bodywork therapist in its jurisdiction.

Sec. 40. [148.9885] FEES.

Subdivision 1. **Fees.** Fees are as follows:

(1) initial registration with application fee must not exceed \$285;

(2) annual registration renewal fee must not exceed \$185;

(3) duplicate registration certificate, \$15;

(4) late fee, \$50;

(5) inactive status and inactive to active status reactivation, \$50;

(6) temporary permit, \$50; and

(7) returned check, \$35.

Subd. 2. **Penalty fee for late renewals.** An application for registration renewal submitted after the deadline must be accompanied by a late fee in addition to the required fees.

Subd. 3. **Nonrefundable fees.** All of the fees in subdivision 1 are nonrefundable.

Subd. 4. **Deposit.** Fees collected by the board under this section shall be deposited into the state government special revenue fund.

Subd. 5. **Special assessment fee.** A special assessment fee not to exceed \$85 shall be assessed annually upon registration renewal until the fee revenue equals the board's expenditures for registration activities under sections 148.982 to 148.9885.

### **ORTHODICS, PEDORTHICS, AND PROSTHETICS**

Sec. 41. **[153B.10] SHORT TITLE.**

Chapter 153B may be cited as the "Minnesota Orthotist, Prosthetist, and Pedorthist Practice Act."

Sec. 42. **[153B.15] DEFINITIONS.**

Subdivision 1. **Application.** For purposes of this chapter, the following words have the meanings given.

Subd. 2. **Advisory council.** "Advisory council" means the Orthotics, Prosthetics, and Pedorthics Advisory Council established under section 153B.25.

Subd. 3. **Board.** "Board" means the Board of Podiatric Medicine.

Subd. 4. **Custom-fabricated device.** "Custom-fabricated device" means an orthosis, prosthesis, or pedorthic device for use by a patient that is fabricated to comprehensive measurements or a mold or patient model in accordance with a prescription and which requires on-site or in-person clinical and technical judgment in its design, fabrication, and fitting.

Subd. 5. **Licensed orthotic-prosthetic assistant.** "Licensed orthotic-prosthetic assistant" or "assistant" means a person, licensed by the board, who is educated and trained to participate in comprehensive orthotic and prosthetic care while under the supervision of a licensed orthotist or licensed prosthetist. Assistants may perform orthotic and prosthetic procedures and related tasks in the management of patient care. The assistant may fabricate, repair, and maintain orthoses and prostheses. The use of the title "orthotic-prosthetic assistant" or representations to the public is limited to a person who is licensed under this chapter as an orthotic-prosthetic assistant.

Subd. 6. **Licensed orthotic fitter.** "Licensed orthotic fitter" or "fitter" means a person licensed by the board who is educated and trained in providing certain orthoses, and is trained to conduct patient assessments, formulate treatment plans, implement treatment plans, perform follow-up, and practice management pursuant to a prescription. An orthotic fitter must be competent to fit certain custom-fitted, prefabricated, and off-the-shelf orthoses as follows:

- (1) cervical orthoses, except those used to treat an unstable cervical condition;
- (2) prefabricated orthoses for the upper and lower extremities, except those used in:
  - (i) the initial or acute treatment of long bone fractures and dislocations;
  - (ii) therapeutic shoes and inserts needed as a result of diabetes; and
  - (iii) functional electrical stimulation orthoses;
- (3) prefabricated spinal orthoses, except those used in the treatment of scoliosis or unstable spinal conditions, including halo cervical orthoses; and
- (4) trusses.

The use of the title "orthotic fitter" or representations to the public is limited to a person who is licensed under this chapter as an orthotic fitter.

Subd. 7. **Licensed orthotist.** "Licensed orthotist" means a person licensed by the board who is educated and trained to practice orthotics, which includes managing comprehensive orthotic patient care pursuant to a prescription. The use of the title "orthotist" or representations to the public is limited to a person who is licensed under this chapter as an orthotist.

Subd. 8. **Licensed pedorthist.** "Licensed pedorthist" means a person licensed by the board who is educated and trained to manage comprehensive pedorthic patient care and who performs patient assessments, formulates and implements treatment plans, and performs follow-up and practice management pursuant to a prescription. A pedorthist may fit, fabricate, adjust, or modify devices within the scope of the pedorthist's education and training. Use of the title "pedorthist" or representations to the public is limited to a person who is licensed under this chapter as a pedorthist.

Subd. 9. **Licensed prosthetist.** "Licensed prosthetist" means a person licensed by the board who is educated and trained to manage comprehensive prosthetic patient care, and who performs patient assessments, formulates and implements treatment plans, and performs follow-up and practice management pursuant to a prescription. Use of the title "prosthetist" or representations to the public is limited to a person who is licensed under this chapter as a prosthetist.

Subd. 10. **Licensed prosthetist orthotist.** "Licensed prosthetist orthotist" means a person licensed by the board who is educated and trained to manage comprehensive prosthetic and orthotic patient care, and who performs patient assessments, formulates and implements treatment plans, and performs follow-up and practice management pursuant to a prescription. Use of the title "prosthetist orthotist" or representations to the public is limited to a person who is licensed under this chapter as a prosthetist orthotist.

Subd. 11. **NCOPE.** "NCOPE" means National Commission on Orthotic and Prosthetic Education, an accreditation program that ensures educational institutions and residency programs meet the minimum standards of quality to prepare individuals to enter the orthotic, prosthetic, and pedorthic professions.

Subd. 12. **Orthosis.** "Orthosis" means an external device that is custom-fabricated or custom-fitted to a specific patient based on the patient's unique physical condition and is applied to a part of the body to help correct a deformity, provide support and protection, restrict motion, improve function, or relieve symptoms of a disease, syndrome, injury, or postoperative condition.

Subd. 13. **Orthotics.** "Orthotics" means the science and practice of evaluating, measuring, designing, fabricating, assembling, fitting, adjusting, or servicing an orthosis pursuant to a prescription. The practice of orthotics includes providing the initial training necessary for fitting an orthotic device for the support, correction, or alleviation of neuromuscular or musculoskeletal dysfunction, disease, injury, or deformity.

Subd. 14. **Over-the-counter.** "Over-the-counter" means a prefabricated, mass-produced item that is prepackaged, requires no professional advice or judgment in size selection or use, and is currently available at retail stores without a prescription. Over-the-counter items are not regulated by this chapter.

Subd. 15. **Off-the-shelf.** "Off-the-shelf" means a prefabricated device sized or modified for the patient's use pursuant to a prescription and that requires changes to be made by a qualified

practitioner to achieve an individual fit, such as requiring the item to be trimmed, bent, or molded with or without heat, or requiring any other alterations beyond self adjustment.

Subd. 16. **Pedorthic device.** "Pedorthic device" means below-the-ankle partial foot prostheses for transmetatarsal and more distal amputations, foot orthoses, and subtalar-control foot orthoses to control the range of motion of the subtalar joint. A prescription is required for any pedorthic device, modification, or prefabricated below-the-knee orthosis addressing a medical condition that originates at the ankle or below. Pedorthic devices do not include nontherapeutic inlays or footwear regardless of method of manufacture; unmodified, nontherapeutic over-the-counter shoes; or prefabricated foot care products.

Subd. 17. **Pedorthics.** "Pedorthics" means the science and practice of evaluating, measuring, designing, fabricating, assembling, fitting, adjusting, or servicing a pedorthic device pursuant to a prescription for the correction or alleviation of neuromuscular or musculoskeletal dysfunction, disease, injury, or deformity. The practice of pedorthics includes providing patient care and services pursuant to a prescription to prevent or ameliorate painful or disabling conditions of the foot and ankle.

Subd. 18. **Prescription.** "Prescription" means an order deemed medically necessary by a physician, podiatric physician, osteopathic physician, or a licensed health care provider who has authority in this state to prescribe orthotic and prosthetic devices, supplies, and services.

Subd. 19. **Prosthesis.** "Prosthesis" means a custom-designed, fabricated, fitted, or modified device to treat partial or total limb loss for purposes of restoring physiological function or cosmesis. Prosthesis does not include artificial eyes, ears, fingers, or toes; dental appliances; external breast prosthesis; or cosmetic devices that do not have a significant impact on the musculoskeletal functions of the body.

Subd. 20. **Prosthetics.** "Prosthetics" means the science and practice of evaluating, measuring, designing, fabricating, assembling, fitting, adjusting, or servicing a prosthesis pursuant to a prescription. It includes providing the initial training necessary to fit a prosthesis in order to replace external parts of a human body lost due to amputation, congenital deformities, or absence.

Subd. 21. **Resident.** "Resident" means a person who has completed a NCOPE-approved education program in orthotics or prosthetics and is receiving clinical training in a residency accredited by NCOPE.

Subd. 22. **Residency.** "Residency" means a minimum of an NCOPE-approved program to acquire practical clinical training in orthotics and prosthetics in a patient care setting.

Subd. 23. **Supervisor.** "Supervisor" means the licensed orthotist, prosthetist, or pedorthist who oversees and is responsible for the delivery of appropriate, effective, ethical, and safe orthotic, prosthetic, or pedorthic patient care.

Sec. 43. **[153B.20] EXCEPTIONS.**

Nothing in this chapter shall prohibit:

(1) a physician or podiatric physician licensed by the state of Minnesota from providing services within the physician's scope of practice;



(2) a health care professional licensed by the state of Minnesota, including, but not limited to, chiropractors, physical therapists, and occupational therapy practitioners from providing services within the professional's scope of practice, or an individual working under the supervision of a licensed physician or podiatric physician;

(3) the practice of orthotics, prosthetics, or pedorthics by a person who is employed by the federal government or any bureau, division, or agency of the federal government while in the discharge of the employee's official duties;

(4) the practice of orthotics, prosthetics, or pedorthics by:

(i) a student enrolled in an accredited or approved orthotics, prosthetics, or pedorthics education program who is performing activities required by the program;

(ii) a resident enrolled in an NCOPE-accredited residency program; or

(iii) a person working in a qualified, supervised work experience or internship who is obtaining the clinical experience necessary for licensure under this chapter; or

(5) an orthotist, prosthetist, prosthetist orthotist, pedorthist, assistant, or fitter who is licensed in another state or territory of the United States or in another country that has equivalent licensure requirements as approved by the board from providing services within the professional's scope of practice subject to this chapter, if the individual is qualified and has applied for licensure under this chapter. The individual shall be allowed to practice for no longer than six months following the filing of the application for licensure, unless the individual withdraws the application for licensure or the board denies the license.

#### Sec. 44. [153B.25] ORTHOTICS, PROSTHETICS, AND PEDORTHICS ADVISORY COUNCIL.

Subdivision 1. **Creation; membership.** (a) There is established an Orthotics, Prosthetics, and Pedorthics Advisory Council that shall consist of seven voting members appointed by the board. Five members shall be licensed and practicing orthotists, prosthetists, or pedorthists. Each profession shall be represented on the advisory council. One member shall be a Minnesota-licensed doctor of podiatric medicine who is also a member of the Board of Podiatric Medicine, and one member shall be a public member.

(b) The council shall be organized and administered under section 15.059.

Subd. 2. **Duties.** The advisory council shall:

(1) advise the board on enforcement of the provisions contained in this chapter;

(2) review reports of investigations or complaints relating to individuals and make recommendations to the board as to whether a license should be denied or disciplinary action taken against an individual;

(3) advise the board regarding standards for licensure of professionals under this chapter; and

(4) perform other duties authorized for advisory councils by chapter 214, as directed by the board.

Subd. 3. **Chair.** The council must elect a chair from among its members.

Subd. 4. **Administrative provisions.** The Board of Podiatric Medicine must provide meeting space and administrative services for the council.

Sec. 45. **[153B.30] LICENSURE.**

Subdivision 1. **Application.** An application for a license shall be submitted to the board in the format required by the board and shall be accompanied by the required fee, which is nonrefundable.

Subd. 2. **Qualifications.** (a) To be eligible for licensure as an orthotist, prosthetist, or prosthetist orthotist, an applicant shall meet orthotist, prosthetist, or prosthetist orthotist certification requirements of either the American Board for Certification in Orthotics, Prosthetics, and Pedorthics or the Board of Certification/Accreditation requirements in effect at the time of the individual's application for licensure and be in good standing with the certifying board.

(b) To be eligible for licensure as a pedorthist, an applicant shall meet the pedorthist certification requirements of either the American Board for Certification in Orthotics, Prosthetics, and Pedorthics or the Board of Certification/Accreditation that are in effect at the time of the individual's application for licensure and be in good standing with the certifying board.

(c) To be eligible for licensure as an orthotic or prosthetic assistant, an applicant shall meet the orthotic or prosthetic assistant certification requirements of the American Board for Certification in Orthotics, Prosthetics, and Pedorthics that are in effect at the time of the individual's application for licensure and be in good standing with the certifying board.

(d) To be eligible for licensure as an orthotic fitter, an applicant shall meet the orthotic fitter certification requirements of either the American Board for Certification in Orthotics, Prosthetics, and Pedorthics or the Board of Certification/Accreditation that are in effect at the time of the individual's application for licensure and be in good standing with the certifying board.

Subd. 3. **License term.** A license to practice is valid for a term of up to 24 months beginning on January 1 or commencing after initially fulfilling the license requirements and ending on December 31 of the following year.

Sec. 46. **[153B.35] EMPLOYMENT BY AN ACCREDITED FACILITY; SCOPE OF PRACTICE.**

A licensed orthotist, prosthetist, pedorthist, assistant, or orthotic fitter may provide limited, supervised orthotic or prosthetic patient care services beyond their licensed scope of practice if all of the following conditions are met:

(1) the licensee is employed by a patient care facility that is accredited by a national accrediting organization in orthotics, prosthetics, and pedorthics;

(2) written objective criteria are documented by the accredited facility to describe the knowledge and skills required by the licensee to demonstrate competency to provide additional specific and limited orthotic or prosthetic patient care services that are outside the licensee's scope of practice;

(3) the licensee provides orthotic or prosthetic patient care only at the direction of a supervisor who is licensed as an orthotist, pedorthist, or prosthetist who is employed by the facility to provide the specific orthotic or prosthetic patient care or services that are outside the licensee's scope of practice; and

(4) the supervised orthotic or prosthetic patient care occurs in compliance with facility accreditation standards.

**Sec. 47. [153B.40] CONTINUING EDUCATION.**

Subdivision 1. **Requirement.** Each licensee shall obtain the number of continuing education hours required by the certifying board to maintain certification status pursuant to the specific license category.

Subd. 2. **Proof of attendance.** A licensee must submit to the board proof of attendance at approved continuing education programs during the license renewal period in which it was attended in the form of a certificate, statement of continuing education credits from the American Board for Certification in Orthotics, Prosthetics, and Pedorthics or the Board of Certification/Accreditation, descriptive receipt, or affidavit. The board may conduct random audits.

Subd. 3. **Extension of continuing education requirements.** For good cause, a licensee may apply to the board for a six-month extension of the deadline for obtaining the required number of continuing education credits. No more than two consecutive extensions may be granted. For purposes of this subdivision, "good cause" includes unforeseen hardships such as illness, family emergency, or military call-up.

**Sec. 48. [153B.45] LICENSE RENEWAL.**

Subdivision 1. **Submission of license renewal application.** A licensee must submit to the board a license renewal application on a form provided by the board together with the license renewal fee. The completed form must be postmarked no later than January 1 in the year of renewal. The form must be signed by the licensee in the place provided for the renewal applicant's signature, include evidence of participation in approved continuing education programs, and any other information as the board may reasonably require.

Subd. 2. **Renewal application postmarked after January 1.** A renewal application postmarked after January 1 in the renewal year shall be returned to the licensee for addition of the late renewal fee. A license renewal application postmarked after January 1 in the renewal year is not complete until the late renewal fee has been received by the board.

Subd. 3. **Failure to submit renewal application.** (a) At any time after January 1 of the applicable renewal year, the board shall send notice to a licensee who has failed to apply for license renewal. The notice shall be mailed to the licensee at the last address on file with the board and shall include the following information:

- (1) that the licensee has failed to submit application for license renewal;
- (2) the amount of renewal and late fees;
- (3) information about continuing education that must be submitted in order for the license to be renewed;
- (4) that the licensee must respond within 30 calendar days after the notice was sent by the board;  
and
- (5) that the licensee may voluntarily terminate the license by notifying the board or may apply for license renewal by sending the board a completed renewal application, license renewal and late fees, and evidence of compliance with continuing education requirements.

(b) Failure by the licensee to notify the board of the licensee's intent to voluntarily terminate the license or to submit a license renewal application shall result in expiration of the license and termination of the right to practice. The expiration of the license and termination of the right to practice shall not be considered disciplinary action against the licensee.

(c) A license that has been expired under this subdivision may be reinstated.

**Sec. 49. [153B.50] NAME AND ADDRESS CHANGE.**

(a) A licensee who has changed names must notify the board in writing within 90 days and request a revised license. The board may require official documentation of the legal name change.

(b) A licensee must maintain with the board a correct mailing address to receive board communications and notices. A licensee who has changed addresses must notify the board in writing within 90 days. Mailing a notice by United States mail to a licensee's last known mailing address constitutes valid mailing.

**Sec. 50. [153B.55] INACTIVE STATUS.**

(a) A licensee who notifies the board in the format required by the board may elect to place the licensee's credential on inactive status and shall be excused from payment of renewal fees until the licensee notifies the board in the format required by the board of the licensee's plan to return to practice.

(b) A person requesting restoration from inactive status shall be required to pay the current renewal fee and comply with section 153B.45.

(c) A person whose license has been placed on inactive status shall not practice in this state.

**Sec. 51. [153B.60] LICENSE LAPSE DUE TO MILITARY SERVICE.**

A licensee whose license has expired while on active duty in the armed forces of the United States, with the National Guard while called into service or training, or while in training or education preliminary to induction into military service may have the licensee's license renewed or restored without paying a late fee or license restoration fee if the licensee provides verification to the board within two years of the termination of service obligation.

**Sec. 52. [153B.65] ENDORSEMENT.**

The board may license, without examination and on payment of the required fee, an applicant who is an orthotist, prosthetist, prosthetist orthotist, pedorthist, assistant, or fitter who is certified by the American Board for Certification in Orthotics, Prosthetics, and Pedorthics or a national certification organization with educational, experiential, and testing standards equal to or higher than the licensing requirements in Minnesota.

**Sec. 53. [153B.70] GROUNDS FOR DISCIPLINARY ACTION.**

(a) The board may refuse to issue or renew a license, revoke or suspend a license, or place on probation or reprimand a licensee for one or any combination of the following:

(1) making a material misstatement in furnishing information to the board;

(2) violating or intentionally disregarding the requirements of this chapter;

(3) conviction of a crime, including a finding or verdict of guilt, an admission of guilt, or a no-contest plea, in this state or elsewhere, reasonably related to the practice of the profession. Conviction, as used in this clause, includes a conviction of an offense which, if committed in this state, would be deemed a felony, gross misdemeanor, or misdemeanor, without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilty is made or returned but the adjudication of guilt is either withheld or not entered;

(4) making a misrepresentation in order to obtain or renew a license;

(5) displaying a pattern of practice or other behavior that demonstrates incapacity or incompetence to practice;

(6) aiding or assisting another person in violating the provisions of this chapter;

(7) failing to provide information within 60 days in response to a written request from the board, including documentation of completion of continuing education requirements;

(8) engaging in dishonorable, unethical, or unprofessional conduct;

(9) engaging in conduct of a character likely to deceive, defraud, or harm the public;

(10) inability to practice due to habitual intoxication, addiction to drugs, or mental or physical illness;

(11) being disciplined by another state or territory of the United States, the federal government, a national certification organization, or foreign nation, if at least one of the grounds for the discipline is the same or substantially equivalent to one of the grounds in this section;

(12) directly or indirectly giving to or receiving from a person, firm, corporation, partnership, or association a fee, commission, rebate, or other form of compensation for professional services not actually or personally rendered;

(13) incurring a finding by the board that the licensee, after the licensee has been placed on probationary status, has violated the conditions of the probation;

(14) abandoning a patient or client;

(15) willfully making or filing false records or reports in the course of the licensee's practice including, but not limited to, false records or reports filed with state or federal agencies;

(16) willfully failing to report child maltreatment as required under the Maltreatment of Minors Act, section 626.556; or

(17) soliciting professional services using false or misleading advertising.

(b) A license to practice is automatically suspended if (1) a guardian of a licensee is appointed by order of a court pursuant to sections 524.5-101 to 524.5-502, for reasons other than the minority of the licensee, or (2) the licensee is committed by order of a court pursuant to chapter 253B. The license remains suspended until the licensee is restored to capacity by a court and, upon petition by the licensee, the suspension is terminated by the board after a hearing. The licensee may be reinstated to practice, either with or without restrictions, by demonstrating clear and convincing evidence of rehabilitation. The regulated person is not required to prove rehabilitation if the subsequent court decision overturns previous court findings of public risk.

(c) If the board has probable cause to believe that a licensee or applicant has violated paragraph (a), clause (10), it may direct the person to submit to a mental or physical examination. For the purpose of this section, every person is deemed to have consented to submit to a mental or physical examination when directed in writing by the board and to have waived all objections to the admissibility of the examining physician's testimony or examination report on the grounds that the testimony or report constitutes a privileged communication. Failure of a regulated person to submit to an examination when directed constitutes an admission of the allegations against the person, unless the failure was due to circumstances beyond the person's control, in which case a default and final order may be entered without the taking of testimony or presentation of evidence. A regulated person affected under this paragraph shall at reasonable intervals be given an opportunity to demonstrate that the person can resume the competent practice of the regulated profession with reasonable skill and safety to the public. In any proceeding under this paragraph, neither the record of proceedings nor the orders entered by the board shall be used against a regulated person in any other proceeding.

(d) In addition to ordering a physical or mental examination, the board may, notwithstanding section 13.384 or 144.293, or any other law limiting access to medical or other health data, obtain medical data and health records relating to a licensee or applicant without the person's or applicant's consent if the board has probable cause to believe that a licensee is subject to paragraph (a), clause (10). The medical data may be requested from a provider as defined in section 144.291, subdivision 2, paragraph (i), an insurance company, or a government agency, including the Department of Human Services. A provider, insurance company, or government agency shall comply with any written request of the board under this section and is not liable in any action for damages for releasing the data requested by the board if the data are released pursuant to a written request under this section, unless the information is false and the provider giving the information knew, or had reason to know, the information was false. Information obtained under this section is private data on individuals as defined in section 13.02.

(e) If the board issues an order of immediate suspension of a license, a hearing must be held within 30 days of the suspension and completed without delay.

**Sec. 54. [153B.75] INVESTIGATION; NOTICE AND HEARINGS.**

The board has the authority to investigate alleged violations of this chapter, conduct hearings, and impose corrective or disciplinary action as provided in section 214.103.

**Sec. 55. [153B.80] UNLICENSED PRACTICE.**

Subdivision 1. **License required.** Effective January 1, 2018, no individual shall practice as an orthotist, prosthetist, prosthetist orthotist, pedorthist, orthotic or prosthetic assistant, or orthotic fitter, unless the individual holds a valid license issued by the board under this chapter, except as permitted under section 153B.20 or 153B.35.

Subd. 2. **Designation.** No individual shall represent themselves to the public as a licensed orthotist, prosthetist, prosthetist orthotist, pedorthist, orthotic or prosthetic assistant, or an orthotic fitter, unless the individual is licensed under this chapter.

Subd. 3. **Penalties.** Any individual who violates this section is guilty of a misdemeanor. The board shall have the authority to seek a cease and desist order against any individual who is engaged in the unlicensed practice of a profession regulated by the board under this chapter.

Sec. 56. **[153B.85] FEES.**

Subdivision 1. Fees. (a) The application fee for initial licensure shall not exceed \$600.

(b) The biennial renewal fee for a license to practice as an orthotist, prosthetist, prosthetist orthotist, or pedorthist shall not exceed \$600.

(c) The biennial renewal fee for a license to practice as an assistant or a fitter shall not exceed \$300.

(d) The fee for license restoration shall not exceed \$600.

(e) The fee for license verification shall not exceed \$30.

(f) The fee to obtain a list of licensees shall not exceed \$25.

Subd. 2. Proration of fees. For the first renewal period following initial licensure, the renewal fee is the fee specified in subdivision 1, paragraph (b) or (c), prorated to the nearest dollar that is represented by the ratio of the number of days the license is held in the initial licensure period to 730 days.

Subd. 3. Late fee. The fee for late license renewal is the license renewal fee in effect at the time of renewal plus \$100.

Subd. 4. Nonrefundable fees. All fees are nonrefundable.

Subd. 5. Deposit. Fees collected by the board under this section shall be deposited in the state government special revenue fund.

Sec. 57. Minnesota Statutes 2014, section 214.075, subdivision 3, is amended to read:

Subd. 3. **Consent form; fees; fingerprints.** (a) In order to effectuate the federal and state level, fingerprint-based criminal background check, the applicant or licensee must submit a completed criminal history records check consent form and a full set of fingerprints to the respective health-related licensing board or a designee in the manner and form specified by the board.

(b) The applicant or licensee is responsible for all fees associated with preparation of the fingerprints, the criminal records check consent form, and the criminal background check. The fees for the criminal records background check shall be set by the BCA and the FBI and are not refundable. The fees shall be submitted to the respective health-related licensing board by the applicant or licensee as prescribed by the respective board.

(c) All fees received by the health-related licensing boards under this subdivision shall be deposited in a dedicated ~~account~~ accounts in the special revenue fund and are appropriated to ~~the Board of Nursing Home Administrators for the administrative services unit~~ health-related licensing boards to pay for the criminal background checks conducted by the Bureau of Criminal Apprehension and Federal Bureau of Investigation.

Sec. 58. Minnesota Statutes 2015 Supplement, section 256B.0625, subdivision 18a, is amended to read:

Subd. 18a. **Access to medical services.** (a) Medical assistance reimbursement for meals for persons traveling to receive medical care may not exceed \$5.50 for breakfast, \$6.50 for lunch, or \$8 for dinner.

(b) Medical assistance reimbursement for lodging for persons traveling to receive medical care may not exceed \$50 per day unless prior authorized by the local agency.

(c) Regardless of the number of employees that an enrolled health care provider may have, medical assistance covers sign and oral spoken language health care interpreter services when provided by an enrolled health care provider during the course of providing a direct, person-to-person covered health care service to an enrolled recipient with limited English proficiency or who has a hearing loss and uses interpreting services. Coverage for face-to-face oral language spoken language health care interpreter services shall be provided only if the oral language spoken language health care interpreter used by the enrolled health care provider is listed in on the registry or roster established under section 144.058 or the registry established under chapter 146C. Beginning July 1, 2018, coverage for spoken language health care interpreter services shall be provided only if the spoken language health care interpreter used by the enrolled health care provider is listed on the registry established under chapter 146C.

**Sec. 59. [325F.816] MUNICIPAL OR CITY BUSINESS LICENSE; MASSAGE.**

An individual who is issued a municipal or city business license to practice massage is prohibited from advertising as a licensed massage and bodywork therapist unless the individual has received a professional credential from another state, is current in licensure, and remains in good standing under the credentialing state's requirements.

**Sec. 60. FIRST APPOINTMENTS, FIRST MEETING, AND FIRST CHAIR OF THE ORTHOTICS, PROSTHETICS, AND PEDORTHICS ADVISORY COUNCIL.**

The Board of Podiatric Medicine shall make its first appointments authorized under Minnesota Statutes, section 153B.25, to the Orthotics, Prosthetics, and Pedorthics Advisory Council, by September 1, 2016. The board shall designate four of its first appointees to serve terms that are coterminous with the governor. The chair of the Board of Podiatric Medicine or the chair's designee shall convene the first meeting of the council by November 1, 2016. The council must elect a chair from among its members at the first meeting of the council.

**Sec. 61. INITIAL APPOINTMENTS, TERMS, AND MEETING.**

The Minnesota Board of Nursing shall make initial appointments to the Registered Massage and Bodywork Therapist Advisory Council under Minnesota Statutes, section 148.9861, by October 1, 2016, and shall designate one member to call the first meeting of the advisory council by November 15, 2016. The terms of the initial members appointed under Minnesota Statutes, section 148.9861, subdivision 1, clause (1), shall end the first Monday in January 2019. The terms of the initial members appointed under Minnesota Statutes, section 148.9861, subdivision 1, clause (2), shall end the first Monday in January 2020.

**Sec. 62. STAKEHOLDER ENGAGEMENT.**

The commissioner of health shall work with community stakeholders in Minnesota including, but not limited to, the Minnesota Breastfeeding Coalition; the women, infants, and children program; hospitals and clinics; local public health professionals and organizations; community-based organizations; and representatives of populations with low breastfeeding rates to carry out a study identifying barriers, challenges, and successes affecting initiation, duration, and exclusivity of breastfeeding. The study shall address policy, systemic, and environmental factors that both support and create barriers to breastfeeding. These factors include, but are not limited



to, issues such as levels of practice and barriers such as education, clinical experience, and cost to those seeking certification as an International Board-Certified Lactation Consultant. The study shall identify and make recommendations regarding culturally appropriate practices that have been shown to increase breastfeeding rates in populations that have the greatest breastfeeding disparity rates. A report on the study must be completed and submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance on or before September 15, 2017.

**Sec. 63. INITIAL SPOKEN LANGUAGE HEALTH CARE ADVISORY COUNCIL MEETING.**

The commissioner of health shall convene the first meeting of the Spoken Language Health Care Advisory Council by October 1, 2016.

**Sec. 64. SPOKEN LANGUAGE HEALTH CARE INTERPRETER REGISTRY FEES.**

Notwithstanding Minnesota Statutes, section 146C.13, paragraph (a), the initial and renewal fees for interpreters listed on the spoken language health care registry shall be \$50 between the period of July 1, 2017, through June 30, 2018, and shall be \$70 between the period of July 1, 2018, through June 30, 2019. Beginning July 1, 2019, the fees shall be in accordance with Minnesota Statutes, section 146C.13.

**Sec. 65. STRATIFIED MEDICAL ASSISTANCE REIMBURSEMENT SYSTEM FOR SPOKEN LANGUAGE HEALTH CARE INTERPRETERS.**

(a) The commissioner of human services, in consultation with the commissioner of health, the Spoken Language Health Care Interpreter Advisory Council established under Minnesota Statutes, section 146C.11, and representatives from the interpreting stakeholder community at large, shall study and make recommendations for creating a tiered reimbursement system for the Minnesota public health care programs for spoken language health care interpreters based on the different tiers of the spoken language health care interpreters registry established by the commissioner of health under Minnesota Statutes, chapter 146C.

(b) The commissioner of human services shall submit the proposed reimbursement system, including the fiscal costs for the proposed system to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over health and human services policy and finance by January 15, 2017.

(c) The commissioner of health, in consultation with the Spoken Language Health Care Interpreter Advisory Council, shall review the fees established under Minnesota Statutes, section 146C.13, and make recommendations based on the results of the study and recommendations under paragraph (a) whether the fees are established at an appropriate level, including whether specific fees should be established for each tier of the registry instead of one uniform fee for all tiers. The total fees collected must be sufficient to recover the costs of the spoken language health care registry. If the commissioner recommends different fees for the tiers, the commissioner shall submit the proposed fees to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by January 15, 2018.

**Sec. 66. REPEALER.**

Minnesota Statutes 2014, section 144.058, is repealed effective July 1, 2018.

**ARTICLE 28****HUMAN SERVICES FORECAST ADJUSTMENTS****Section 1. HUMAN SERVICES APPROPRIATION.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2015, chapter 71, article 13, from the general fund or any fund named to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal years ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2016**                      **2017**

**Sec. 2. COMMISSIONER OF HUMAN SERVICES**

**Subdivision 1. Total Appropriation**                      \$    **(615,912,000)**    \$    **(518,891,000)**

**Appropriations by Fund**

<u>General Fund</u>	<u>(307,806,000)</u>	<u>(246,029,000)</u>
<u>Health Care Access Fund</u>	<u>(289,770,000)</u>	<u>(277,101,000)</u>
<u>Federal TANF</u>	<u>(18,336,000)</u>	<u>4,239,000</u>

**Subd. 2. Forecasted Programs****(a) MFIP/DWP****Appropriations by Fund**

<u>General Fund</u>	<u>9,833,000</u>	<u>(8,799,000)</u>
<u>Federal TANF</u>	<u>(20,225,000)</u>	<u>4,212,000</u>

**(b) MFIP Child Care Assistance**                      **(23,094,000)**                      **(7,760,000)**

**(c) General Assistance**    **(2,120,000)**                      **(1,078,000)**

**(d) Minnesota Supplemental Aid**    **(1,613,000)**                      **(1,650,000)**

**(e) Group Residential Housing**    **(8,101,000)**                      **(7,954,000)**

87TH DAY]

MONDAY, APRIL 25, 2016

6443

<u>(f) Northstar Care for Children</u>	<u>2,231,000</u>	<u>4,496,000</u>
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<u>(g) MinnesotaCare</u>	<u>(227,821,000)</u>	<u>(230,027,000)</u>
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These appropriations are from the health care access fund.

(h) Medical Assistance

Appropriations by Fund

<u>General Fund</u>	<u>(294,773,000)</u>	<u>(243,700,000)</u>
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<u>Health Care Access Fund</u>	<u>(61,949,000)</u>	<u>(47,074,000)</u>
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<u>(i) Alternative Care Program</u>	<u>-0-</u>	<u>-0-</u>
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<u>(j) CCDTF Entitlements</u>	<u>9,831,000</u>	<u>20,416,000</u>
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<u>Subd. 3. Technical Activities</u>	<u>1,889,000</u>	<u>27,000</u>
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These appropriations are from the federal TANF fund.

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

**ARTICLE 29**

**HEALTH AND HUMAN SERVICES APPROPRIATIONS**

Section 1. **HEALTH AND HUMAN SERVICES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2015, chapter 71, article 14, to the agencies and for the purposes specified in this act. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this act mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2016, are effective the day following final enactment unless a different effective date is explicit.

**APPROPRIATIONS**

**Available for the Year**

**Ending June 30**

**2016**

**2017**

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**



unspent funds during the previous fiscal year. The commissioner shall not use funds appropriated for administrative costs.

**Request for Information.** \$165,000 in fiscal year 2017 is for transfer to the commissioner of management and budget to develop a request for information on a privatized state-based marketplace model. This is a onetime transfer.

**Base Adjustment.** The general fund base is decreased by \$2,206,000 in fiscal year 2018 and \$2,287,000 in fiscal year 2019. The state government special revenue fund base is decreased by \$3,709,000 in fiscal year 2018 and \$3,709,000 in fiscal year 2019. The health care access fund base is increased by \$905,000 in fiscal year 2018 and \$468,000 in fiscal year 2019.

**(b) Children and Families**

-0-

132,000

**Base Adjustment.** The general fund base is decreased by \$132,000 in fiscal years 2018 and 2019.

**(c) Health Care**

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>1,186,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>25,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>550,000</u>

**Spoken Language Health Care Interpreters Reimbursement System Study.** \$25,000 is from the state government special revenue fund to study and submit a proposed stratified medical assistance reimbursement system for spoken language health care interpreters. This is a onetime appropriation.

**Base Adjustment.** The general fund base is decreased by \$187,000 in fiscal year 2018 and \$187,000 in fiscal year 2019. The state government special revenue fund base is

decreased by \$25,000 in fiscal year 2018 and \$25,000 in fiscal year 2019. The health care access fund base is increased by \$2,948,000 in fiscal year 2018 and \$2,991,000 in fiscal year 2019.

**(d) Continuing Care**

-0-

534,000

**Study of Home and Community-Based Services Workforce.** \$414,000 in fiscal year 2017 is to complete a study of home and community-based services workforce and its impact on service access. In addition to the data collected under Minnesota Statutes, section 256B.4912, subdivision 11, the commissioner may also use surveys or other methods to complete this study. On January 1, 2018, the commissioner shall report the findings of the study, including recommendations on how to address access to services, and recommendations on a higher reimbursement rate for staff providing services to individuals with higher home care ratings, case mixes, or levels of care, to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance and labor and industry. The general fund base for this appropriation is \$621,000 in fiscal year 2018 and zero in fiscal year 2019.

**Base Adjustment.** The general fund base is increased by \$447,000 in fiscal year 2018 and decreased by \$174,000 in fiscal year 2019.

**(e) Community Supports**

-0-

134,000

**Base Adjustment.** The general fund base is increased by \$469,000 in fiscal year 2018 and \$429,000 in fiscal year 2019.

**Subd. 3. Forecasted Programs**

**(a) MFIP Child Care Assistance**

-0-

4,973,000

**(b) Northstar Care for Children**

-0-

8,802,000

**(c) MinnesotaCare**

-0-

2,108,000

This appropriation is from the health care access fund.

**(d) Medical Assistance**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>-0-</u>	<u>34,004,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>277,000</u>

**(e) Consolidated Chemical Dependency Treatment Fund**

-0-                      5,897,000

**CCDTF Transfer.** In fiscal year 2017, the commissioner shall transfer \$2,000,000 from the consolidated chemical dependency treatment fund administrative account in the special revenue fund to the general fund. This is a onetime transfer.

**Subd. 4. Grant Programs**

**(a) BSF Child Care Assistance Grants**                      -0-                      3,137,000

**Base Adjustment.** The general fund base is increased by \$4,258,000 in fiscal year 2018 and \$4,258,000 in fiscal year 2019.

**(b) Child Care Development Grants**                      -0-                      1,500,000

**Increased Access to Affordable Child Care in Greater Minnesota.** \$1,500,000 in fiscal year 2017 is from the general fund for grants of \$250,000 to each of the six Minnesota Initiative Foundations to increase access to affordable child care in greater Minnesota. Grant funds may be used to increase child care provider training and professional development; support legal nonlicensed family, friend, and neighbor child care providers; provide potential and current child care providers with licensing, financial, and technical assistance; help child care providers become rated under the Parent Aware quality rating system; and strengthen local capacity and increase the availability of affordable high-quality child care in each region. This is a onetime appropriation.

**Base Adjustment.** The general fund base is decreased by \$1,500,000 in fiscal year 2018 and \$1,500,000 in fiscal year 2019.

**(c) Children's Services Grants**

-0-

1,860,000

**American Indian Child Welfare Initiative.** \$800,000 in fiscal year 2017 is for planning efforts to expand the American Indian Child Welfare Initiative authorized under Minnesota Statutes, section 256.01, subdivision 14b. Of this appropriation, \$400,000 is for grants to the Mille Lacs Band of Ojibwe and \$400,000 is for grants to the Red Lake Nation. This is a onetime appropriation.

**Base Adjustment.** The general fund base is decreased by \$860,000 in fiscal year 2018 and \$860,000 in fiscal year 2019.

**(d) Child and Community Service Grants**

-0-

1,900,000

**White Earth Band of Ojibwe Human Services Initiative Project.** \$1,400,000 in fiscal year 2017 is for a grant to the White Earth Band of Ojibwe for the direct implementation and administrative costs of the White Earth Human Service Initiative Project authorized under Laws 2011, First Special Session chapter 9, article 9, section 18.

**Red Lake Nation Human Services Initiative Project.** \$500,000 in fiscal year 2017 is for a grant to the Red Lake Nation for the direct implementation and administrative costs of the Red Lake Human Service Initiative Project authorized under Minnesota Statutes, section 256.01, subdivision 2, paragraph (a), clause (7).

**(e) Child and Economic Support Grants**

-0-

1,500,000

**Safe Harbor for Sexually Exploited Youth.** \$500,000 in fiscal year 2017 is for emergency shelter and transitional and long-term housing beds for sexually exploited youth and youth at risk of sexual exploitation. The base for



this appropriation is \$625,000 in fiscal year 2018 and \$625,000 in fiscal year 2019. The commissioner shall not use any portion of this appropriation nor of the base amounts in fiscal year 2018 and fiscal year 2019 for administrative costs.

**Crisis Nursery Services.** \$60,000 in fiscal year 2017 is for a grant to an organization in Minneapolis that provides free, voluntary crisis nursery services for families in crisis 24 hours per day, 365 days per year; crisis counseling; overnight residential child care; a 24-hour crisis hotline; and parent education to provide a trauma-informed continuum of care for families living in poverty, to continue efforts to prevent child abuse and neglect, and to develop practices that can be shared with organizations around the state to reduce child abuse and neglect. This is a onetime appropriation and is available until June 30, 2019.

**Base Level Adjustment.** The general fund base is increased by \$375,000 in fiscal year 2018 and \$375,000 in fiscal year 2019.

**(f) Adult Mental Health Grants**

-0-

200,000

**Adult Mental Illness Crisis Housing Assistance Program.** The general fund appropriation for the adult mental illness crisis housing assistance program is decreased by \$300,000 in fiscal year 2017. The general fund appropriation is increased by \$300,000 in fiscal year 2017 for expanding eligibility to include persons with serious mental illness under Minnesota Statutes, section 245.99, subdivision 2.

**Integrated Behavioral Health Care Coordination Demonstration Project.** \$200,000 in fiscal year 2017 is for a grant to the Zumbro Valley Health Center. The grant shall be used to continue a pilot project to test an integrated behavioral health care coordination model. The grant recipient must report measurable outcomes to the commissioner of human services

by December 1, 2018. This is a onetime appropriation and is available until June 30, 2018.

**Base Adjustment.** The general fund base is decreased by \$200,000 in fiscal year 2018 and is decreased by \$200,000 in fiscal year 2019.

**(g) Child Mental Health Grants**

-0-

2,500,000

**Child and Adolescent Behavioral Health Services Grant.** The child mental health grants base includes \$1,500,000 in fiscal year 2018 and \$1,500,000 in fiscal year 2019 for children's mental health grants to sustain extended-stay inpatient psychiatric hospital services for children and adolescents under Minnesota Statutes, section 245.4889, subdivision 1, paragraph (a), clause (17).

**School-Linked Mental Health Grants.** \$1,500,000 in fiscal year 2017 is for children's mental health grants under Minnesota Statutes, section 245.4889, subdivision 1, paragraph (b), clause (8), for current grantees to expand services to school buildings, school districts, or counties that do not have school-linked mental health available, and to provide training to grantees on the use of evidence-based practices. The general fund base for this appropriation is \$2,250,000 in fiscal year 2018 and \$2,250,000 in fiscal year 2019. The amount in fiscal year 2019 shall be awarded through a competitive process open to all eligible grantees as part of a new grant cycle. This appropriation does not include additional administrative money.

**Children's Mental Health Collaboratives; Youth and Young Adult Mental Health Demonstration Project.** \$1,000,000 in fiscal year 2017 is for a grant to a children's mental health collaborative under Minnesota Statutes, section 245.493, that serves Kandiyohi, McLeod, Meeker, Renville, and Yellow Medicine Counties for a rural demonstration project to assist transition-aged youth and young adults with emotional behavioral disturbance (EBD)

or mental illnesses in making a successful transition into adulthood. This is a onetime appropriation and is available until June 30, 2019.

**Base Adjustment.** The general fund base is increased by \$1,250,000 in fiscal years 2018 and 2019.

**Subd. 5. DCT State-Operated Services**

<b>(a) <u>DCT State-Operated Services Mental Health</u></b>	<u>-0-</u>	<u>30,942,000</u>
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**Restore Funds Transferred to Minnesota State-Operated Community Services.** \$14,000,000 in fiscal year 2017 is to restore funds transferred to the enterprise fund for state-operated community services in fiscal year 2016. This is a onetime appropriation.

**Community Behavioral Health Hospitals Full Capacity Staffing.** \$13,723,000 in fiscal year 2017 is to increase staffing to a level sufficient to operate the community behavioral health hospitals at full licensed capacity. The base for this appropriation is \$16,450,000 in fiscal year 2018 and \$16,450,000 in fiscal year 2019.

**Anoka Metro Regional Treatment Center Nursing Float Pool.** \$788,000 in fiscal year 2017 is for a nursing float pool for weekend coverage at the Anoka Metro Regional Treatment Center. The base for this appropriation is \$1,526,000 in fiscal year 2018 and \$1,526,000 in fiscal year 2019.

**Anoka Metro Regional Treatment Center Increased Clinical Oversight.** \$336,000 in fiscal year 2017 is for increased clinical oversight at the Anoka Metro Regional Treatment Center. The base for this appropriation is \$632,000 in fiscal year 2018 and \$632,000 in fiscal year 2019.

**Child and Adolescent Behavioral Health Services Closure.** The child and adolescent behavioral health services program in Willmar shall discontinue operations no later than June 30, 2017.

**Base Adjustment.** The general fund base is decreased by \$12,852,000 in fiscal year 2018 and \$13,715,000 in fiscal year 2019.

**(b) DCT State-Operated Services Enterprise Services**

-0-                      3,000,000

**State-Operated Community Services.** \$3,000,000 in fiscal year 2017 is for the Minnesota state-operated community services program. This is a onetime appropriation. The commissioner must transfer \$3,000,000 in fiscal year 2017 to the enterprise fund for Minnesota state-operated community services. This is a onetime transfer.

**Base Adjustment.** The general fund base is decreased by \$3,000,000 in fiscal year 2018 and \$3,000,000 in fiscal year 2019.

**(c) DCT State-Operated Services Minnesota Security Hospital**

-0-                      17,754,000

**Competency Restoration Program.** \$6,296,000 in fiscal year 2017 is for the development of a new residential competency restoration program to be operated by state-operated forensic services. The commissioner shall use this appropriation to make available 20 hospital beds at Anoka Metro Regional Treatment Center and 12 secure beds at the Minnesota Security Hospital.

**Base Adjustment.** The general fund base is increased by \$3,169,000 in fiscal year 2018 and \$3,169,000 in fiscal year 2019.

**Subd. 6. DCT Minnesota Sex Offender Program**

-0-                      3,807,000

**Base Adjustment.** The general fund base is decreased by \$1,306,000 in fiscal year 2018 and \$1,306,000 in fiscal year 2019.

**Sec. 3. COMMISSIONER OF HEALTH**

**Subdivision 1. Total Appropriation**

\$                      -0- \$                      4,709,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>-0-</u>	<u>1,291,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>873,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>2,545,000</u>

The appropriations for each purpose are shown in the following subdivisions.

**Subd. 2. Health Improvement**

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>1,067,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>2,545,000</u>

**Medical Cannabis Patient Registry.** \$50,000 in fiscal year 2017 is from the general fund for updates to the medical cannabis patient registry. This is a onetime appropriation.

**Health Care System Study.** \$500,000 in fiscal year 2017 is from the health care access fund for a health care system study. This is a onetime appropriation and is available until June 30, 2018.

**Safe Harbor for Sexually Exploited Youth.** \$500,000 in fiscal year 2017 is from the general fund for trauma-informed, culturally specific services for exploited youth. The base for this appropriation is \$625,000 in fiscal year 2018 and \$625,000 in fiscal year 2019. Neither the appropriation in fiscal year 2017 nor the base amounts in fiscal years 2018 and 2019 may be used for administration.

**Greater Minnesota Family Medicine Residency.** \$1,035,000 in fiscal year 2017 is from the health care access fund for the greater Minnesota family medicine residency grant program under Minnesota Statutes, section 144.1912. The commissioner may use up to \$35,000 for administration.

**Health Care Grants for Uninsured Individuals.** (a) \$50,000 in fiscal year 2017

is from the health care access fund for dental provider grants in Minnesota Statutes, section 145.929, subdivision 1.

(b) \$175,000 in fiscal year 2017 is from the health care access fund for community mental health program grants in Minnesota Statutes, section 145.929, subdivision 2.

(c) \$600,000 in fiscal year 2017 is from the health care access fund for the emergency medical assistance outlier grant program in Minnesota Statutes, section 145.929, subdivision 3.

(d) \$175,000 in fiscal year 2017 is from the health care access fund for community health center grants under Minnesota Statutes, section 145.9269. A community health center that receives a grant from this appropriation is not eligible for a grant under paragraph (b).

**Statewide School-Based Sealant Grant Program.** \$517,000 in fiscal year 2017 is from the general fund to implement the statewide school-based sealant program under Minnesota Statutes, section 144.0615. The base for this appropriation is \$615,000 in fiscal year 2018 and \$717,000 in fiscal year 2019.

**Base Adjustment for Early Dental Prevention Initiative.** The general fund base for the early dental prevention initiative is increased by \$64,000 in fiscal year 2018 and \$64,000 in fiscal year 2019. The commissioner shall not use any portion of this base increase for administration. This paragraph does not expire.

**Base-Level Adjustments.** The general fund base is increased by \$237,000 in fiscal year 2018 and \$339,000 in fiscal year 2019. The health care access fund base is decreased by \$510,000 in fiscal year 2018 and \$510,000 in fiscal year 2019.

Subd. 3. Health Protection

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>224,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>873,000</u>

**Drinking Water Revolving Fund.** \$230,000 in fiscal year 2017 is from the general fund for administration of the drinking water revolving fund.

**Quality of Care Complaints.** \$180,000 in fiscal year 2017 is from the state government special revenue fund for managed care organization quality of care complaint investigations. This is a onetime appropriation.

**Spoken Language Health Care Interpreter Registry.** \$358,000 is from the state government special revenue fund for the spoken language health care interpreter registry and registration activities under Minnesota Statutes, chapter 146C. Of this amount, \$280,000 is for onetime start-up costs for the registry and is available until June 30, 2019. The base for this appropriation is \$241,000 in fiscal year 2018 and \$156,000 in fiscal year 2019.

**Clinical Lactation Services Licensing.** \$174,000 in fiscal year 2017 is from the state government special revenue fund for clinical lactation services licensure activities under Minnesota Statutes, sections 148.9801 to 148.9812. The base for this appropriation is \$54,000 in fiscal year 2018 and \$54,000 in fiscal year 2019.

**Base Level Adjustment.** The state government special revenue fund base is decreased by \$636,000 in fiscal year 2018 and \$658,000 in fiscal year 2019.

#### Sec. 4. **HEALTH-RELATED BOARDS**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>195,000</u></b>	<b><u>\$</u></b>	<b><u>609,000</u></b>
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This appropriation is from the state government special revenue fund.

Subd. 2. <u>Board of Dentistry</u>	<u>(850,000)</u>	<u>(864,000)</u>
Subd. 3. <u>Board of Marriage and Family Therapy</u>	<u>40,000</u>	<u>50,000</u>
Subd. 4. <u>Board of Medical Practice</u>	<u>-0-</u>	<u>22,000</u>

**Genetic Counselor Licensing.** \$22,000 in fiscal year 2017 is from the state government special revenue fund for genetic counselor licensure activities under Minnesota Statutes, chapter 147F.

Subd. 5. <u>Board of Nursing</u>	<u>-0-</u>	<u>257,000</u>
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**Massage and Bodywork Therapist Registration.** \$257,000 in fiscal year 2017 is from the state government special revenue fund for massage and bodywork therapist registration activities under Minnesota Statutes, sections 148.982 to 148.9885. The base appropriation in fiscal year 2018 is \$275,000 and \$276,000 in fiscal year 2019.

**Base Level Adjustment.** The state government special revenue fund base is increased by \$18,000 in fiscal year 2018 and \$19,000 in fiscal year 2019.

Subd. 6. <u>Board of Pharmacy</u>	<u>115,000</u>	<u>145,000</u>
Subd. 7. <u>Board of Physical Therapy</u>	<u>890,000</u>	<u>924,000</u>

**Health Professional Services Program.** Of this appropriation, \$850,000 in fiscal year 2016 and \$864,000 in fiscal year 2017 are from the state government special revenue fund for the health professional services program.

Subd. 8. <u>Board of Podiatric Medicine</u>	<u>-0-</u>	<u>75,000</u>
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**Orthotist, Prosthetist, and Pedorthist Licensing.** \$75,000 in fiscal year 2017 is from the state government special revenue fund for licensure activities under the Minnesota Orthotists, Prosthetist, and Pedorthist Practice Act, Minnesota Statutes, chapter 153B. The base appropriation is \$112,000 in fiscal year 2018 and \$112,000 in fiscal year 2019.





education; education excellence; special education; education facilities; nutrition; state education agencies; health and human services; making certain appropriations adjustments; modifying disposition of certain revenues; requiring studies and reports; providing rulemaking authority; amending Minnesota Statutes 2014, sections 13.321, by adding a subdivision; 13.3805, by adding a subdivision; 13.3806, subdivision 22; 13.43, subdivision 6; 16B.33, subdivisions 3, 4; 16C.10, subdivision 6; 16C.16, subdivisions 6, 7, 11, by adding a subdivision; 16E.0466; 16E.21, subdivision 2, by adding subdivisions; 17.117, subdivisions 4, 11a; 41A.12, subdivision 2; 62D.04, subdivision 1; 62D.08, subdivision 3; 62J.495, subdivision 4; 62J.496, subdivision 1; 62J.497, subdivisions 1, 3; 62M.02, subdivisions 12, 14, 15, 17, by adding subdivisions; 62M.05, subdivisions 3a, 3b; 62M.06, subdivisions 2, 3; 62M.07; 62M.09, subdivision 3; 62M.11; 62Q.81, subdivision 4; 62V.05, subdivision 2; 84.091, subdivision 2; 84.798, subdivision 2; 84.8035; 85.015, subdivision 13; 89.0385; 93.0015, subdivision 3; 93.2236; 94.3495, subdivisions 2, 3, 7; 97A.405, subdivision 2; 97A.465, by adding a subdivision; 115B.48, by adding a subdivision; 115B.50, subdivision 3, by adding a subdivision; 115C.13; 115E.042; 116J.396, subdivision 2; 116J.423; 116J.424; 116J.68; 116L.99; 116M.14, subdivisions 2, 4, by adding subdivisions; 116M.15, subdivision 1; 116M.17, subdivisions 2, 4; 116M.18; 119B.13, subdivision 1; 120B.021, subdivisions 1, 3; 120B.115; 120B.232; 120B.30, subdivision 2, by adding a subdivision; 120B.31, by adding a subdivision; 120B.35; 120B.36, as amended; 122A.61, by adding a subdivision; 122A.63, subdivision 1; 122A.74; 123B.04, subdivision 2, by adding a subdivision; 123B.53, subdivision 5; 123B.535; 124D.091, subdivisions 2, 3; 124D.1158, subdivisions 3, 4; 124D.135, subdivision 6, by adding subdivisions; 124D.55; 124D.59, by adding a subdivision; 124D.68, subdivision 2; 126C.05, subdivision 3; 126C.10, subdivisions 2d, 24; 127A.45, subdivision 6a; 136A.101, subdivisions 5a, 10; 144A.75, subdivisions 5, 6, 8, by adding a subdivision; 145.4716, subdivision 2, by adding a subdivision; 152.27, subdivision 2, by adding a subdivision; 152.33, by adding a subdivision; 161.368; 165.14, subdivision 6; 168.017, by adding a subdivision; 168A.29, subdivision 1; 169.345, subdivision 2; 171.06, subdivision 2; 171.07, by adding a subdivision; 174.185; 174.30, subdivisions 1, 4a, 8, by adding a subdivision; 179A.041, by adding subdivisions; 198.03, subdivisions 2, 3; 214.075, subdivision 3; 216B.2424, subdivision 5a; 216B.62, subdivision 2, by adding a subdivision; 219.015; 219.1651; 222.49; 222.50, subdivision 6; 237.012, subdivision 1; 245.99, subdivision 2; 245A.10, subdivisions 2, 4, 8; 245C.03, by adding a subdivision; 245C.04, subdivision 1; 245C.05, subdivisions 2b, 4, 7; 245C.08, subdivisions 2, 4; 245C.11, subdivision 3; 245C.17, subdivision 6; 245C.23, subdivision 2; 246.50, subdivision 7; 246.54, as amended; 246B.01, subdivisions 1b, 2b; 246B.035; 246B.10; 254B.01, subdivision 4a; 254B.03, subdivision 4; 254B.04, subdivision 2a; 254B.06, subdivision 2, by adding a subdivision; 256B.04, subdivision 14; 256B.057, by adding a subdivision; 256B.059, subdivisions 1, 2, 3, by adding a subdivision; 256B.06, subdivision 4; 256B.0621, subdivision 10; 256B.0622, by adding a subdivision; 256B.0625, subdivisions 30, 34, by adding subdivisions; 256B.0924, by adding a subdivision; 256B.0949; 256B.15, subdivisions 1, 1a, 2; 256B.4912, by adding a subdivision; 256B.4914, subdivisions 5, 11; 256B.69, subdivision 6; 256B.761; 256D.051; 256L.01, subdivision 1a; 256L.04, subdivisions 1, 1a, 2, 7; 256L.07, subdivision 1; 256L.11, subdivision 7; 256N.26, subdivision 3; 260C.451, by adding a subdivision; 297B.01, subdivision 16; 297H.13, subdivision 2; 299A.41, subdivisions 3, 4; 299A.55; 299D.03, subdivision 5; 327.14, subdivision 8; 353.01, subdivision 43; 360.013, by adding a subdivision; 360.075, subdivisions 1, 2; 360.55, by adding a subdivision; 473.121, subdivision 2; 473.845, subdivision 1; 518.175, subdivision 5; 518A.34; 518A.35, subdivision 1; 518A.36; 609.3241; 626.556, subdivisions 3e, 10f; Minnesota Statutes 2015 Supplement, sections 16A.724, subdivision 2; 16C.16, subdivision 6a; 16C.19; 41A.14, subdivisions 1, 2; 41A.15, subdivision 10, by adding subdivisions; 41A.16,

subdivision 1; 41A.17, subdivisions 1, 2; 41A.18, subdivision 1; 62U.04, subdivision 11; 116D.04, subdivision 2a; 116J.394; 120A.41; 120B.021, subdivision 4; 120B.31, subdivision 4; 120B.36, subdivision 1; 122A.21, subdivision 2; 122A.415, subdivision 4; 122A.61, subdivision 1; 123B.595, subdivision 1; 124D.231, subdivision 2; 124D.59, subdivision 2; 124E.10, by adding a subdivision; 125A.08; 125A.11, subdivision 1; 125A.21, subdivision 3; 125A.76, subdivision 2c; 125A.79, subdivision 1; 126C.05, subdivision 1; 126C.10, subdivision 13a; 127A.47, subdivision 7; 136A.246, by adding subdivisions; 136A.87; 144.061; 144.4961, subdivisions 3, 4, 5, 6, 8, by adding a subdivision; 144A.75, subdivision 13; 174.30, subdivisions 4, 10; 222.50, subdivision 7; 245.4889, subdivision 1; 245.735, subdivisions 3, 4; 245C.08, subdivision 1; 245D.03, subdivision 1; 254B.05, subdivision 5; 256B.059, subdivision 5; 256B.0625, subdivisions 17, 17a, 18a, 20, 31, 58; 256B.441, subdivisions 30, 66; 256B.4913, subdivision 4a; 256B.4914, subdivisions 10, 14, 15; 256B.76, subdivisions 1, 2, 4; 256B.766; 256L.01, subdivision 5; 256L.03, subdivision 5; 256L.04, subdivision 7b; 256L.05, subdivision 3a; 256L.06, subdivision 3; 256L.15, subdivisions 1, 2; 256M.41, subdivision 3; 256P.06, subdivision 3; 260C.203; 260C.212, subdivisions 1, 14; 260C.215, subdivision 4; 260C.451, subdivision 6; 260C.521, subdivision 1; 518A.26, subdivision 14; 518A.39, subdivision 2; 626.556, subdivisions 2, 3c, 10b; Laws 1994, chapter 643, section 15, subdivision 8; Laws 2000, chapter 486, section 4, as amended; Laws 2011, First Special Session chapter 11, article 4, section 8; Laws 2012, chapter 263, sections 1, as amended; 2; Laws 2013, chapter 108, article 14, section 2, subdivision 1, as amended; Laws 2014, chapter 198, article 2, section 2; Laws 2014, chapter 312, article 11, sections 10; 11; 13; 16; 18; article 12, section 6, subdivision 5, as amended; Laws 2015, chapter 71, article 8, section 24; article 14, sections 4, subdivision 3; 9; Laws 2015, chapter 75, article 1, sections 1; 3, subdivisions 1, 2, 3; 4; 5, subdivisions 1, 2, 3; Laws 2015, chapter 77, article 1, section 3; Laws 2015, First Special Session chapter 1, article 1, sections 3, subdivisions 5, 6, 10; 4; 6; 8, subdivisions 1, 7; 9; Laws 2015, First Special Session chapter 3, article 1, section 27, subdivisions 2, 4, 5, 6, 7, 9; article 2, section 70, subdivisions 2, 3, 4, 5, 6, 7, 9, 11, 12, 15, 19, 21, 24, 26; article 3, section 15, subdivision 3; article 4, sections 4; 9, subdivision 2; article 5, section 30, subdivisions 2, 3, 5; article 6, section 13, subdivisions 2, 3, 6, 7; article 7, section 7, subdivisions 2, 3, 4; article 9, section 8, subdivisions 5, 6, 7, 9; article 10, section 3, subdivisions 2, 6, 7; article 11, section 3, subdivisions 2, 3; article 12, section 4, subdivision 2; Laws 2015, First Special Session chapter 4, article 1, sections 2, subdivision 4; 5; article 3, sections 2, subdivision 4; 3, subdivision 5; article 4, section 131; proposing coding for new law in Minnesota Statutes, chapters 13; 16C; 17; 41A; 62D; 62Q; 62V; 86B; 103F; 116J; 116L; 120B; 122A; 124D; 125B; 136A; 136F; 144; 148; 168; 168A; 198; 219; 256B; 260C; 260D; 325F; 360; 462A; 626; proposing coding for new law as Minnesota Statutes, chapters 146C; 147F; 153B; repealing Minnesota Statutes 2014, sections 144.058; 256B.059, subdivision 1a; 256L.04, subdivisions 2a, 8; 256L.22; 256L.24; 256L.26; 256L.28; Minnesota Statutes 2015 Supplement, section 115B.48, subdivision 9; Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 8."

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

## SECOND READING OF SENATE BILLS

S.F. No. 2356 was read the second time.

## INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time.

**Senators Dibble and Kent introduced—**

**S.F. No. 3589:** A bill for an act relating to transportation; authorizing and governing implementation of requirements of the federal REAL ID Act; amending certain requirements governing driver's licenses and Minnesota identification cards; amending certain fees; requiring legislative reporting; requiring rulemaking; appropriating money; amending Minnesota Statutes 2014, sections 171.017, subdivisions 1, 2; 171.06, subdivisions 1, 3, by adding a subdivision; 171.07, subdivisions 1, 3, 4, 9a; 171.072; 171.12, by adding subdivisions; 171.27; proposing coding for new law in Minnesota Statutes, chapter 171; repealing Laws 2009, chapter 92, section 1, as amended.

Referred to the Committee on Transportation and Public Safety.

**MEMBERS EXCUSED**

Senators Ortman, Senjem and Sparks were excused from the Session of today. Senator Cohen was excused from the Session of today from 11:00 a.m. to 1:45 p.m. Senators Bonoff and Champion were excused from the Session of today at 12:40 p.m. Senator Franzen was excused from the Session of today from 12:45 to 12:55 p.m. Senator Pederson was excused from the Session of today at 1:45 p.m. Senator Westrom was excused from the Session of today at 2:15 p.m.

**ADJOURNMENT**

Senator Bakk moved that the Senate do now adjourn until 11:00 a.m., Tuesday, April 26, 2016. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate