

NINETIETH DAY

St. Paul, Minnesota, Thursday, April 7, 2022

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

CALL OF THE SENATE

Senator Koran 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. Emily Newton.

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 were present:

Abeler	Draheim	Ingebrigtsen	Marty	Rosen
Anderson	Duckworth	Isaacson	Mathews	Ruud
Bakk	Dziedzic	Jasinski	McEwen	Senjem
Benson	Eaton	Johnson	Miller	Tomassoni
Bigham	Eichorn	Johnson Stewart	Murphy	Torres Ray
Carlson	Eken	Kent	Nelson	Utke
Chamberlain	Fateh	Kiffmeyer	Newman	Weber
Champion	Frentz	Klein	Newton	Westrom
Clausen	Gazelka	Koran	Osmek	Wiger
Coleman	Goggin	Kunesh	Port	Wiklund
Cwodzinski	Hawj	Lang	Pratt	
Dahms	Hoffman	Latz	Putnam	
Dibble	Housley	Limmer	Rarick	
Dornink	Howe	López Franzen	Rest	

Pursuant to Rule 14.1, the President announced the following members intend to vote under Rule 40.7: Eaton, Eken, Fateh, and Tomassoni.

The President declared a quorum present.

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

REPORTS OF COMMITTEES

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

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

S.F. No. 3975: A bill for an act relating to state government; specifying the performance of legal services by the Office of the Attorney General; designating a state fossil; modifying provisions related to the legislative budget office; precluding adoption of certain rules; requiring amendment to certain rules; precluding enforcing unadopted rules; establishing standard time year round beginning in 2030 if year round daylight saving time is not allowed; modifying renewable energy requirements for state-funded construction projects; requiring study of the a center for amateur sports and training in Dakota County; authorizing the executive director of the Legislative Coordinating Commission to enter contracts; modifying enabling statute for Legislative Salary Council and Mississippi River Parkway Commission; increasing fiscal safeguards for state grants to nonprofit organizations; modifying Board of Cosmetologist Examiners provisions; making new rules inapplicable to previously authorized electronic pull-tab devices, games, and systems; adding to acceptable uses of the breeders fund; expanding eligibility for long-term equity investment for local governments; extending the sunset date of the Capitol Area Security Advisory Committee; authorizing separation and retention incentive programs for employees of the Department of Iron Range Resources and Rehabilitation; changing a reinstatement provision for certified public accountants; repealing procedures related to the automatic revocation of certain public accountant certificates; repealing the Candidate Advisory Commission for Minnesota State Colleges and Universities Board of Trustees; limiting certain types of contributions that grant; decreasing certain registration thresholds; classifying data in the statewide voter registration system; modifying provisions related to sample ballots and applications; prohibiting local governments from accepting certain contributions for election expenses; modifying various provisions related to voting and absentee voting; amending requirements on releasing vote totals; appropriating money; requiring a report; making technical and conforming changes; amending Minnesota Statutes 2020, sections 3.303, subdivision 6; 3.8853, subdivision 4, by adding a subdivision; 3.98, subdivision 1; 10A.01, subdivision 10; 10A.105, subdivision 1; 10A.14, subdivision 1; 10A.20, subdivision 6; 10A.25, subdivision 2; 10A.273, subdivision 1; 13.607, by adding a subdivision; 13.64, subdivisions 3, 4; 15A.0825, subdivisions 1, 2, 3; 16B.32, subdivision 1a; 16B.325, subdivision 1; 16B.98, subdivision 8; 116.07, subdivision 2, by adding a subdivision; 118A.09, subdivisions 1, 2; 136F.02, subdivision 1; 155A.20; 155A.23, subdivisions 8, 11, 18, by adding a subdivision; 155A.25, subdivision 1a; 155A.27, subdivisions 1, 5a, 6, 7, 10, by adding a subdivision; 155A.271, subdivision 1; 155A.29, subdivisions 1, 4; 155A.30, subdivisions 2, 3, 4, 6, 11; 161.1419, subdivision 2; 201.022, by adding a subdivision; 201.091, subdivisions 4, 4a, by adding a subdivision; 201.121, subdivision 1; 203B.07, subdivisions 1, 2, 3; 203B.081, subdivision 1; 203B.121, subdivision 5, by adding subdivisions; 203B.21, subdivisions 1, 3; 203B.23, subdivision 2; 204B.32, by adding a subdivision; 204B.36, subdivision 1; 204C.19, subdivision 3; 204D.16; 206.83; 299E.04, subdivision 5; 326A.09; 349.151, subdivision 4d; 349.1721, subdivisions 1, 2; Minnesota Statutes 2021 Supplement, sections 203B.08, subdivision 1; 203B.082; 203B.121, subdivisions 1, 4; 203B.24, subdivision 1; 206.805, subdivision 1; 240.131, subdivision 7; Laws 2021, First Special Session chapter 12, article 1, section 6; proposing coding for new law in Minnesota Statutes, chapters 1; 8; 14; 15; 16B; 118A; 203B; 211B; 645; repealing Minnesota Statutes 2020, sections 13.607, subdivision 6; 136F.03; 201.091, subdivision 9; 326A.04, subdivision 11; 645.071; Minnesota Rules, parts 7023.0150; 7023.0200; 7023.0250; 7023.0300.

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

Page 3, after line 18, insert:

"Sec. 4. <u>MILITARY AFFAIRS</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>2,000,000</u>
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\$2,000,000 in fiscal year 2023 is for enlistment incentives. The base for this appropriation is increased by \$1,000,000 in fiscal year 2024 and each fiscal year thereafter.

Sec. 5. <u>VETERANS AFFAIRS</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>16,554,000</u>
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For transfer to the commissioner of administration for the design, construction, and equipping of site and building improvements at the Bemidji, Montevideo, and Preston state veterans home building projects. This appropriation may also be utilized for furniture, fixtures, and equipment. Of this amount, \$4,354,000 is for the Bemidji state veterans home, \$5,272,000 is for the Montevideo state veterans home, and \$6,928,000 is for the Preston state veterans home. This is a onetime appropriation."

Page 3, after line 28, insert:

"Sec. 7. NEW VETERANS HOMES; BEMIDJI, MONTEVIDEO, AND PRESTON; APPROPRIATION.

(a) \$10,329,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of administration for new veterans homes in Bemidji, Montevideo, and Preston. This appropriation is in addition to the appropriation for the same purposes in Laws 2018, chapter 214, article 1, section 19, subdivision 3, and is available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

(b) \$2,389,000 of this appropriation is to design, construct, furnish, and equip the veterans home in Bemidji.

(c) \$6,955,000 of this appropriation is to design, construct, furnish, and equip the veterans home in Montevideo.

(d) \$985,000 of this appropriation is to design, construct, furnish, and equip the veterans home in Preston.

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

Page 4, before line 1, insert:

"ARTICLE 2**TRANSPORTATION AND PUBLIC SAFETY APPROPRIATIONS**

Section 1. Laws 2021, First Special Session chapter 5, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. Multimodal Systems**(a) Aeronautics**

(1) Airport Development and Assistance 24,198,000 18,598,000

Appropriations by Fund

	2022	2023
General	5,600,000	-0-
Airports	18,598,000	18,598,000

This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

\$5,600,000 in fiscal year 2022 is from the general fund for a grant to the city of Karlstad for the acquisition of land, predesign, design, engineering, and construction of a primary airport runway.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after the year of the appropriation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

If the commissioner of transportation determines that a balance remains in the state airports fund following the appropriations made in this article and that the appropriations made are insufficient for advancing airport development and assistance projects, an amount necessary to advance the projects, not to exceed the balance in the state airports fund, is appropriated in each year to the commissioner and must be spent according to Minnesota Statutes, section 360.305, subdivision 4. Within two weeks of a determination under this contingent

appropriation, the commissioner of transportation must notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance concerning the funds appropriated. Funds appropriated under this contingent appropriation do not adjust the base for fiscal years 2024 and 2025.

(2) Aviation Support Services 8,332,000 8,340,000

Appropriations by Fund

	2022	2023
General	1,650,000	1,650,000
Airports	6,682,000	6,690,000

\$28,000 in fiscal year 2022 and \$36,000 in fiscal year 2023 are from the state airports fund for costs related to regulating unmanned aircraft systems.

(3) Civil Air Patrol 80,000 80,000

This appropriation is from the state airports fund for the Civil Air Patrol.

(b) Transit and Active Transportation 23,501,000 18,201,000

This appropriation is from the general fund.

\$5,000,000 in fiscal year 2022 is for the active transportation program under Minnesota Statutes, section 174.38. This is a onetime appropriation and is available until June 30, 2025.

\$300,000 in fiscal year 2022 is for a grant to the 494 Corridor Commission. The commissioner must not retain any portion of the funds appropriated under this section. The commissioner must make grant payments in full by December 31, 2021. Funds under this grant are for programming and service expansion to assist companies and commuters in telecommuting efforts and promotion of best practices. A grant recipient must provide telework resources, assistance, information, and related activities on a

statewide basis. This is a onetime appropriation.

(c) Safe Routes to School 5,500,000 ~~500,000~~ 1,500,000

This appropriation is from the general fund for the safe routes to school program under Minnesota Statutes, section 174.40.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The base is \$3,000,000 in fiscal year 2024 and \$11,000,000 in fiscal year 2025.

(d) Passenger Rail 10,500,000 ~~500,000~~ -0-

This appropriation is from the general fund for passenger rail activities under Minnesota Statutes, sections 174.632 to 174.636.

\$10,000,000 in fiscal year 2022 is for final design and construction to provide for a second daily Amtrak train service between Minneapolis and St. Paul and Chicago. The commissioner may expend funds for program delivery and administration from this amount. This is a onetime appropriation and is available until June 30, 2025.

(e) Freight 8,342,000 7,323,000

Appropriations by Fund

	2022	2023
General	2,464,000	1,445,000
Trunk Highway	5,878,000	5,878,000

\$1,000,000 in fiscal year 2022 is from the general fund for procurement costs of a statewide freight network optimization tool. This is a onetime appropriation and is available until June 30, 2023.

\$350,000 in fiscal year 2022 and \$287,000 in fiscal year 2023 are from the general fund for two additional rail safety inspectors in the state rail safety inspection program under Minnesota Statutes, section 219.015. In each year, the commissioner must not increase the

total assessment amount under Minnesota Statutes, section 219.015, subdivision 2, from the most recent assessment amount.

Sec. 2. Laws 2021, First Special Session chapter 5, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. State Roads

(a) Operations and Maintenance	370,975,000	369,481,000
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\$2,130,000 in each year is for liquid deicing chemicals and storage and application equipment to reduce road salt use. This is a onetime appropriation.

The base is \$367,351,000 in each of fiscal years 2024 and 2025.

(b) Program Planning and Delivery

(1) Planning and Research	31,690,000	31,190,000
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The commissioner may use any balance remaining in this appropriation for program delivery under clause (2).

Up to \$500,000 in fiscal year 2022 is for safety improvements in Department of Transportation District 1, to perform cost estimating, environmental permitting, and preliminary engineering on trunk highway segments with a continuous freeway or expressway gap.

\$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 of Transportation district office for that region.

(2) Program Delivery

231,028,000

231,028,000

This appropriation includes use of consultants to support development and management of projects.

\$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.

(c) State Road Construction

1,131,925,000

974,282,000

975,032,000

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, consultant usage to support these activities, and the cost of actual payments to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

This appropriation includes federal highway aid. The commissioner of transportation must notify the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance of

any significant events that cause the estimates of federal aid to change.

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 in 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.

(d) Corridors of Commerce	25,000,000	25,000,000 <u>27,000,000</u>
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This appropriation is for the corridors of commerce program under Minnesota Statutes, section 161.088. The commissioner may use up to 17 percent of the amount in each year for program delivery.

(e) Highway Debt Service	235,849,000	281,064,000
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\$232,849,000 in fiscal year 2022 and \$278,064,000 in fiscal year 2023 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 must transfer the deficiency amount as provided under Minnesota Statutes, section 16A.641, and notify the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance and the chairs of the senate Finance Committee and the house of representatives Ways and Means Committee of the amount of the deficiency. Any excess appropriation cancels to the trunk highway fund.

The base is \$293,444,000 in fiscal year 2024 and \$323,116,000 in fiscal year 2025.

(f) **Statewide Radio Communications** 6,239,000 6,239,000

Appropriations by Fund

	2022	2023
General	3,000	3,000
Trunk Highway	6,236,000	6,236,000

\$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.

Sec. 3. Laws 2021, First Special Session chapter 5, article 1, section 2, subdivision 4, is amended to read:

Subd. 4. **Local Roads**

(a) **County State-Aid Highways** 862,542,000 871,591,000
937,385,000

Appropriations by Fund

	2022	2023
General	12,000,000	-0-
		<u>871,591,000</u>
C.S.A.H.	850,542,000	<u>937,385,000</u>

This appropriation from the county state-aid highway fund is under Minnesota Statutes, sections 161.081 and 297A.815, subdivision 3, and chapter 162, and is available until June 30, 2031.

\$12,000,000 in fiscal year 2022 is from the general fund for town roads, to be distributed in the manner provided under Minnesota Statutes, section 162.081. This is a onetime appropriation and is available until June 30, 2023.

If the commissioner of transportation determines that a balance remains in the county state-aid highway fund following the appropriations and transfers made in this paragraph and that the appropriations made are insufficient for advancing county state-aid highway projects, an amount

necessary to advance the projects, not to exceed the balance in the county state-aid highway fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation must notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance concerning funds appropriated. The commissioner must identify in the next budget submission to the legislature under Minnesota Statutes, section 16A.11, any amount that is appropriated under this paragraph.

(b) Municipal State-Aid Streets

212,677,000

218,139,000

229,540,000

This appropriation is from the municipal state-aid street fund under Minnesota Statutes, chapter 162, and is available until June 30, 2031.

If the commissioner of transportation determines that a balance remains in the municipal state-aid street fund following the appropriations and transfers made in this paragraph and that the appropriations made are insufficient for advancing municipal state-aid street projects, an amount necessary to advance the projects, not to exceed the balance in the municipal state-aid street fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation must notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance concerning funds appropriated. The commissioner must identify in the next budget submission to the legislature under Minnesota Statutes, section 16A.11, any amount that is appropriated under this paragraph.

(c) Other Local Roads

(1) Local Bridges	14,000,000	-0-
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This appropriation is from the general fund to replace or rehabilitate local deficient bridges under Minnesota Statutes, section 174.50. This is a onetime appropriation and is available until June 30, 2025.

(2) Local Road Improvement	5,500,000	-0-
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This appropriation is from the general fund for construction and reconstruction of local roads under Minnesota Statutes, section 174.52. This is a onetime appropriation and is available until June 30, 2025.

(3) Small Cities Assistance	18,000,000	-0-
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This appropriation is from the general fund for the small cities assistance program under Minnesota Statutes, section 162.145. This is a onetime appropriation and is available until June 30, 2023.

Sec. 4. Laws 2021, First Special Session chapter 5, article 1, section 3, is amended to read:

Sec. 3. METROPOLITAN COUNCIL

Subdivision 1. Total Appropriation	\$ 147,070,000	88,630,000 <u>78,630,000</u>
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The appropriations in this section are from the general fund to the Metropolitan Council.

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

Subd. 2. Transit System Operations	90,654,000	32,654,000 <u>22,654,000</u>
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This appropriation is for transit system operations under Minnesota Statutes, sections 473.371 to 473.449.

\$250,000 in fiscal year 2022 is for the zero-emission transit vehicle transition plan under Minnesota Statutes, section 473.3927.

\$250,000 in fiscal year 2022 is for an analysis of transit service improvements in the marked Trunk Highway 55 corridor from Medina to downtown Minneapolis. At a minimum, the analysis must include options for highway bus rapid transit service. The council must ensure that the analysis is performed in a manner that does not conflict with requirements for federal transit or transitway grants. The council may provide a grant to a local unit of government to perform the analysis. This appropriation is not available until the council determines that at least an equal amount is committed from nonstate sources.

\$57,500,000 in fiscal year 2022 is for arterial bus rapid transit projects, including but not limited to predesign, design, engineering, environmental analysis and mitigation, right-of-way acquisition, construction, and acquisition of rolling stock. This is a onetime appropriation and is available until June 30, 2025.

Subd. 3. Metro Mobility	56,416,000	55,976,000
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This appropriation is for Metro Mobility under Minnesota Statutes, section 473.386.

Sec. 5. Laws 2021, First Special Session chapter 5, article 1, section 4, subdivision 3, is amended to read:

Subd. 3. State Patrol

(a) Patrolling Highways	113,823,000	112,170,000 <u>112,535,000</u>
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Appropriations by Fund		
	2022	2023
General	37,000	37,000
H.U.T.D.	92,000	92,000
		112,041,000
Trunk Highway	113,694,000	<u>112,406,000</u>

\$3,524,000 in fiscal year 2022 and \$2,822,000 in fiscal year 2023 are from the trunk highway fund for the purchase,

deployment, and management of body-worn cameras.

\$7,718,000 in fiscal year 2022 and \$6,767,000 in fiscal year 2023 are from the trunk highway fund for staff and equipment costs of additional patrol troopers.

\$365,000 in fiscal year 2023 is for increased maintenance and other costs related to the purchase of additional and replacement state patrol aircraft.

(b) Commercial Vehicle Enforcement	10,180,000	10,046,000
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\$494,000 in fiscal year 2022 and \$360,000 in fiscal year 2023 are for the purchase, deployment, and management of body-worn cameras.

(c) Capitol Security	20,610,000	16,667,000
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This appropriation is from the general fund.

\$449,000 in fiscal year 2022 and \$395,000 in fiscal year 2023 are for the purchase, deployment, and management of body-worn cameras.

\$8,863,000 in fiscal year 2022 and \$4,420,000 in fiscal year 2023 are for staff and equipment costs of additional troopers and nonsworn officers.

The commissioner must 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 must not transfer any money appropriated to the commissioner under this section:

(1) to capitol security; or

(2) from capitol security.

(d) Vehicle Crimes Unit

888,000

884,000

This appropriation is from the highway user tax distribution fund 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 the sale, transfer, titling, and registration of motor vehicles.

\$22,000 in fiscal year 2022 and \$18,000 in fiscal year 2023 are for the purchase, deployment, and management of body-worn cameras.

Sec. 6. Laws 2021, First Special Session chapter 5, article 1, section 4, subdivision 4, is amended to read:

Subd. 4. Driver and Vehicle Services**(a) Driver Services**

44,820,000

~~39,685,000~~42,017,000

This appropriation is from the driver services operating account in the special revenue fund under Minnesota Statutes, section 299A.705, subdivision 2.

\$2,598,000 in each year is for costs to reopen all driver's license examination stations that were closed in 2020 due to the COVID-19 pandemic. This amount is not available for the public information center, general administration, or operational support. This is a onetime appropriation.

\$2,229,000 in fiscal year 2022 and \$155,000 in fiscal year 2023 are for costs of a pilot project for same-day issuance of drivers' licenses and state identification cards.

\$500,000 is for the installation and maintenance of security cameras at Driver and Vehicle Services exam sites. This is a onetime appropriation.

\$1,250,000 is for reimbursement to deputy registrars and driver's license agents for the purchase and installation of security cameras at deputy registrar or driver's license agent office locations. Deputy registrars and driver's license agents may submit applications to the commissioner for reimbursement of funds spent to purchase and install security cameras. When approving applications, the commissioner must prioritize offices that do not currently have security cameras installed. This is a onetime appropriation.

\$45,000 is for costs related to applications for veteran designations on drivers' licenses and identification cards. This is a onetime appropriation.

\$108,000 is for administration and oversight costs related to online driver's education under Minnesota Statutes, section 171.395. The base for this appropriation is \$49,000 in each of fiscal years 2024 and 2025.

\$429,000 is for administration and oversight costs of the third-party road testing program for commercial drivers' licenses under Minnesota Statutes, section 171.135. The base for this appropriation is \$390,000 in each of fiscal years 2024 and 2025.

The base is ~~\$36,398,000~~ \$36,837,000 in each of fiscal years 2024 and 2025.

(b) Vehicle Services	37,418,000	35,535,000 <u>31,334,000</u>
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	Appropriations by Fund	
	2022	2023
H.U.T.D.	686,000	-0-
Special Revenue	36,732,000	35,535,000 <u>31,334,000</u>

The special revenue fund appropriation is from the vehicle services operating account under Minnesota Statutes, section 299A.705, subdivision 1.

\$200,000 in fiscal year 2022 is from the vehicle services operating account for the independent expert review of MnDRIVE under article 4, section 144, for expenses of the chair and the review team related to work completed pursuant to that section, including any contracts entered into. This is a onetime appropriation.

\$250,000 in fiscal year 2022 is from the vehicle services operating account for programming costs related to the implementation of self-service kiosks for vehicle registration renewal. This is a onetime appropriation and is available in fiscal year 2023.

The base is ~~\$33,788,000~~ \$29,587,000 in each of fiscal years 2024 and 2025.

Sec. 7. Laws 2021, First Special Session chapter 5, article 1, section 4, subdivision 5, is amended to read:

Subd. 5. Traffic Safety	8,477,000	8,464,000 <u>12,464,000</u>
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Appropriations by Fund		
	2022	2023
General	7,983,000	7,970,000 <u>11,970,000</u>
Trunk Highway	494,000	494,000

\$7,398,000 in fiscal year 2022 and ~~\$7,398,000~~ \$11,398,000 in fiscal year 2023 are from the general fund for grants to school districts, nonpublic schools, charter schools, and companies that provide school bus services, for the purchase and installation of school bus stop-signal arm camera systems. In awarding grants, the commissioner must prioritize: regular route type A, B, C, and D buses; newer buses; and buses that do not already have a stop-signal arm or forward-facing camera. Cameras purchased with grants awarded pursuant to this section must be used within the state. When implementing the grant program, the commissioner must require grant recipients

to submit an estimate of the recipient's anticipated ongoing costs associated with the use of the cameras, including but not limited to costs for operating and maintaining the cameras, identifying violations, and methods for compiling video evidence of violations and providing the evidence to law enforcement. If the money in the account is sufficient to fund all requests, the commissioner must not require a local match. The commissioner may seek assistance from the commissioner of education in administering the grants. The base for this appropriation from the general fund is \$8,000,000 in fiscal year 2024 and \$0 in fiscal year 2025. This is a onetime appropriation and is available until June 30, 2025.

\$110,000 in fiscal year 2022 and \$94,000 in fiscal year 2023 are from the general fund for staff costs to administer grants for school bus stop-signal arm cameras. This is a onetime appropriation and is available until June 30, 2025.

~~The base for the general fund is \$478,000 in each of fiscal years 2024 and 2025.~~

Sec. 8. APPROPRIATION; COON RAPIDS; TRUNK HIGHWAY 610.

\$3,600,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation for one or more grants to the city of Coon Rapids or Anoka County for interchange improvements, including right-of-way acquisition and construction, at marked Trunk Highway 610 and County State-Aid Highway 1, East River Road, and the associated frontage roads, backage roads, connecting local streets, and any associated water and sanitary sewer infrastructure improvements if necessary or required for the construction of the interchange improvements. This appropriation is for the portion of the project that is eligible for use of trunk highway funds. This appropriation does not require a nonstate contribution. This is a onetime appropriation and is available until June 30, 2025.

Sec. 9. APPROPRIATION; FREIGHT RAIL CAR STORAGE FACILITY.

\$750,000 in fiscal year 2023 is appropriated from the rail service improvement account in the special revenue fund under Minnesota Statutes, section 222.49, to the commissioner of transportation for a grant to the city of Lakeville for planning, preliminary engineering, and environmental analysis of a freight rail car storage facility in Lakeville. This is a onetime appropriation.

Sec. 10. APPROPRIATION; INTERSTATE 35 AND DAKOTA COUNTY STATE-AID HIGHWAY 50 INTERCHANGE.

\$42,000,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation for predesign, design, engineering, and construction of the interchange at marked Interstate 35 and Dakota County State-Aid Highway 50 in Lakeville. This appropriation is for the portion of the project that is eligible for use of trunk highway funds. This appropriation does not require a nonstate contribution. This is a onetime appropriation and is available until June 30, 2025.

Sec. 11. APPROPRIATION; INTERSTATE HIGHWAY 35 AND 400TH STREET INTERCHANGE, NORTH BRANCH.

\$1,500,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation for a grant to the city of North Branch for predesign, design, and right-of-way acquisition to construct an interchange at Interstate Highway 35 and 400th Street in the city of North Branch. This appropriation is for the portion of the project that is eligible for use of trunk highway funds. This is a onetime appropriation and is available until June 30, 2025.

Sec. 12. APPROPRIATION; INTERSTATE 94 EXPANSION.

\$33,000,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation to construct a third travel lane in each direction of marked Interstate Highway 94 from the interchange with County State-Aid Highway 19 in the city of Albertville to the interchange with marked Trunk Highway 25 in the city of Monticello. This is a onetime appropriation and is available until June 30, 2025.

Sec. 13. APPROPRIATION; OAKDALE NOISE BARRIER.

\$5,500,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of transportation to design and construct a noise barrier on the east side of marked Interstate Highway 694 in Oakdale between the intersection with 15th Street North and the intersection with Stillwater Boulevard North. Where there are existing berms or other noise barriers on this segment of road, no additional noise barrier is required. This is a onetime appropriation.

Sec. 14. APPROPRIATION; OFFICE OF TRAFFIC SAFETY.

\$19,000 in fiscal year 2023 is appropriated from the driver and vehicle services technology account in the special revenue fund to the commissioner of public safety for the cost of records access enhancements to the MNCrash information technology system. This is a onetime appropriation.

Sec. 15. APPROPRIATION; STATE PATROL AIRCRAFT.

(a) \$38,000,000 is appropriated in fiscal year 2023 from the general fund to the commissioner of public safety to purchase three twin-engine helicopters for the State Patrol. This is a onetime appropriation and is available until June 30, 2024.

(b) \$7,100,000 is appropriated in fiscal year 2023 from the general fund to the commissioner of public safety to purchase three airplanes for the State Patrol. This is a onetime appropriation and is available until June 30, 2024.

(c) The proceeds from the sale of an aircraft purchased under paragraph (a) or (b) must be credited to the general fund.

Sec. 16. **APPROPRIATION; TRUNK HIGHWAY 23 INTERCHANGE.**

(a) \$500,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation to study options for the intersection of marked Trunk Highway 9 and marked Trunk Highway 23 in the city of New London. The study must determine if an underpass, overpass, or tunnel is the best option for improving the safety of the intersection. The study must not consider a J-turn as an option. This is a onetime appropriation.

(b) \$29,100,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation to make safety improvements to the intersection of marked Trunk Highway 9 and marked Trunk Highway 23, including predesign, design, engineering, and construction of an underpass, overpass, or tunnel as determined by the study in paragraph (a). This appropriation must not be used for a J-turn at the intersection. This is a onetime appropriation and is available until June 30, 2025.

Sec. 17. **APPROPRIATION; TRUNK HIGHWAY 50 SAFETY IMPROVEMENTS.**

\$10,000,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation for a grant to Dakota County for predesign, design, engineering, and construction of safety improvements on marked Trunk Highway 50 between U.S. Highway 52 and U.S. Highway 61. This project includes improvement and restoration of pavement structure, drainage improvements, culvert replacement, ensuring a traversable safety slope, and reconstructing the intersections with County State-Aid Highway 85 and Hogan Avenue for pedestrian safety and compliance with the Americans with Disabilities Act. This appropriation is for the portions of the project that are eligible for use of trunk highway funds. This appropriation does not require a nonstate contribution. This is a onetime appropriation and is available until June 30, 2025.

Sec. 18. **APPROPRIATION; U.S. HIGHWAY 52 INTERCHANGE AT DAKOTA COUNTY STATE-AID HIGHWAY 66.**

\$15,000,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation for predesign, design, engineering, and construction of an interchange in the vicinity of County State-Aid Highway 66 and County Road 62 at their intersections with U.S. Highway 52 in Vermillion Township. This appropriation is for the portion of the project that is eligible for use of trunk highway funds. This appropriation does not require a nonstate contribution. This is a onetime appropriation and is available until June 30, 2025.

Sec. 19. **APPROPRIATION; TRUNK HIGHWAY 65 IMPROVEMENTS.**

\$15,000,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation for one or more grants to the city of Blaine for the predesign, right-of-way acquisition, design, engineering, and construction of intersection improvements along Trunk Highway 65 at 99th Avenue Northeast and the associated frontage roads and backage roads within the trunk highway system. This appropriation is for the portion of the project that is eligible for use of trunk highway funds. This appropriation does not require a nonstate contribution. This is a onetime appropriation and is available until June 30, 2025.

Sec. 20. **APPROPRIATION; TRUNK HIGHWAY 73.**

\$43,000,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation for engineering, right-of-way acquisition, and construction to realign portions of marked Trunk Highway 73 south of the city of Cromwell. This is a onetime appropriation and is available until June 30, 2025.

Sec. 21. **APPROPRIATION; TRUNK HIGHWAY 74.**

\$488,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation to use Otta seal to regrade 3.9 miles of marked Trunk Highway 74 north of Elba to Winona County State-Aid Highway 30 in Winona County, including design, engineering, construction, and acquisition of right-of-way. This is a onetime appropriation and is available until June 30, 2025.

Sec. 22. **APPROPRIATION; U.S. HIGHWAY 169 AND SCOTT COUNTY STATE-AID HIGHWAY 9 INTERCHANGE.**

\$4,200,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation for a grant to Scott County, the city of Jordan, or both to design and construct trunk highway improvements associated with an interchange at U.S. Highway 169, marked Trunk Highway 282, and Scott County State-Aid Highway 9, including bicycle and pedestrian accommodations, bridge construction, and road construction. This appropriation is for the portion of the project that is eligible for use of trunk highway funds. This is a onetime appropriation and is available until June 30, 2025.

Sec. 23. **APPROPRIATION; TRUNK HIGHWAY 610 AND INTERSTATE HIGHWAY 94 INTERCHANGE.**

\$22,000,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation to acquire right-of-way, design, engineer, and construct roadway connections for the interchange at marked Trunk Highway 610 and marked Interstate Highway 94 in Maple Grove. This appropriation does not require a nonstate match. This is a onetime appropriation and is available until June 30, 2025.

Sec. 24. **APPROPRIATION; WATER AND LIGHTING INFRASTRUCTURE; MADISON LAKE.**

\$510,000 in fiscal year 2023 is appropriated from the trunk highway fund to the commissioner of transportation to predesign, design, construct, furnish, and equip water infrastructure and lighting along the Trunk Highway 60 corridor in the city of Madison Lake. This appropriation does not require a nonstate match.

Sec. 25. **ESTABLISHMENT OF BASE; STATE AND LOCAL ROADS.**

(a) The base from the trunk highway fund for state road construction in the Department of Transportation is \$1,377,641,000 in fiscal year 2024 and \$1,408,325,000 in fiscal year 2025.

(b) The base from the trunk highway fund for corridors of commerce in the Department of Transportation is \$87,500,000 in fiscal year 2024 and \$115,000,000 in fiscal year 2025.

(c) The base from the county state-aid highway fund for county state-aid highways in the Department of Transportation is \$1,010,019,000 in fiscal year 2024 and \$1,046,194,000 in fiscal year 2025.

(d) The base from the municipal state-aid street fund for municipal state-aid streets in the Department of Transportation is \$248,357,000 in fiscal year 2024 and \$257,192,000 in fiscal year 2025.

ARTICLE 3

FEDERAL TRANSPORTATION FUNDING

Section 1. **APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are added to the appropriations in Laws 2021, First Special Session chapter 5, article 1, and to the appropriations in article 1 to the agencies and for the purposes specified in this article. The appropriations are from the trunk highway fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the addition to the appropriations listed under them is available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. Supplemental appropriations for the fiscal year ending June 30, 2022, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2022 2023

Sec. 2. **DEPARTMENT OF TRANSPORTATION**

Subdivision 1. **Total Appropriation** **\$** **265,262,000** **\$** **330,197,000**

Appropriations by Fund

	<u>2022</u>	<u>2023</u>
General	<u>36,600,000</u>	<u>36,600,000</u>
C.S.A.H.	<u>24,896,000</u>	<u>42,418,000</u>
M.S.A.S.	<u>6,540,000</u>	<u>11,142,000</u>
Trunk Highway	<u>197,226,000</u>	<u>240,037,000</u>

The appropriations in this section are to the commissioner of transportation for the match requirement for formula and discretionary grant programs enacted in the federal Infrastructure Investment and Jobs Act (IIJA).

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

The commissioner must not spend appropriations from the trunk highway fund in this section for the Office of Transit and Active Transportation; Office of Aeronautics; passenger rail; tourist information centers; parades, events, or sponsorship of events; or public electric vehicle infrastructure.

Subd. 2. State Roads

<u>(a) Operations and Maintenance</u>	<u>4,000,000</u>	<u>7,475,000</u>
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The base is \$375,581,000 in fiscal year 2024 and \$376,398,000 in fiscal year 2025.

<u>(b) State Road Construction</u>	<u>193,226,000</u>	<u>232,562,000</u>
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Subd. 3. Local Roads

<u>(a) County State-Aid Highways</u>	<u>24,896,000</u>	<u>42,418,000</u>
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<u>(b) Municipal State-Aid Streets</u>	<u>6,540,000</u>	<u>11,142,000</u>
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Subd. 4. Multimodal Match for Formula and Discretionary Programs Enacted in Federal IIJA

The appropriations in this subdivision are for multimodal match funding and discretionary funding related to the federal Infrastructure Investment and Jobs Act (IIJA).

From these amounts, the commissioner may make grants to local units of government for the match requirement for IIJA discretionary grant programs.

Any unspent portion of the appropriations remaining after match requirements are met for grant programs listed in this subdivision must be transferred to the highway user tax distribution fund.

These appropriations are available for three years after the year of the appropriation.

<u>(a) Greater Minnesota Transit</u>	<u>7,000,000</u>	<u>7,000,000</u>
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This appropriation is from the general fund for the match requirement for Federal Transit Administration formula and discretionary transit grant programs under the IIJA. This appropriation must not be used for guideway projects, as defined in Minnesota Statutes, section 473.4485.

(b) Metropolitan Area Transit

10,000,000

10,000,000

\$10,000,000 in each year is from the general fund for transfer to the Metropolitan Council for the match requirement for Federal Transit Administration formula and discretionary transit grant programs under the IIJA. The amount transferred to the Metropolitan Council must not be used for guideway projects, as defined in Minnesota Statutes, section 473.4485.

(c) Aeronautics

6,500,000

6,500,000

This appropriation is from the general fund for the match requirement for Federal Aviation Administration formula and discretionary grant programs under the IIJA.

(d) Other Multimodal Grant Programs

13,100,000

13,100,000

This appropriation is from the general fund and must not be used as match funding for grants under the following discretionary grant programs: the Federal-State Partnership for Intercity Passenger Rail Grant Program; the Restoration and Enhancement Grant Program; the Capital Investment Grants Program; Research, Development, Demonstration and Deployment Projects; the Pilot Program for Transit-Oriented Development Planning; the Electric or Low-Emitting Ferry Pilot Program; the Reconnecting Communities Pilot Program; and the Wildlife Crossings Pilot Program. This appropriation must not be used as match funding for guideway projects as defined in Minnesota Statutes, section 473.4485, or for passenger rail projects. The commissioner of transportation must immediately report to the chairs and ranking minority members of the

legislative committees with jurisdiction over transportation finance when an application is submitted to the United States Department of Transportation for IJJA-related discretionary grant funding.

Sec. 3. ELECTRIC VEHICLE INFRASTRUCTURE PROGRAM REQUIREMENTS.

Subdivision 1. **Match requirements.** The required match funding for electric vehicle infrastructure formula or discretionary grant programs related to the federal Infrastructure Investment and Jobs Act (IJJA) must be committed only from nonstate sources.

Subd. 2. **Rest areas.** The commissioner of transportation must spend no more than 25 percent of federal funds from IJJA-related electric vehicle infrastructure formula or discretionary grant programs on projects located at rest areas.

Subd. 3. **Regional balance.** Projects funded through IJJA-related electric vehicle infrastructure formula or discretionary grant programs must be regionally balanced throughout the state as much as allowable under federal law.

Subd. 4. **Alternative fuel corridors.** By November 1, 2023, the commissioner of transportation must request that the United States Federal Highway Administration certify that the designated alternative fuel corridors for electric vehicles in Minnesota are fully built out as of that date.

Sec. 4. FEDERAL FUNDS REPORTING.

Subdivision 1. **Federal document submission.** Within 30 days of submission to a federal agency of a required report or plan under the federal Infrastructure Investment and Jobs Act, the commissioner of transportation or the chair of the Metropolitan Council must submit the report or plan to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy.

Subd. 2. **Report on use of federal funds.** By February 1 and September 1 of each year, the commissioner of transportation and chair of the Metropolitan Council must report all expenditures made related to the Infrastructure Investment and Jobs Act to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy. The report must include the total amount of each expenditure, the purpose of each expenditure, and any additional information the commissioner and chair determine is necessary to properly document each expenditure. The report must also include information on expenditures that are planned or anticipated before the submission of the next semiannual report under this subdivision. The report requirement under this subdivision expires June 30, 2027.

Sec. 5. HIGHWAY USER TAX DISTRIBUTION FUND; TRANSFER.

The commissioner of revenue must transfer from the general fund to the highway user tax distribution fund \$6,373,667 monthly in fiscal year 2022 and \$10,859,667 monthly in fiscal year 2023. The commissioner must transfer from the general fund to the highway user tax distribution fund \$11,927,167 monthly in fiscal year 2024 and \$13,083,000 monthly in fiscal year 2025 and each fiscal year thereafter.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2021.

Sec. 6. RECONNECT RONDO PROJECT; PROHIBITION.

Subdivision 1. **Definition.** For purposes of this section, "ReConnect Rondo project" means the proposed land bridge or freeway cap over Interstate 94 between Chatsworth Street and Grotto Street in the city of Saint Paul.

Subd. 2. **Commissioner of transportation.** The commissioner of transportation must not expend any money for study, planning, preliminary engineering, final design, or construction for the ReConnect Rondo project. This prohibition includes grants to other entities, the expenditure of federal money, and any previous unexpended appropriations made for this purpose.

Subd. 3. **Metropolitan Council.** The Metropolitan Council must not expend any money for study, planning, preliminary engineering, final design, or construction for the ReConnect Rondo project. This prohibition includes grants to other entities, the expenditure of federal money, and any previous unexpended appropriations made for this purpose.

Sec. 7. SOURCE OF FEDERAL MATCH FUNDING; INFRASTRUCTURE INVESTMENT AND JOBS ACT.

The commissioner of transportation must not expend money for federal match funding related to formula and discretionary grant programs under Public Law 117-58, otherwise known as the federal Infrastructure Investment and Jobs Act, except pursuant to a direct appropriation specifically for this purpose.

Sec. 8. SUSPENSION OF STATUTORY APPROPRIATION; INFRASTRUCTURE INVESTMENT AND JOBS ACT.

Notwithstanding Minnesota Statutes, sections 3.3005 and 4.07, federal funds received by the state of Minnesota from its allocations or grant awards administered by the United States Department of Transportation under Public Law 117-58 must not be spent except pursuant to a direct appropriation by law.

Sec. 9. EFFECTIVE DATE.

Except where otherwise specified, this article is effective the day following final enactment.

ARTICLE 4

BOND APPROPRIATIONS

Section 1. BOND APPROPRIATIONS.

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds account in the trunk highway fund to the state agencies or officials indicated to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified, money appropriated in this article for a capital program or project may be used to pay state agency staff costs that are attributed directly to the

capital program or project in accordance with accounting policies adopted by the commissioner of management and budget.

SUMMARY

<u>Department of Transportation</u>	\$	<u>299,349,000</u>
<u>Department of Management and Budget</u>	\$	<u>300,000</u>
<u>TOTAL</u>	<u>\$</u>	<u>299,649,000</u>

APPROPRIATIONS

Sec. 2. **DEPARTMENT OF TRANSPORTATION**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>299,349,000</u>
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(a) This appropriation is to the commissioner of transportation for the purposes specified in this section.

(b) This appropriation is available in the amounts of:

(1) \$149,349,000 in fiscal year 2024; and

(2) \$150,000,000 in fiscal year 2025.

(c) The commissioner may use up to 17 percent of the amount for program delivery.

(d) The appropriation in this subdivision cancels as specified under Minnesota Statutes, section 16A.642, except that the commissioner of management and budget must count the start of authorization for issuance of state bonds as the first day of the fiscal year during which the bonds are available to be issued as specified under paragraph (b), and not as the date of enactment of this section.

<u>Subd. 2. Oslo Area Flood Mitigation</u>	<u>\$</u>	<u>20,000,000</u>
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(a) This appropriation is available in fiscal year 2024 for phase 1 of the Oslo area flood mitigation project as follows:

(1) \$17,450,000 for reconstruction or replacement of the marked Trunk Highway 1 bridge over the Red River at Oslo and the border with North Dakota, which may

include approach work on marked Trunk Highway 1; and

(2) \$2,550,000 for reconstruction or replacement of the marked Trunk Highway 317 bridge over the Red River in Marshall County at the border with North Dakota.

(b) The appropriation under this subdivision is available for predesign, design, preliminary and final engineering, environmental analysis, right-of-way acquisition, and construction, including demolition.

(c) The appropriation under this subdivision is for the Minnesota share of project costs and must only be used for acquisition, betterment, and improvement within Minnesota.

Subd. 3. Olmsted County; U.S. Highway 14 and County State-Aid Highway 44

\$ 17,460,000

This appropriation is available in fiscal year 2024 to acquire property and to conduct environmental analysis, predesign, design, engineer, acquire right-of-way, construct, furnish, and equip an interchange at marked U.S. Highway 14 and County State-Aid Highway 44, including the flyover at 7th Street NW, in Olmsted County and associated infrastructure and road work to accommodate the interchange.

Subd. 4. Marked Trunk Highway 95 Improvements

\$ 6,200,000

This appropriation is available in fiscal year 2024 for a grant to the city of Cambridge for land acquisition, demolition, predesign, design, engineering, and construction of improvements to marked Trunk Highway 95, including but not limited to expansion to a four-lane at-grade segment from approximately Fillmore Street to Birch Street in the city of Cambridge. This appropriation is for the portion of the project that is eligible for use of proceeds of trunk highway bonds.

Subd. 5. Becker Interchange Project**\$ 1,869,000**

This appropriation is available in fiscal year 2024 to prepare final design, conduct site preparation work, and acquire right-of-way for an interchange to be constructed at marked U.S. Highway 10, marked Trunk Highway 25, Sherburne County State-Aid Highway 8, and Sherburne County Road 52 in the city of Becker and Becker Township. This appropriation is for expenses eligible to be paid from trunk highway bond proceeds.

Subd. 6. Trunk Highway 24 Intersection Improvements**\$ 2,420,000**

This appropriation is available in fiscal year 2024 for intersection improvements at marked Trunk Highway 24 in the city of Annandale and for a grant to the city of Annandale, Corinna Township, or both for road improvements on Hemlock Street from marked Trunk Highway 24 to Wright County State-Aid Highway 6 in the city of Annandale and Corinna Township. This appropriation may be used by the commissioner, city, or township for acquisition of right-of-way, design, engineering, and construction of roadway improvements.

Subd. 7. Sherburne County; Zimmerman Interchange**\$ 16,400,000**

This appropriation is available in fiscal year 2024 for property acquisition, engineering, and construction of the trunk highway portions of an interchange at marked U.S. Highway 169 and Sherburne County State-Aid Highway 4 in the city of Zimmerman.

Subd. 8. Trunk Highway 23 Reconstruction**\$ 85,000,000**

This appropriation is available in fiscal year 2024 for predesign, design, engineering, and reconstruction of marked Trunk Highway 23 from U.S. Highway 75 in the city of

Page 12, delete lines 20 to 27

Page 12, line 28, delete everything after "the" and insert "fiscal agent receives"

Page 12, delete line 29

Page 36, delete section 58 and insert:

"Sec. 58. **VETERANS HOMES; REPORT.**

By February 15, 2023, the commissioner of administration must report to the legislative committees with jurisdiction over veterans affairs on the use of the money appropriated under section 3, including information on the status of the Bemidji, Montevideo, and Preston state veterans homes building projects. By February 15, 2024, the commissioner of administration must submit a final report to the legislative committees with jurisdiction over veterans affairs on how the total appropriations were spent."

Page 59, line 26, delete everything after "effective" and insert "the day following final enactment."

Page 59, delete line 27

Page 62, after line 11, insert:

"ARTICLE 7

DEPARTMENT OF PUBLIC SAFETY

Section 1. Minnesota Statutes 2020, section 3.9741, subdivision 5, is amended to read:

Subd. 5. **State Data security; account; appropriation.** ~~(a)~~ The data security account is created in the special revenue fund. Receipts credited to the account are appropriated to the legislative auditor for the purpose of oversight relating to security of data stored and transmitted by state systems.

~~(b) Subject to available funds appropriated under paragraph (a), the legislative auditor shall:~~

~~(1) review and audit the audit reports of subscribers and requesters submitted under section 168.327, subdivision 6, including producing findings and opinions;~~

~~(2) in collaboration with the commissioner and affected subscribers and requesters, recommend corrective action plans to remediate any deficiencies identified under clause (1); and~~

~~(3) review and audit driver records subscription services and bulk data practices of the Department of Public Safety, including identifying any deficiencies and making recommendations to the commissioner.~~

~~(e) The legislative auditor shall submit any reports, findings, and recommendations under this subdivision to the legislative commission on data practices.~~

Sec. 2. Minnesota Statutes 2020, section 168.013, subdivision 1m, is amended to read:

Subd. 1m. ~~Electric~~ **All-electric vehicle.** (a) In addition to the tax under subdivision 1a, a surcharge of ~~\$75~~ \$229 is imposed for an all-electric vehicle, as defined in section 169.011, subdivision 1a. Notwithstanding subdivision 8, revenue from the fee imposed under this subdivision must be deposited in the highway user tax distribution fund.

(b) If the gasoline excise tax imposed by section 296A.07, subdivision 3, clause (3), is increased or decreased, the surcharge under paragraph (a) must be increased or decreased, respectively, by a corresponding percentage. The commissioner must collect the adjusted surcharge amount under this paragraph on vehicle registrations occurring on or after the effective date of the gasoline excise tax adjustment.

Sec. 3. Minnesota Statutes 2020, section 168.013, is amended by adding a subdivision to read:

Subd. 1n. **Plug-in hybrid electric vehicle.** (a) In addition to the tax under subdivision 1a, a surcharge of \$114.50 is imposed for a plug-in hybrid electric vehicle as defined in section 169.011, subdivision 54a. Notwithstanding subdivision 8, revenue from the fee imposed under this subdivision must be deposited in the highway user tax distribution fund.

(b) If the gasoline excise tax imposed by section 296A.07, subdivision 3, clause (3), is increased or decreased, the surcharge under paragraph (a) must be increased or decreased, respectively, by a corresponding percentage. The commissioner must collect the adjusted surcharge amount under this paragraph on vehicle registrations occurring on or after the effective date of the gasoline excise tax adjustment.

Sec. 4. Minnesota Statutes 2020, section 168.013, is amended by adding a subdivision to read:

Subd. 1o. **All-electric motorcycle.** (a) In addition to the tax under subdivision 1b, a surcharge of \$46 is imposed for an all-electric motorcycle as defined in section 169.011, subdivision 1b. Notwithstanding subdivision 8, revenue from the fee imposed under this subdivision must be deposited in the highway user tax distribution fund.

(b) If the gasoline excise tax imposed by section 296A.07, subdivision 3, clause (3), is increased or decreased, the surcharge under paragraph (a) must be increased or decreased, respectively, by a corresponding percentage. The commissioner must collect the adjusted surcharge amount under this paragraph on motorcycle registrations occurring on or after the effective date of the gasoline excise tax adjustment.

Sec. 5. Minnesota Statutes 2020, section 168.013, is amended by adding a subdivision to read:

Subd. 1p. **Plug-in hybrid electric motorcycle.** (a) In addition to the tax under subdivision 1b, a surcharge of \$23 is imposed for a plug-in hybrid electric motorcycle as defined in section 169.011, subdivision 54c. Notwithstanding subdivision 8, revenue from the fee imposed under this subdivision must be deposited in the highway user tax distribution fund.

(b) If the gasoline excise tax imposed by section 296A.07, subdivision 3, clause (3), is increased or decreased, the surcharge under paragraph (a) must be increased or decreased, respectively, by a corresponding percentage. The commissioner must collect the adjusted surcharge amount under this paragraph on motorcycle registrations occurring on or after the effective date of the gasoline excise tax adjustment.

Sec. 6. Minnesota Statutes 2020, section 168.123, subdivision 2, is amended to read:

Subd. 2. **Design.** The commissioner of veterans affairs ~~shall~~ must design the emblem for the veterans' special plates, subject to the approval of the commissioner, that satisfy the following requirements:

(a) For a Vietnam veteran who served after July 1, 1961, and before July 1, 1978, in the active military service in a branch of the armed forces of the United States or a nation or society allied with the United States the special plates must bear the inscription "VIETNAM VET."

(b) For a veteran stationed on the island of Oahu, Hawaii, or offshore, during the attack on Pearl Harbor on December 7, 1941, the special plates must bear the inscription "PEARL HARBOR SURVIVOR."

(c) For a veteran who served during World War II, the plates must bear the inscription "WORLD WAR VET."

(d) For a veteran who served during the Korean Conflict, the special plates must bear the inscription "KOREAN VET."

(e) For a combat wounded veteran who is a recipient of the Purple Heart medal, the plates must bear the inscription "COMBAT WOUNDED VET" and have a facsimile or an emblem of the official Purple Heart medal.

A member of the United States armed forces who is serving actively in the military and who is a recipient of the Purple Heart medal is also eligible for this license plate. The commissioner of public safety ~~shall~~ must ensure that information regarding the required proof of eligibility for any applicant under this paragraph who has not yet been issued military discharge papers is distributed to the public officials responsible for administering this section.

(f) For a Persian Gulf War veteran, the plates must bear the inscription "GULF WAR VET." For the purposes of this section, "Persian Gulf War veteran" means a person who served on active duty after August 1, 1990, in a branch of the armed forces of the United States or a nation or society allied with the United States or the United Nations during Operation Desert Shield, Operation Desert Storm, or other military operation in the Persian Gulf area combat zone as designated in United States Presidential Executive Order No. 12744, dated January 21, 1991.

(g) For a veteran who served in the Laos War after July 1, 1961, and before July 1, 1978, the special plates must bear the inscription "LAOS WAR VET."

(h) For a veteran who is the recipient of:

(1) the Iraq Campaign Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "IRAQ WAR VET" directly below the special plate number;

(2) the Afghanistan Campaign Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "AFGHAN WAR VET" directly below the special plate number;

(3) the Global War on Terrorism Expeditionary Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "GWOT VETERAN" directly below the special plate number; or

(4) the Armed Forces Expeditionary Medal, the special plates must bear an appropriate inscription that includes a facsimile of that medal.

(i) For a veteran who is the recipient of the Global War on Terrorism Service Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "GWOT VETERAN" directly below the special plate number. In addition, any member of the National Guard or other military reserves who has been ordered to federally funded state active service under United States Code, title 32, as defined in section 190.05, subdivision 5b, and who is the recipient of the Global War on Terrorism Service Medal, is eligible for the license plate described in this paragraph, irrespective of whether that person qualifies as a veteran under section 197.447.

(j) For a veteran who is the recipient of the Korean Defense Service Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "KOREAN DEFENSE SERVICE" directly below the special plate number.

(k) For a veteran who is a recipient of the Bronze Star medal, the plates must bear the inscription "BRONZE STAR VET" and have a facsimile or an emblem of the official Bronze Star medal.

(l) For a veteran who is a recipient of the Silver Star medal, the plates must bear the inscription "SILVER STAR VET" and have a facsimile or an emblem of the official Silver Star medal.

(m) For a veteran who is the recipient of the Air Medal, the special plates must be inscribed with a facsimile of that medal and must bear the inscription "AIR MEDAL VETERAN" directly below the special plate number.

~~(m)~~ (n) For a woman veteran, the plates must bear the inscription "WOMAN VETERAN" and have a facsimile or an emblem as designated by the commissioners of veterans affairs and public safety.

EFFECTIVE DATE. This section is effective January 1, 2023, and applies to Air Medal veteran special license plates issued on or after that date.

Sec. 7. Minnesota Statutes 2020, section 168.1235, subdivision 1, is amended to read:

Subdivision 1. **General requirements; fees.** (a) The commissioner ~~shall~~ must issue a special plate emblem for each plate to an applicant who:

(1) is a member of a congressionally chartered veterans service organization and is a registered owner of a passenger automobile, pickup truck, van, or self-propelled recreational vehicle;

(2) pays the registration tax required by law;

(3) pays a fee in the amount specified for special plates under section 168.12, subdivision 5, for each set of two plates, and any other fees required by this chapter; and

(4) complies with this chapter and rules governing the registration of motor vehicles and licensing of drivers.

(b) The additional fee is payable at the time of initial application for the special plate emblem and when the plates must be replaced or renewed. An applicant must not be issued more than two sets of special plate emblems for motor vehicles listed in paragraph (a) and registered to the applicant.

(c) The applicant must present a valid card indicating membership in the American Legion or, Veterans of Foreign Wars, or Disabled American Veterans.

Sec. 8. Minnesota Statutes 2020, section 168.1253, subdivision 3, is amended to read:

Subd. 3. **No fee.** The commissioner ~~shall~~ must issue a set of Gold Star plates, or a single plate for a motorcycle, to an eligible person free of charge, and ~~shall~~ must replace the plate or plates without charge if they become damaged. If the eligible person requests personalized Gold Star plates, the commissioner must not charge the fees listed in section 168.12, subdivision 2a.

Sec. 9. **[168.1258] MINNESOTA VIKINGS FOUNDATION SPECIAL PLATES.**

Subdivision 1. **Issuance of plates.** The commissioner must issue Minnesota Vikings Foundation special 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 vehicle;

(2) pays an additional fee in the amount specified for special plates under section 168.12, subdivision 5;

(3) pays the registration tax as required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of \$30 annually to the Minnesota Vikings Foundation account; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** In consultation with the Minnesota Vikings Foundation, the commissioner must adopt a suitable plate design that includes the Minnesota Vikings Foundation's marks and colors.

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of \$5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 1, clause (1), to bear the special plates; and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 4. **Contributions; account; appropriation.** Contributions collected under subdivision 1, clause (5), must be deposited in the Minnesota Vikings Foundation account, which is established in the special revenue fund. Money in the account is appropriated to the commissioner of public safety. This appropriation is first for the annual cost of administering the account funds, and the remaining funds are for distribution to the Minnesota Vikings Foundation to advance the well-being of youth through engaging health and education initiatives.

EFFECTIVE DATE. This section is effective January 1, 2023, for Minnesota Vikings Foundation special plates issued on or after that date.

Sec. 10. **[168.1259] MINNESOTA PROFESSIONAL SPORTS TEAM FOUNDATION PLATES.**

Subdivision 1. **Definition.** For purposes of this section, "Minnesota professional sports team" means one of the following teams while its home stadium is located in Minnesota: Minnesota Vikings, Minnesota Timberwolves, Minnesota Lynx, Minnesota Wild, Minnesota Twins, or Minnesota United.

Subd. 2. **General requirements and procedures.** (a) The commissioner must issue Minnesota professional sports team foundation plates to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational vehicle;

(2) pays an additional fee in the amount specified for special plates under section 168.12, subdivision 5;

(3) pays the registration tax required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of \$30 annually to the professional sports team foundations account; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

(b) Minnesota professional sports team foundation plates may be personalized according to section 168.12, subdivision 2a.

Subd. 3. **Design.** At the request of a Minnesota professional sports team's foundation, the commissioner must, in consultation with the foundation, adopt a suitable plate design incorporating the foundation's marks and colors. The commissioner may design a single plate that incorporates the marks and colors of all foundations that have requested a plate.

Subd. 4. **Plate transfers.** On application to the commissioner and payment of a transfer fee of \$5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 2, clause (1), to bear the special plates; and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 5. **Contribution and fees credited.** Contributions collected under subdivision 2, clause (5), must be deposited in the Minnesota professional sports team foundations account, which is established in the special revenue fund. Money in the account is appropriated to the commissioner of public safety. This appropriation is first for the annual cost of administering the account funds, and the remaining funds are for distribution to the foundations in proportion to the total number of Minnesota professional sports team foundation plates issued for that year. Proceeds from a plate that includes the marks and colors of all foundations must be divided evenly between all foundations. The foundations must only use the proceeds for philanthropic or charitable purposes.

EFFECTIVE DATE. This section is effective January 1, 2023, for Minnesota professional sports team foundation special plates issued on or after that date.

Sec. 11. **[168.1287] MINNESOTA MISSING AND MURDERED INDIGENOUS RELATIVES SPECIAL LICENSE PLATES.**

Subdivision 1. **Issuance of plates.** The commissioner must issue Minnesota missing and murdered Indigenous relatives special 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 vehicle;

(2) pays an additional fee in the amount specified for special plates under section 168.12, subdivision 5;

(3) pays the registration tax as required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of \$20 annually to the Minnesota missing and murdered Indigenous relatives account; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** In consultation with the Office of Missing and Murdered Indigenous Relatives, the commissioner must adopt a suitable plate design that includes a red handprint to one side, a partial ribbon skirt toward the bottom corner, and reads "Missing and Murdered Indigenous Relatives" or "MMIR."

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of \$5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 1, clause (1), to bear the special plates; and

(2) 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. **Contributions; account; appropriation.** Contributions collected under subdivision 1, clause (5), must be deposited in the Minnesota missing and murdered Indigenous relatives account, which is established in the special revenue fund. Money in the account is appropriated to the commissioner of public safety. This appropriation is first for the annual cost of administering the account funds, and the remaining funds are for distribution to the Office of Missing and Murdered Indigenous Relatives for investigation of unsolved cases and to establish a reward fund for information relating to missing and murdered Indigenous relatives.

EFFECTIVE DATE. This section is effective January 1, 2023, for Minnesota missing and murdered Indigenous relatives special plates issued on or after that date.

Sec. 12. Minnesota Statutes 2020, section 168.27, subdivision 11, is amended to read:

Subd. 11. **Dealers' licenses; location change notice; fee.** (a) Application for a dealer's license or notification of a change of location of the place of business on a dealer's license must include a street address, not a post office box, and is subject to the commissioner's approval.

(b) Upon the filing of an application for a dealer's license and the proper fee, unless the application on its face appears to be invalid, the commissioner ~~shall~~ must grant a 90-day temporary license. During the 90-day period following issuance of the temporary license, the commissioner ~~shall~~ must inspect the place of business site and insure compliance with this section and rules adopted under this section.

(c) The commissioner may extend the temporary license 30 days to allow the temporarily licensed dealer to come into full compliance with this section and rules adopted under this section.

(d) In no more than 120 days following issuance of the temporary license, the dealer license must either be granted or denied.

(e) A license must be denied under the following conditions:

(1) ~~The license must be denied~~ if within the previous ten years the applicant was enjoined due to a violation of section 325F.69 or convicted of violating section 325E.14, 325E.15, 325E.16, or 325F.69, or convicted under section 609.53 of receiving or selling stolen vehicles, or convicted of violating United States Code, title 18, ~~sections 1981 to 1991~~ 49, sections 32701 to 32711, or pleaded guilty, entered a plea of nolo contendere or no contest, or has been found guilty in a court of competent jurisdiction of any charge of failure to pay state or federal income or sales taxes or felony charge of forgery, embezzlement, obtaining money under false pretenses, theft by swindle, extortion, conspiracy to defraud, or bribery;

(2) ~~A license must be denied~~ if the applicant has had a dealer license revoked within the previous ten years; or

(3) if, at the time of inspection, the applicant is not in compliance with location requirements or has intentionally misrepresented any information on the application that would be grounds for suspension or revocation under subdivision 12.

(f) If the application is approved, the commissioner ~~shall~~ must license the applicant as a dealer for one year from the date the temporary license is granted and issue a certificate of license that must include a distinguishing number of identification of the dealer. The license must be displayed in a prominent place in the dealer's licensed place of business.

(g) Each initial application for a license must be accompanied by a fee of \$100 in addition to the annual fee. The annual fee is \$150. The initial fees and annual fees must be paid into the state treasury and credited to the general fund except that \$50 of each initial and annual fee must be paid into the vehicle services operating account in the special revenue fund under section 299A.705.

Sec. 13. Minnesota Statutes 2020, section 168.27, subdivision 31, is amended to read:

Subd. 31. **Documentary fee.** (a) A motor vehicle dealer may not charge a documentary fee or document administration fee in excess of the amounts provided under paragraph (b) for services actually rendered to, for, or on behalf of the retail buyer or lessee to prepare, handle, and process documents for the closing of a motor vehicle retail sale or lease of a vehicle being registered in the state of Minnesota. The fee must be separately stated on the sales agreement maintained under Minnesota Rules, part 7400.5200, and may be excluded from the dealer's advertised price.

(b) For motor vehicle sales or leases made on or after July 1, ~~2017~~ 2022, through June 30, ~~2020~~ 2023, the maximum fee is ~~\$100~~ the lesser of \$200 or an amount equal to ten percent of the value of the sale or lease. For motor vehicle sales or leases made on or after July 1, ~~2020~~, 2023, through June 30, 2024, the maximum fee is ~~\$125~~ the lesser of \$275 or an amount equal to ten percent of the value of the sale or lease. For motor vehicle sales or leases made on or after July 1, 2024, the maximum fee is the lesser of \$350 or an amount equal to ten percent of the value of the sale or lease.

(c) "Documentary fee" and "document administration fee" do not include an optional electronic transfer fee as defined under section 53C.01, subdivision 14.

EFFECTIVE DATE. This section is effective for motor vehicle sales and leases made on or after July 1, 2022.

Sec. 14. Minnesota Statutes 2020, section 168A.11, subdivision 3, is amended to read:

Subd. 3. **Records.** Every dealer ~~shall~~ must maintain for three years at an established place of business a record in the form the department prescribes of every vehicle bought, sold, or exchanged, or received for sale or exchange, which ~~shall~~ must be open to inspection by a representative of the department or peace officer during ~~reasonable business hours~~ inspection hours as listed on the initial dealer license application or as noted on the dealer record. With respect to motor vehicles subject to the provisions of section 325E.15, the record ~~shall~~ must include either the true mileage as stated by the previous owner or the fact that the previous owner stated the actual cumulative mileage was unknown; the record also ~~shall~~ must include either the true mileage the dealer stated upon transferring the vehicle or the fact the dealer stated the mileage was unknown.

Sec. 15. Minnesota Statutes 2020, section 168B.045, is amended to read:

168B.045 TOWED MOTOR VEHICLES.

A person who tows and stores a motor vehicle at the request of a law enforcement officer ~~shall~~ must have a lien on the motor vehicle for the value of the ~~storage and towing and recovery of the vehicle and cargo, storage of the vehicle and cargo, and accident site cleanup~~ and must have the right to retain possession of the motor vehicle and cargo, subject to the right to retrieve contents under section 168B.07, subdivision 3, until the lien is lawfully discharged. This section does not apply to tows of vehicles parked in violation of snow emergency regulations.

Sec. 16. Minnesota Statutes 2020, section 168B.07, subdivision 1, is amended to read:

Subdivision 1. **Payment of charges.** The owner or any lienholder of an impounded vehicle ~~shall~~ must have a right to reclaim such vehicle from the unit of government or impound lot operator taking it into custody upon payment of all charges for towing and storage charges recovery of the vehicle and cargo, storage of the vehicle and cargo, and accident site cleanup resulting from taking the vehicle and cargo into custody within 15 or 45 days, as applicable under section 168B.051, subdivision 1, 1a, or 2, after the date of the notice required by section 168B.06.

Sec. 17. Minnesota Statutes 2020, section 169.011, is amended by adding a subdivision to read:

Subd. 1b. **All-electric motorcycle.** (a) "All-electric motorcycle" means an electric motorcycle that is solely able to be powered by an electric motor drawing current from rechargeable storage batteries, fuel cells, or other portable sources of electrical current.

(b) All-electric motorcycle excludes a plug-in hybrid electric motorcycle.

Sec. 18. Minnesota Statutes 2020, section 169.011, is amended by adding a subdivision to read:

Subd. 54c. **Plug-in hybrid electric motorcycle.** "Plug-in hybrid electric motorcycle" means an electric motorcycle that:

(1) contains an internal combustion engine and also allows power to be delivered to the drive wheels by a battery-powered electric motor;

(2) when connected to the electrical grid via an electrical outlet, is able to recharge its battery; and

(3) has the ability to travel at least 20 miles powered substantially by electricity.

Sec. 19. Minnesota Statutes 2020, section 171.05, subdivision 2, is amended to read:

Subd. 2. **Person less than 18 years of age.** (a) The department may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and who:

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or:

(i) is enrolled in either: behind-the-wheel training in a driver education program; and

(ii) has completed:

~~(i) a public, private, or commercial~~ (A) the classroom phase of instruction in a driver education program that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training; or

(B) 15 hours of classroom instruction in a driver education program that presents classroom and behind-the-wheel instruction concurrently;

~~(ii) an approved behind the wheel driver education program~~ (C) home-classroom driver training, when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a ~~homeschool~~ home school diploma, the student is taking home-classroom driver training with classroom materials are approved by the commissioner of public safety, and the student's parent has certified the student's ~~homeschool~~ home school and home-classroom driver training status on the form approved by the commissioner; or

(D) an online driver education program authorized by section 171.395;

~~(2) has completed the classroom phase of instruction in the driver education program or has completed 15 hours of classroom instruction in a program that presents classroom and behind-the-wheel instruction concurrently;~~

~~(3)~~ (2) has passed a test of the applicant's eyesight;

~~(4)~~ (3) has passed a department-administered test of the applicant's knowledge of traffic laws;

~~(5)~~ (4) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor, (v) the foster parent or the director of the transitional living program in which the child resides or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (vi) the applicant's adult spouse, adult close family member, or adult employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; and

~~(6)~~ (5) has paid all fees required in section 171.06, subdivision 2.

(b) In addition, the applicant may submit a certification stating that a primary driving supervisor has completed the supplemental parental curriculum under section 171.0701, subdivision 1a, for the purposes of provisional license requirements under section 171.055, subdivision 1, paragraph (a), clause (6). The certification must be completed by a driver education instructor, as defined under section 171.0701, subdivision 1a.

(c) For the purposes of determining compliance with the certification of paragraph (a), clause (1), item (ii), subitem (C), the commissioner may request verification of a student's ~~homeschool~~ home school status from the superintendent of the school district in which the student resides and the superintendent ~~shall~~ must provide that verification.

(d) A driver education program under this subdivision includes a public, private, or commercial program, and must be approved by the commissioner.

~~(d)~~ (e) The instruction permit is valid for two years from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

Sec. 20. Minnesota Statutes 2020, section 171.07, subdivision 15, is amended to read:

Subd. 15. **Veteran designation.** (a) At the request of an eligible applicant and on payment of the required fee, the department ~~shall~~ must issue, renew, or reissue to the applicant a driver's license or Minnesota identification card bearing a graphic or written designation of:

(1) Veteran; or

(2) Veteran 100% T&P.

(b) At the time of the initial application for the designation provided under this subdivision, the applicant must:

(1) be one of the following:

(i) a veteran, as defined in section 197.447; or

(ii) a retired member of the National Guard or a reserve component of the United States armed forces;

(2) have provide a certified copy of the ~~veteran's~~ applicant's discharge papers that confirms an honorable or general discharge under honorable conditions status or a military retiree identification card, Veteran Identification Card, or Veteran Health Identification Card; and

(3) if the applicant is seeking the disability designation under paragraph (a), clause (2), provide satisfactory evidence of a 100 percent total and permanent service-connected disability as determined by the United States Department of Veterans Affairs.

~~(c) The commissioner of public safety is required to issue drivers' licenses and Minnesota identification cards with the veteran designation only after entering a new contract or in coordination with producing a new card design with modifications made as required by law.~~

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2022, and applies to applications submitted on or after that date.

Sec. 21. Minnesota Statutes 2021 Supplement, section 171.13, subdivision 1, is amended to read:

Subdivision 1. **Examination subjects and locations; provisions for color blindness, disabled veterans.** (a) An applicant for a driver's license must pass the examination required by this section before being issued a driver's license. Except as otherwise provided in this section 171.135, the commissioner shall examine each applicant for a driver's license by such agency as the commissioner directs must conduct the examination. This examination must include:

(1) a test of the applicant's eyesight, provided that this requirement is met by submission of a vision examination certificate under section 171.06, subdivision 7;

(2) a test of the applicant's ability to read and understand highway signs regulating, warning, and directing traffic;

(3) a test of the applicant's knowledge of (i) traffic laws; (ii) the effects of alcohol and drugs on a driver's ability to operate a motor vehicle safely and legally, and of the legal penalties and financial consequences resulting from violations of laws prohibiting the operation of a motor vehicle while under the influence of alcohol or drugs; (iii) railroad grade crossing safety; (iv) slow-moving vehicle safety; (v) laws relating to pupil transportation safety, including the significance of school bus lights, signals, stop arm, and passing a school bus; (vi) traffic laws related to bicycles; and (vii) the circumstances and dangers of carbon monoxide poisoning;

(4) an actual demonstration of ability to exercise ordinary and reasonable control in the operation of a motor vehicle; and

(5) other physical and mental examinations as the commissioner finds necessary to determine the applicant's fitness to operate a motor vehicle safely upon the highways.

(b) Notwithstanding paragraph (a), the commissioner must not deny an application for a driver's license based on the exclusive grounds that the applicant's eyesight is deficient in color perception or that the applicant has been diagnosed with diabetes mellitus. War veterans operating motor vehicles especially equipped for disabled persons, if otherwise entitled to a license, must be granted such license.

(c) The commissioner ~~shall~~ must make provision for giving the examinations under this subdivision either in the county where the applicant resides or at a place adjacent thereto reasonably convenient to the applicant.

(d) The commissioner ~~shall~~ must ensure that an applicant is able to obtain an appointment for an examination to demonstrate ability under paragraph (a), clause (4), within 14 days of the applicant's request if, under the applicable statutes and rules of the commissioner, the applicant is eligible to take the examination.

Sec. 22. [171.135] THIRD-PARTY COMMERCIAL DRIVER'S LICENSE ROAD TESTS.

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

(b) "Applicant" means the individual or entity applying to be a third-party tester program or a third-party tester.

(c) "Road test" means the physical demonstration of ability to exercise ordinary and reasonable control in the operation of a motor vehicle as required in section 171.13, subdivision 1, paragraph (a), clause (4).

(d) "Third-party tester" or "tester" means an employee of a third-party testing program who is authorized by the commissioner to conduct the road test for a commercial driver's license.

(e) "Third-party testing program" or "program" means a program approved by the commissioner to administer the road test conducted by a third-party tester.

Subd. 2. **Third-party testing program; application.** (a) An applicant must apply in the manner specified by the commissioner for approval to administer the road test. A third-party testing program may administer the road test under this section if the program is approved by the commissioner.

(b) A program application to the commissioner must include:

(1) the business or entity name;

(2) a business registration number or a business or tax identification number if a nonprofit entity;

(3) mailing address, telephone number, and e-mail address of the administrative office;

(4) the name of an authorized official responsible for the program and application and the official's title and telephone number;

(5) a map, drawing, or written description of each test route to be used for road tests;

(6) the name, birth date, home address, and driver's license number of all individuals the applicant wants to employ as a certified third-party tester;

(7) the amount for fees, if any, that will be charged; and

(8) a surety bond, in the amount prescribed by the commissioner.

Subd. 3. **Third-party testing program; office location.** To qualify as a third-party testing program, the applicant must be located in Minnesota and must maintain an administrative office in at least one permanent, regularly occupied building with a permanent address.

Subd. 4. **Third-party testing program; evaluation and approval.** (a) The commissioner must evaluate each application submitted by a third-party testing program applicant. If the application is satisfactory, the commissioner must approve the application.

(b) Upon approval of a third-party testing program application, the commissioner must issue a letter of approval designating the third-party testing program. The letter of approval constitutes an agreement between the state and the third-party testing program that authorizes the program to administer the road test for a commercial driver's license.

(c) A letter of approval to operate a third-party testing program is not transferable.

Subd. 5. **Third-party tester; authority.** (a) An individual may conduct the road test for a commercial driver's license under this section if the person:

(1) possesses a valid third-party tester certificate, as provided in subdivision 6; and

(2) meets the requirements under Minnesota Rules, chapter 7410, and Code of Federal Regulations, title 49, part 380, section 605, and part 383.

(b) A third-party tester is subject to the same requirements as examiners employed by the state, including but not limited to background checks. The third-party tester must pay the cost for a required background check.

Subd. 6. **Third-party tester; certificates.** (a) The commissioner must issue a third-party tester certificate to an individual who satisfactorily completes the required training and is authorized as a third-party tester.

(b) A third-party tester certificate is effective on the date of issuance and expires four years after issuance. A third-party tester must submit an application for renewal of the certificate to the commissioner no less than 30 days before the date the previously issued certificate expires.

(c) The third-party testing program must keep a copy of the certificate of each third-party tester employed by the program on file in the administrative office of the program.

(d) A third-party tester certificate is not transferable.

Subd. 7. **Training and information.** (a) The commissioner must provide a training process that allows an individual to become authorized as a third-party tester.

(b) The commissioner must provide to each third-party tester all relevant information on how to conduct the road test. At a minimum, the commissioner must provide:

(1) the criteria on which applicants for a commercial driver's license must be tested during the road test;

(2) the method of scoring and evaluating the applicant for a commercial driver's license;

(3) the method and criteria for determining test routes; and

(4) the necessary documentation to conduct the road test.

Subd. 8. **Road tests.** (a) A third-party tester must conduct the commercial driver's license road test in the manner and subject to the requirements of this section; section 171.131; Minnesota Rules, chapter 7410; and Code of Federal Regulations, title 49, part 383.

(b) If the third-party tester also provides behind-the-wheel instruction for student drivers or employees, the third-party tester must not use the same routes for training and conducting the road test.

(c) Upon passage of the road test, the third-party tester must provide the person with certification of passage of the road test. The certification must be in a form prescribed by the commissioner.

Subd. 9. **Prohibited road tests.** (a) A third-party tester must not conduct a road test for a person who is required to be examined by the commissioner under section 171.13, subdivision 3, and Minnesota Rules, part 7410.2400.

(b) A third-party tester must not conduct a fourth or subsequent road test for a person.

Subd. 10. **Immunity.** The department must be held harmless for any claims, losses, damages, costs, and other proceedings made, sustained, brought, or prosecuted in any manner based on or occasioned by or attributive to any injury, infringement, or damage rising from any act or omission of the third-party tester or the third-party testing program in the performance of testing duties.

Subd. 11. **Application.** This section does not apply to employees of the state that conduct the road test.

Subd. 12. **Oversight; investigations.** (a) The commissioner must monitor and audit the road tests conducted by third-party testers. The commissioner reserves the right to cancel the delegation of third-party testing in its entirety or an individual program if a federal audit indicates that continuation of the general delegation or individual program will jeopardize the receipt of federal funds or the state's ability to issue commercial drivers' licenses.

(b) The commissioner must establish a process to investigate alleged violations of the law and complaints made against third-party testers or programs. The third-party tester or program must be given notice of an investigation and be allowed to participate in the investigation. The commissioner must provide the results of an audit or investigation to the third-party program and any third-party testers.

Subd. 13. **Denial; cancellation; suspension.** (a) The commissioner may deny an application for a third-party testing program or third-party tester if the applicant does not qualify for approval or certification under this section or Minnesota Rules, parts 7410.6000 to 7410.6540. In addition, a misstatement or misrepresentation is grounds for denying a letter of approval for a third-party program or a third-party tester certificate.

(b) The commissioner may cancel the approval of a third-party testing program or third-party tester or may suspend a program or tester for:

(1) failure to comply with or satisfy any provision of this section or Minnesota Rules, parts 7410.6000 to 7410.6540;

(2) falsification of any records or information relating to the third-party testing program;

(3) performance in a manner that compromises the integrity of the third-party testing program. The commissioner must use the same standards of integrity for state-employed testers and third-party testers; or

(4) the withdrawal of a third-party tester's driving privileges.

Subd. 14. **Commissioner's discretion.** (a) The existence of grounds for cancellation or suspension under subdivision 13 is determined at the sole discretion of the commissioner. If the commissioner determines that grounds for cancellation or suspension exist for failure to comply with or satisfy any requirement in this section or Minnesota Rules, parts 7410.6000 to 7410.6540, the commissioner may immediately cancel or suspend the third-party testing program or third-party tester from administering any further tests.

(b) When an application to be a third-party testing program or third-party tester application is denied, or when individual program approval or a tester's certificate is canceled, a notice must be

mailed to the subject indicating the reasons for the denial or cancellation and that the third-party testing program or third-party tester may appeal the decision as provided in subdivision 16.

Subd. 15. **Correction order.** If an audit by the commissioner identifies a situation that needs correction but does not merit suspension or cancellation, the commissioner may issue a correction order to a third-party tester or program for 30 days to correct a deficiency before the program or tester becomes subject to suspension or cancellation. The notice must include the basis for requiring the correction. The notice must notify the individual of the ability to appeal the correction order as provided in subdivision 16. The third-party testing program or third-party tester is permitted 30 days to correct the deficiency without having to reapply.

Subd. 16. **Notice of denial or cancellation; request for reconsideration and hearing.** (a) Within 20 calendar days of the mailing date of a notice of cancellation or denial issued pursuant to subdivision 14 or correction order issued pursuant to subdivision 15, the third-party testing program or third-party tester may submit a request for reconsideration in writing to the commissioner. The commissioner must review the request for reconsideration and issue a decision within 30 days of the mailing date of the request. The third-party testing program or third-party tester may request a contested case hearing under chapter 14 within 20 days of receipt of the commissioner's decision.

(b) As an alternative to the process in paragraph (a), the third-party testing program or third-party tester may initiate a contested case proceeding within 20 calendar days of the mailing date of a notice of cancellation or denial issued pursuant to subdivision 14 or a correction order issued pursuant to subdivision 15.

(c) If a correction order issued pursuant to subdivision 15 is appealed under paragraph (a) or (b), the commissioner must not enforce the correction order until the appeal is complete.

Subd. 17. **Rulemaking.** (a) Except where otherwise provided by this section, the commissioner must apply applicable provisions from Minnesota Rules, parts 7410.6000 to 7410.6540, to third-party testing of commercial drivers' licenses. The provisions in Minnesota Rules, parts 7410.6160, 7410.6180, 7410.6280, 7410.6290, 7410.6520, subpart 2, and 7410.6540, do not apply to third-party testing for commercial drivers' licenses.

(b) To the extent that Minnesota Rules, parts 7410.6000 to 7410.6540, or other laws do not prescribe requirements on the following topics, the commissioner may adopt rules on these topics as they pertain to third-party testing programs and testers:

- (1) criteria for approval of an application of a third-party testing program or tester;
- (2) requirements for training to become a third-party testing program or tester;
- (3) the method of scoring and evaluating an applicant for a commercial driver's license;
- (4) the method and criteria for determining test routes;
- (5) documentation necessary to conduct a road test;
- (6) the manner of conducting a road test for a commercial driver's license; and

(7) a process to investigate alleged violations of law and complaints made against third-party testing programs and testers.

(c) The commissioner must not adopt rules that create standards for third-party testing programs and third-party testers to provide road tests for a commercial driver's license that are higher than standards required for the state or state employees who perform road tests for commercial drivers' licenses.

(d) If the commissioner does not adopt rules by June 1, 2024, rulemaking authority under this section is repealed. Rulemaking authority under this section is not continuing authority to amend or repeal rules. Notwithstanding section 14.125, any additional action on rules after adoption must be under specific statutory authority to take the additional action.

Sec. 23. **[171.395] ONLINE DRIVER EDUCATION PROGRAM.**

(a) A licensed driver education program may provide online driver education as provided in this section. The online driver education program must satisfy the requirements for classroom driver education as provided in section 171.0701, subdivision 1, and Minnesota Rules, chapter 7411. In addition, an online driver education program must:

(1) include a means for the student to measure performance outcomes;

(2) use a pool of rotating quiz questions;

(3) incorporate accountability features to ensure the identity of the student while engaged in the course of online study;

(4) measure the amount of time that the student spends in the course;

(5) provide technical support to customers that is available 24 hours per day, seven days per week;

(6) require a licensed Minnesota driver education instructor to monitor each student's progress and be available to answer questions in a timely manner, provided that the instructor is not required to monitor progress or answer questions in real time;

(7) store course content and student data on a secure server that is protected against data breaches and is regularly backed up;

(8) incorporate preventive measures in place to protect against the access of private information;

(9) include the ability to update course content uniformly throughout the state; and

(10) provide online interactive supplemental parental curriculum consistent with section 171.0701, subdivision 1a.

(b) Except as required by this section, the commissioner is prohibited from imposing requirements on online driver education programs that are not equally applicable to classroom driver education programs.

Sec. 24. Laws 2019, First Special Session chapter 3, article 2, section 34, subdivision 8, is amended to read:

Subd. 8. **Expiration.** The Oversight Committee expires six months after full implementation of VTRS. ~~After full implementation but prior to the expiration of the Oversight Committee, the Oversight Committee must complete a report that, at a minimum, summarizes the activities of the Oversight Committee and makes recommendations to the legislature on proposed changes to state driver and vehicle laws. The Oversight Committee must submit the report to the legislative auditor.~~ For purposes of this subdivision, "full implementation" means all packaged software solution components are implemented and functioning and all MNLARS and legacy components are decommissioned.

Sec. 25. Laws 2021, First Special Session chapter 5, article 4, section 131, is amended to read:

Sec. 131. **SCHOOL BUS AGE EXEMPTION.**

Notwithstanding Minnesota Statutes, section 169.454, subdivision 2, type III vehicles that are 12 years or older may remain in service until August 31, ~~2022~~ 2023, if the following conditions are met:

(1) the vehicle would otherwise be required to leave service between March 1, 2021, and June 30, ~~2022~~ 2023, because of the vehicle's age; and

(2) the vehicle passes all required state inspections.

Sec. 26. Laws 2021, First Special Session chapter 5, article 4, section 131, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment and expires on August 31, ~~2022~~ 2023.

Sec. 27. **REQUIRED RULEMAKING.**

(a) The commissioner of public safety must amend Minnesota Rules as follows:

(1) part 7410.6100, subpart 2, by striking item D;

(2) part 7410.6160, by striking "50" and inserting "30";

(3) part 7410.6420, subpart 6, item A, by striking "12" and inserting "10"; and

(4) part 7411.0630, subpart 6, by striking subitem (7) and renumbering the remaining subitems.

(b) The commissioner may use the good-cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 28. **RULES.**

If the commissioner of public safety determines that any additional rules, beyond those authorized to be adopted under Minnesota Statutes, section 171.135, are required to implement this article, the commissioner must report to the chairs and ranking minority members of the committees in the senate and house of representatives with jurisdiction over transportation by January 15, 2023, describing topics on which additional rulemaking is required. The report must include draft legislation to authorize the necessary rulemaking.

Sec. 29. **REVISOR INSTRUCTION.**

The revisor of statutes must renumber the subdivisions in Minnesota Statutes, section 169.011. The revisor must make necessary cross-reference changes in Minnesota Statutes consistent with the renumbering.

Sec. 30. **REPEALER.**

Minnesota Rules, parts 7410.6180; 7410.6420, subpart 3; 7410.6520, subpart 3; and 7411.0535, are repealed.

ARTICLE 8

INDEPENDENT EXPERT REVIEW PROVISIONS

Section 1. Minnesota Statutes 2020, section 168.002, is amended by adding a subdivision to read:

Subd. 12a. **Full-service provider.** "Full-service provider" means a person who is appointed by the commissioner as both a deputy registrar under this chapter and a driver's license agent under chapter 171 who provides all driver services, excluding International Registration Plan and International Fuel Tax Agreement transactions. The commissioner is not a full-service provider.

Sec. 2. Minnesota Statutes 2021 Supplement, section 168.327, subdivision 1, is amended to read:

Subdivision 1. **Records and fees.** (a) Upon request by any person authorized in this section, the commissioner ~~shall~~ or full-service provider must furnish a certified copy of any driver's license record, instruction permit record, Minnesota identification card record, vehicle registration record, vehicle title record, or accident record.

(b) Except as provided in subdivisions 4, 5a, and 5b, and other than accident records governed under section 169.09, subdivision 13, the requester ~~shall~~ must pay a fee of \$10 for each certified record specified in paragraph (a) or a fee of \$9 for each record that is not certified.

(c) Except as provided in subdivisions 4, 5a, and 5b, in addition to the record fee in paragraph (b), the fee for a copy of the history of any vehicle title not in electronic format is \$1 for each page of the historical record.

(d) Fees collected by the commissioner under paragraph (b) for driver's license, instruction permit, and Minnesota identification card records must be paid into the state treasury with 50 cents of each fee credited to the general fund. The remainder of the fees collected by the commissioner

must be credited to the driver services operating account in the special revenue fund under section 299A.705. Of the fees collected by a full-service provider under paragraph (b) for driver's license, instruction permit, and Minnesota identification card records, the provider must transmit 50 cents to the commissioner to be deposited into the general fund, and the provider must retain the remainder.

(e) Fees collected by the commissioner under paragraphs (b) and (c) for vehicle registration or title records must be paid into the state treasury with 50 cents of each fee credited to the general fund. The remainder of the fees collected by the commissioner must be credited to the vehicle services operating account in the special revenue fund specified in section 299A.705. Of the fees collected by a full-service provider under paragraphs (b) and (c) for vehicle registration or title records, the provider must transmit 50 cents of each fee to the commissioner to be deposited into the general fund, and the provider must retain the remainder.

(f) Except as provided in subdivisions 4, 5a, and 5b, the commissioner ~~shall~~ must permit a person to inquire into a record by the person's own electronic means for a fee of \$4.50 for each inquiry, except that no fee may be charged when the requester is the subject of the data. Of the fee collected by the commissioner:

(1) \$2.70 must be deposited in the general fund;

(2) for driver's license, instruction permit, or Minnesota identification card records, the remainder must be deposited in the driver services operating account in the special revenue fund under section 299A.705; and

(3) for vehicle title or registration records, the remainder must be deposited in the vehicle services operating account in the special revenue fund under section 299A.705.

(g) Fees and the deposit of the fees for accident records and reports are governed by section 169.09, subdivision 13.

EFFECTIVE DATE. This section is effective January 1, 2023, and applies to requests for records made on or after that date.

Sec. 3. Minnesota Statutes 2020, section 168.327, subdivision 2, is amended to read:

Subd. 2. **Requests for information; surcharge on fee.** (a) Except as otherwise provided in subdivision 3, the commissioner ~~shall~~ or full-service provider must impose a surcharge of 50 cents on each fee charged by the commissioner or full-service provider under section 13.03, subdivision 3, for copies or electronic transmittals of public information about the registration of a vehicle or an applicant, or holder of a driver's license, instruction permit, or Minnesota identification card.

(b) The surcharge only applies to a fee imposed in response to a request made in person, ~~or~~ by mail, or to a request for transmittal through a computer modem online. The surcharge does not apply to the request of an individual for information about that individual's driver's license, instruction permit, or Minnesota identification card or about vehicles registered or titled in the individual's name.

(c) The surcharges collected by the commissioner under this subdivision must be credited to the general fund. The surcharges collected by a full-service provider must be transmitted to the commissioner to be deposited into the general fund.

EFFECTIVE DATE. This section is effective January 1, 2023, and applies to requests for records made on or after that date.

Sec. 4. Minnesota Statutes 2020, section 168.327, subdivision 3, is amended to read:

Subd. 3. **Exception to fee and surcharge.** (a) Notwithstanding subdivision 2 or section 13.03, a fee or surcharge may not be imposed in response to a request for public information about the registration of a vehicle if the commissioner or full-service provider is satisfied that:

(1) the requester seeks the information on behalf of a community-based, nonprofit organization designated by a local law enforcement agency to be a requester; and

(2) the information is needed to identify suspected prostitution law violators, controlled substance law violators, or health code violators.

(b) The commissioner ~~shall~~ or full-service provider must not require a requester under paragraph (a) to make a minimum number of data requests or limit the requester to a maximum number of data requests.

EFFECTIVE DATE. This section is effective January 1, 2023, and applies to requests for records made on or after that date.

Sec. 5. Minnesota Statutes 2020, section 168.327, is amended by adding a subdivision to read:

Subd. 7. **Monitoring and auditing.** The commissioner must monitor and audit the furnishing of records by full-service providers under this section to ensure full-service providers are complying with this section, chapter 13, and United States Code, title 18, section 2721, et seq.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 6. Minnesota Statutes 2020, section 168.33, subdivision 7, is amended to read:

Subd. 7. **Filing fees; allocations.** (a) In addition to all other statutory fees and taxes, a filing fee of:

(1) \$7 is imposed on every vehicle registration renewal, excluding pro rate transactions; and

(2) \$11 is imposed on every other type of vehicle transaction, including motor carrier fuel licenses under sections 168D.05 and 168D.06, and pro rate transactions.

(b) Notwithstanding paragraph (a):

(1) a filing fee may not be charged for a document returned for a refund or for a correction of an error made by the Department of Public Safety, a dealer, or a deputy registrar; and

(2) no filing fee or other fee may be charged for the permanent surrender of a title for a vehicle.

(c) The filing fee must be shown as a separate item on all registration renewal notices sent out by the commissioner.

(d) The statutory fees and taxes, and the filing fees imposed under paragraph (a) may be paid by credit card or debit card. The deputy registrar may collect a surcharge on the statutory fees, taxes, and filing fee not greater than the cost of processing a credit card or debit card transaction, in accordance with emergency rules established by the commissioner of public safety. The surcharge must be used to pay the cost of processing credit and debit card transactions.

(e) The fees collected under this subdivision by the department for in-person transactions must be allocated as follows:

(1) of the fees collected under paragraph (a), clause (1):

(i) \$5.50 must be deposited in the vehicle services operating account; and

(ii) \$1.50 must be deposited in the driver and vehicle services technology account; and

(2) of the fees collected under paragraph (a), clause (2):

(i) \$3.50 must be deposited in the general fund;

(ii) \$6.00 must be deposited in the vehicle services operating account; and

(iii) \$1.50 must be deposited in the driver and vehicle services technology account.

(f) The fees collected under this subdivision by the department for mail or online transactions must be allocated as follows:

(1) of the fees collected under paragraph (a), clause (1):

(i) \$2.75 must be deposited in the vehicle services operating account;

(ii) \$0.75 must be deposited in the driver and vehicle services technology account; and

(iii) \$3.50 must be deposited in the full-service provider account; and

(2) of the fees collected under paragraph (a), clause (2):

(i) \$3.50 must be deposited in the general fund;

(ii) \$3.00 must be deposited in the vehicle services operating account;

(iii) \$0.75 must be deposited in the driver and vehicle services technology account; and

(iv) \$3.75 must be deposited in the full-service provider account.

(g) In addition to all other statutory fees and taxes, a \$5.00 surcharge is imposed on every vehicle registration renewal, excluding pro rate transactions, that is submitted by mail. Of the \$5.00 surcharge, \$2.50 must be deposited in the vehicle services operating account and \$2.50 must be deposited in the full-service provider account.

EFFECTIVE DATE. This section is effective October 1, 2022.

Sec. 7. Minnesota Statutes 2021 Supplement, section 169.09, subdivision 13, is amended to read:

Subd. 13. **Reports confidential; evidence, fee, penalty, appropriation.** (a) All reports and supplemental information required under this section must be for the use of the commissioner of public safety and other appropriate state, federal, county, and municipal governmental agencies for accident analysis purposes, except:

(1) upon written request, the commissioner of public safety, a full-service provider as defined in section 171.01, subdivision 33a, or any law enforcement agency ~~shall~~ must disclose the report required under subdivision 8 to:

(i) any individual involved in the accident, the representative of the individual's estate, or the surviving spouse, or one or more surviving next of kin, or a trustee appointed under section 573.02;

(ii) any other person injured in person, property, or means of support, or who incurs other pecuniary loss by virtue of the accident;

(iii) legal counsel of a person described in item (i) or (ii);

(iv) a representative of the insurer of any person described in item (i) or (ii); or

(v) a city or county attorney or an attorney representing the state in an implied consent action who is charged with the prosecution of a traffic or criminal offense that is the result of a traffic crash investigation conducted by law enforcement;

~~(2) the commissioner of public safety shall, upon written request, provide the driver filing a report under subdivision 7 with a copy of the report filed by the driver;~~

~~(3) (2)~~ the commissioner of public safety may verify with insurance companies vehicle insurance information to enforce sections 65B.48, 169.792, 169.793, 169.796, and 169.797;

~~(4) (3)~~ the commissioner of public safety ~~shall~~ must provide the commissioner of transportation the information obtained for each traffic accident involving a commercial motor vehicle, for purposes of administering commercial vehicle safety regulations;

~~(5) (4)~~ upon specific request, the commissioner of public safety ~~shall~~ must provide the commissioner of transportation the information obtained regarding each traffic accident involving damage to identified state-owned infrastructure, for purposes of debt collection under section 161.20, subdivision 4; and

~~(6) (5)~~ the commissioner of public safety may give to the United States Department of Transportation commercial vehicle accident information in connection with federal grant programs relating to safety.

(b) Accident reports and data contained in the reports are not discoverable under any provision of law or rule of court. ~~No report shall~~ A report must not be used as evidence in any trial, civil or criminal, or any action for damages or criminal proceedings arising out of an accident. However,

the commissioner of public safety ~~shall~~ must furnish, upon the demand of any person who has or claims to have made a report or upon demand of any court, a certificate showing that a specified accident report has or has not been made to the commissioner solely to prove compliance or failure to comply with the requirements that the report be made to the commissioner.

(c) Nothing in this subdivision prevents any individual who has made a report under this section from providing information to any individuals involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the individual's knowledge. It is intended by this subdivision to render privileged the reports required, but it is not intended to prohibit proof of the facts to which the reports relate.

(d) Disclosing any information contained in any accident report, except as provided in this subdivision, section 13.82, subdivision 3 or 6, or other statutes, is a misdemeanor.

(e) The commissioner of public safety ~~shall~~ or full-service provider as defined in section 171.01, subdivision 33a, must charge authorized persons as described in paragraph (a) a \$5 fee for a copy of an accident report. Ninety percent of the \$5 fee collected by the commissioner under this paragraph must be deposited in the special revenue fund and credited to the driver services operating account established in section 299A.705 and ten percent must be deposited in the general fund. Of the \$5 fee collected by a full-service provider, the provider must transmit 50 cents to the commissioner to be deposited into the general fund, and the provider must retain the remainder. The commissioner may also furnish an electronic copy of the database of accident records, which must not contain personal or private data on an individual, to private agencies as provided in paragraph (g), for not less than the cost of preparing the copies on a bulk basis as provided in section 13.03, subdivision 3.

(f) The fees specified in paragraph (e) notwithstanding, the commissioner and law enforcement agencies ~~shall~~ must charge commercial users who request access to response or incident data relating to accidents a fee not to exceed 50 cents per record. "Commercial user" is a user who in one location requests access to data in more than five accident reports per month, unless the user establishes that access is not for a commercial purpose. Of the money collected by the commissioner under this paragraph, 90 percent must be deposited in the special revenue fund and credited to the driver services operating account established in section 299A.705 and ten percent must be deposited in the general fund.

(g) The fees in paragraphs (e) and (f) notwithstanding, the commissioner ~~shall~~ must provide an electronic copy of the accident records database to the public on a case-by-case basis using the cost-recovery charges provided for under section 13.03, subdivision 3. The database provided must not contain personal or private data on an individual. However, unless the accident records database includes the vehicle identification number, the commissioner ~~shall~~ must include the vehicle registration plate number if a private agency certifies and agrees that the agency:

(1) is in the business of collecting accident and damage information on vehicles;

(2) will use the vehicle registration plate number only for identifying vehicles that have been involved in accidents or damaged, to provide this information to persons seeking access to a vehicle's history and not for identifying individuals or for any other purpose; and

(3) will be subject to the penalties and remedies under sections 13.08 and 13.09.

EFFECTIVE DATE. This section is effective January 1, 2023, and applies to requests for records made on or after that date.

Sec. 8. Minnesota Statutes 2020, section 169.09, is amended by adding a subdivision to read:

Subd. 20. Monitoring and auditing. The commissioner must monitor and audit the furnishing of records by full-service providers under this section to ensure full-service providers are complying with this section, chapter 13, and United States Code, title 18, section 2721, et seq.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 9. Minnesota Statutes 2020, section 171.01, is amended by adding a subdivision to read:

Subd. 33a. Full-service provider. "Full-service provider" has the meaning given in section 168.002, subdivision 12a.

Sec. 10. Minnesota Statutes 2020, section 171.02, subdivision 3, is amended to read:

Subd. 3. Motorized bicycle. (a) A motorized bicycle may not be operated on any public roadway by any person who does not possess a valid driver's license, unless the person has obtained a motorized bicycle operator's permit or motorized bicycle instruction permit from the commissioner of public safety. The operator's permit may be issued to any person who has attained the age of 15 years and who has passed the examination prescribed by the commissioner. The instruction permit may be issued to any person who has attained the age of 15 years and who has successfully completed an approved safety course and passed the written portion of the examination prescribed by the commissioner.

(b) This course must consist of, but is not limited to, a basic understanding of:

- (1) motorized bicycles and their limitations;
- (2) motorized bicycle laws and rules;
- (3) safe operating practices and basic operating techniques;
- (4) helmets and protective clothing;
- (5) motorized bicycle traffic strategies; and
- (6) effects of alcohol and drugs on motorized bicycle operators.

(c) The commissioner may adopt rules prescribing the content of the safety course, examination, and the information to be contained on the permits. A person operating a motorized bicycle under a motorized bicycle permit is subject to the restrictions imposed by section 169.974, subdivision 2, on operation of a motorcycle under a two-wheel instruction permit.

(d) The fees for motorized bicycle operator's permits are as follows:

(1) Motorized bicycle operator's permit before age 21 and valid until age 21	\$	9.75
(2) Renewal permit age 21 or older and valid for four <u>eight</u> years	\$	15.75 <u>23.75</u>

(3) Duplicate of any renewal permit	\$	5.25
(4) Written examination and instruction permit, valid for 30 days	\$	6.75

EFFECTIVE DATE. This section is effective October 1, 2022, and applies to new or renewal applications for drivers' licenses or identification cards submitted on or after that date.

Sec. 11. Minnesota Statutes 2020, section 171.06, is amended by adding a subdivision to read:

Subd. 8. Preapplication. The commissioner must establish a process for an applicant to complete an online preapplication for a driver's license or identification card. The preapplication must require the applicant to enter information required for an application for the desired type of driver's license or identification card. The preapplication process must generate a list of documents the applicant is required to submit in person at the time of the application. An applicant who submitted a preapplication is required to appear in person before the commissioner, a full-service provider, or a driver's license agent to submit a completed application for the driver's license or identification card. At the time an individual schedules an appointment to apply for a driver's license or identification card, the commissioner, full-service provider, or driver's license agent who is scheduling the appointment must provide to the applicant a link to the preapplication website.

Sec. 12. Minnesota Statutes 2020, section 171.061, subdivision 4, is amended to read:

Subd. 4. Fee; equipment. (a) The agent may charge and retain a filing fee ~~of \$8~~ for each application: as follows:

<u>(1) New application for a noncompliant, REAL ID-compliant, or enhanced driver's license or identification card</u>	\$	<u>24.00</u>
<u>(2) Renewal application for a noncompliant, REAL ID-compliant, or enhanced driver's license or identification card</u>	\$	<u>16.50</u>

Except as provided in paragraph (c), the fee ~~shall~~ must cover all expenses involved in receiving, accepting, or forwarding to the department the applications and fees required under sections 171.02, subdivision 3; 171.06, subdivisions 2 and 2a; and 171.07, subdivisions 3 and 3a.

(b) The statutory fees and the filing fees imposed under paragraph (a) may be paid by credit card or debit card. The driver's license agent may collect a convenience fee on the statutory fees and filing fees not greater than the cost of processing a credit card or debit card transaction. The convenience fee must be used to pay the cost of processing credit card and debit card transactions. The commissioner ~~shall~~ must adopt rules to administer this paragraph using the exempt procedures of section 14.386, except that section 14.386, paragraph (b), does not apply.

(c) The department ~~shall~~ must maintain the photo identification and vision examination equipment for all agents ~~appointed as of January 1, 2000. Upon the retirement, resignation, death, or discontinuance of an existing agent, and if a new agent is appointed in an existing office pursuant to Minnesota Rules, chapter 7404, and notwithstanding the above or Minnesota Rules, part 7404.0400, the department shall provide and maintain photo identification equipment without additional cost to a newly appointed agent in that office if the office was provided the equipment by the department before January 1, 2000.~~ All photo identification and vision examination equipment must be compatible with standards established by the department.

(d) A filing fee retained by the agent employed by a county board must be paid into the county treasury and credited to the general revenue fund of the county. An agent who is not an employee of the county ~~shall~~ must retain the filing fee in lieu of county employment or salary and is considered an independent contractor for pension purposes, coverage under the Minnesota State Retirement System, or membership in the Public Employees Retirement Association.

(e) Before the end of the first working day following the final day of the reporting period established by the department, the agent must forward to the department all applications and fees collected during the reporting period except as provided in paragraph (d).

EFFECTIVE DATE. This section is effective October 1, 2022, and applies to applications made on or after that date.

Sec. 13. Minnesota Statutes 2020, section 171.07, subdivision 4, is amended to read:

Subd. 4. **Identification card expiration.** (a) Except as otherwise provided in this subdivision, the expiration date of a Minnesota identification card is the birthday of the applicant in the ~~fourth~~ eighth year following the date of issuance of the card.

~~(b)~~ For an applicant age 65 or older,

~~(1) the expiration date of a Minnesota identification card is the birthday of the applicant in the eighth year following the date of issuance of the card; or~~

~~(2) a noncompliant identification card is valid for the lifetime of the applicant.~~

~~(c) For the purposes of paragraph (b), "Minnesota identification card" does not include an enhanced identification card issued to an applicant age 65 or older.~~

~~(d)~~ (b) The expiration date for an Under-21 identification card is the cardholder's 21st birthday. The commissioner ~~shall~~ must issue an identification card to a holder of an Under-21 identification card who applies for the card, pays the required fee, and presents proof of identity and age, unless the commissioner determines that the applicant is not qualified for the identification card.

~~(e)~~ (c) Notwithstanding paragraphs (a) ~~to (d)~~ and (b), the expiration date for an identification card issued to a person with temporary lawful status is the last day of the person's legal stay in the United States, or one year after issuance if the last day of the person's legal stay is not identified.

EFFECTIVE DATE. This section is effective October 1, 2022, and applies to new or renewal applications for drivers' licenses or identification cards submitted on or after that date.

Sec. 14. Minnesota Statutes 2020, section 171.0705, is amended by adding a subdivision to read:

Subd. 11. **Manual and study material availability.** The commissioner must publish the driver's manual and study support materials for the written exam and skills exam. The study support materials must focus on the subjects and skills that are most commonly failed by exam takers. The commissioner must ensure that the driver's manual and study support materials are easily located and are available for no cost.

Sec. 15. Minnesota Statutes 2021 Supplement, section 171.071, subdivision 4, is amended to read:

Subd. 4. **Variance for homebound individuals.** (a) Notwithstanding section 171.07 or Minnesota Rules, part 7410.1810, the commissioner may grant a variance from the photograph requirements for a noncompliant identification card if: (1) the individual is homebound as defined in paragraph (b); (2) the individual has submitted proof of homebound status; and (3) the department has a photograph of the applicant on file that was taken within the last ~~four~~ eight years or during the most recent renewal cycle or the applicant has submitted a photograph to the department that meets the requirements of section 171.07, Minnesota Rules, part 7410.1810, subpart 1, and other technical requirements established by the commissioner, such as background color and electronic file size, to ensure the image can be used on a credential and conforms with images taken by the department. Applicants granted a photograph variance under this subdivision are not required to appear in person to have a new photograph taken.

(b) For purposes of this subdivision, "homebound" means the individual is unable to leave the individual's residence due to a medical, physical, or mental health condition or infirmity as documented in writing by a physician, case worker, or social worker.

EFFECTIVE DATE. This section is effective October 1, 2022, and applies to new or renewal applications for drivers' licenses or identification cards submitted on or after that date.

Sec. 16. Minnesota Statutes 2020, section 171.12, subdivision 1a, is amended to read:

Subd. 1a. **Driver and vehicle services information system; security and auditing.** (a) The commissioner must establish written procedures to ensure that only individuals authorized by law may enter, update, or access not public data collected, created, or maintained by the driver and vehicle services information system. An authorized individual's ability to enter, update, or access data in the system must correspond to the official duties or training level of the individual and to the statutory authorization granting access for that purpose. All queries and responses, and all actions in which data are entered, updated, accessed, shared, or disseminated, must be recorded in a data audit trail. If an authorized individual accesses data to resolve an issue and the access does not result in a completed transaction, the individual must include a notation on the record for the transaction explaining the business need for accessing the data. Data contained in the audit trail are public to the extent the data are not otherwise classified by law.

(b) If the commissioner ~~must immediately and permanently revoke the authorization of any~~ determines that an individual ~~who~~ willfully entered, updated, accessed, shared, or disseminated data in violation of state or federal law, the commissioner must impose disciplinary action. If an individual willfully gained access to data without authorization by law, the commissioner must forward the matter to the appropriate prosecuting authority for prosecution. The commissioner must not impose disciplinary action against an individual who properly accessed data to complete an authorized transaction or to resolve an issue that did not result in a completed authorized transaction.

(c) If the commissioner imposes disciplinary action, the commissioner must notify the individual in writing, of the action explain the reason for the action, and explain how to appeal the action. The commissioner must transmit the notification within five calendar days of the action.

(d) The commissioner must arrange for an independent biennial audit of the driver and vehicle services information system to determine whether data currently in the system are classified correctly, how the data are used, and to verify compliance with this subdivision. The results of the audit are public. No later than 30 days following completion of the audit, the commissioner must provide a report summarizing the audit results to the commissioner of administration; the chairs and ranking minority members of the committees of the house of representatives and the senate with jurisdiction over transportation policy and finance, public safety, and data practices; and the Legislative Commission on Data Practices and Personal Data Privacy. The report must be submitted as required under section 3.195, except that printed copies are not required.

(e) For purposes of this subdivision, "disciplinary action" means a formal or informal disciplinary measure, including but not limited to requiring corrective action or suspending or revoking the individual's access to the driver and vehicle information system.

EFFECTIVE DATE. This section is effective October 1, 2022. Paragraphs (b), (c), and (e) apply to audits of data use that are open on or after October 1, 2022.

Sec. 17. Minnesota Statutes 2021 Supplement, section 171.13, subdivision 1, is amended to read:

Subdivision 1. **Examination subjects and locations; provisions for color blindness, disabled veterans.** (a) Except as otherwise provided in this section, the commissioner ~~shall~~ must examine each applicant for a driver's license by such agency as the commissioner directs. This examination must include:

(1) a test of the applicant's eyesight, provided that this requirement is met by submission of a vision examination certificate under section 171.06, subdivision 7;

(2) a test of the applicant's ability to read and understand highway signs regulating, warning, and directing traffic;

(3) a test of the applicant's knowledge of (i) traffic laws; (ii) the effects of alcohol and drugs on a driver's ability to operate a motor vehicle safely and legally, and of the legal penalties and financial consequences resulting from violations of laws prohibiting the operation of a motor vehicle while under the influence of alcohol or drugs; (iii) railroad grade crossing safety; (iv) slow-moving vehicle safety; (v) laws relating to pupil transportation safety, including the significance of school bus lights, signals, stop arm, and passing a school bus; (vi) traffic laws related to bicycles; and (vii) the circumstances and dangers of carbon monoxide poisoning;

(4) an actual demonstration of ability to exercise ordinary and reasonable control in the operation of a motor vehicle; and

(5) other physical and mental examinations as the commissioner finds necessary to determine the applicant's fitness to operate a motor vehicle safely upon the highways.

(b) Notwithstanding paragraph (a), the commissioner must not deny an application for a driver's license based on the exclusive grounds that the applicant's eyesight is deficient in color perception or that the applicant has been diagnosed with diabetes mellitus. War veterans operating motor

vehicles especially equipped for disabled persons, if otherwise entitled to a license, must be granted such license.

~~(e) The commissioner shall make provision for giving the examinations under this subdivision either in the county where the applicant resides or at a place adjacent thereto reasonably convenient to the applicant.~~

~~(d) The commissioner shall ensure that an applicant is able to obtain an appointment for an examination to demonstrate ability under paragraph (a), clause (4), within 14 days of the applicant's request if, under the applicable statutes and rules of the commissioner, the applicant is eligible to take the examination.~~

(c) The commissioner must ensure there are 40 or more exam stations located so that an applicant may take an exam either in the county where the applicant resides or in an adjacent county at a reasonably convenient location. One or more exam stations must be located in each county with a population of 130,000 or more, as determined by the 2020 decennial census, that is located outside of the metropolitan area as defined in section 473.121, subdivision 2. Each exam station must be open a minimum of one day per week. The schedule for each exam station must be posted on the department's website.

(d) The commissioner must provide real-time information on the department's website about the availability and location of exam appointments, including the next available exam dates and times for each exam station. The website must also provide an option for a person to enter an address to review the date and time of the next available exam at each exam station sorted by distance from the address provided. The information must be easily accessible and must not require a person to sign in or provide any information, except an address, in order to see available exam dates.

EFFECTIVE DATE. This section is effective July 1, 2023, except that paragraph (d) is effective January 1, 2023.

Sec. 18. Minnesota Statutes 2020, section 171.13, subdivision 1a, is amended to read:

Subd. 1a. **Waiver when license issued by another jurisdiction.** (a) If the commissioner determines that an applicant 21 years of age or older possesses a valid driver's license issued by another state or jurisdiction that requires a comparable examination for obtaining a driver's license, the commissioner ~~may~~ must waive the ~~requirement~~ requirements that the applicant pass a written knowledge examination and demonstrate ability to exercise ordinary and reasonable control in the operation of a motor vehicle ~~on determining that the applicant possesses a valid driver's license issued by a jurisdiction that requires a comparable demonstration for license issuance.~~

(b) If the commissioner determines that an applicant 21 years of age or older possesses a valid driver's license with a two-wheeled vehicle endorsement issued by another state or jurisdiction that requires a comparable examination for obtaining the endorsement, the commissioner must waive the requirements that the applicant for a two-wheeled vehicle endorsement pass a written knowledge examination and demonstrate the ability to exercise ordinary and reasonable control in the operation of a motor vehicle.

(c) For purposes of this subdivision, "jurisdiction" includes, but is not limited to, both the active and reserve components of any branch or unit of the United States armed forces, and "valid driver's

license" includes any driver's license that is recognized by that branch or unit as currently being valid, or as having been valid at the time of the applicant's separation or discharge from the military within a period of time deemed reasonable and fair by the commissioner, up to and including one year past the date of the applicant's separation or discharge.

EFFECTIVE DATE. This section is effective August 1, 2022, and applies to applications made on or after that date.

Sec. 19. Minnesota Statutes 2021 Supplement, section 171.13, subdivision 7, is amended to read:

Subd. 7. **Examination fees.** (a) A fee of ~~\$10~~ \$20 must be paid by an individual to take a third and any subsequent knowledge test administered by the department if the individual has failed two previous consecutive knowledge tests on the subject.

(b) A fee of ~~\$20~~ \$30 must be paid by an individual to take a third and any subsequent skills or road test administered by the department if the individual has previously failed two consecutive skill or road tests in a specified class of motor vehicle.

(c) A fee of \$20 must be paid by an individual who fails to appear for a scheduled skills or road test or who cancels a skills or road test within 24 hours of the appointment time.

(d) All fees received under this subdivision must be paid into the state treasury and credited to the driver services operating account in the special revenue fund specified under section 299A.705.

Sec. 20. Minnesota Statutes 2021 Supplement, section 171.27, subdivision 1, is amended to read:

Subdivision 1. **Expiration.** (a) Except as otherwise provided in this section, the expiration date for each driver's license is the birthday of the driver in the ~~fourth~~ eighth year following the date of issuance of the license. The birthday of the driver ~~shall~~ must be as indicated on the application for a driver's license. A license may be renewed on or before expiration or within one year after expiration upon application, payment of the required fee, and passing the examination required of all drivers for renewal. Driving privileges ~~shall~~ must be extended or renewed on or preceding the expiration date of an existing driver's license unless the commissioner believes that the licensee is no longer qualified as a driver.

(b) The expiration date for each under-21 license ~~shall~~ must be the 21st birthday of the licensee. Upon the licensee attaining the age of 21 and upon the application, payment of the required fee, and passing the examination required of all drivers for renewal, a driver's license ~~shall~~ must be issued unless the commissioner determines that the licensee is no longer qualified as a driver.

(c) The expiration date for each provisional license is two years after the date of application for the provisional license.

(d) Notwithstanding paragraphs (a) to (c), the expiration date for a license issued to a person with temporary lawful status is the last day of the person's legal stay in the United States, or one year after issuance if the last day of the person's legal stay is not identified.

EFFECTIVE DATE. This section is effective October 1, 2022, and applies to new or renewal applications for drivers' licenses or identification cards submitted on or after that date.

Sec. 21. Minnesota Statutes 2021 Supplement, section 171.27, subdivision 2, is amended to read:

Subd. 2. **Extension of expiration.** (a) For purposes of this subdivision, "eligible individual" means:

(1) a person then or subsequently serving outside Minnesota in active military service, as defined in section 190.05, subdivision 5, in any branch or unit of the armed forces of the United States;

(2) a person then or subsequently serving outside Minnesota as a volunteer in the Peace Corps;

(3) a person who is an employee of a federal department or agency and is assigned to foreign service outside of the United States; or

(4) a person residing outside of Minnesota because the person is a spouse, domestic partner, or dependent under age 26 of a person in clause (1), (2), or (3).

(b) A valid Minnesota driver's license issued to an eligible individual continues in full force and effect without requirement for renewal until the date one year following the person's separation or discharge from active military or volunteer service, or following the conclusion of assignment to foreign service outside the United States, and until the license holder's birthday in the ~~fourth~~ eighth full year following the person's most recent license renewal or, in the case of a provisional license, until the person's birthday in the third full year following the renewal.

EFFECTIVE DATE. This section is effective October 1, 2022, and applies to new or renewal applications for drivers' licenses or identification cards submitted on or after that date.

Sec. 22. **[171.375] STUDENT PASS RATE.**

(a) For each driver training school, the commissioner must determine the percentage of students from that school who pass the written exam or road test on the student's first attempt, second attempt, or third or subsequent attempt. The commissioner must publicly post the information collected under this section on the department's website. At a minimum, the commissioner must update this information on the department's website at least every six months. The information must be searchable by the name of a school or a location.

(b) By January 1 and July 1 of each year, each driver training school must provide to the commissioner a list of all students who completed coursework at the school during the previous six months.

Sec. 23. Minnesota Statutes 2020, section 299A.705, subdivision 1, is amended to read:

Subdivision 1. **Vehicle services operating account.** (a) The vehicle services operating account is created in the special revenue fund, consisting of all money from the vehicle services fees specified in chapters 168, 168A, and 168D, and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) Funds appropriated from the account must be used by the commissioner of public safety to administer the vehicle services specified in chapters 168, 168A, and 168D, and section 169.345, including:

- (1) designing, producing, issuing, and mailing vehicle registrations, plates, emblems, and titles;
- (2) collecting title and registration taxes and fees;
- (3) transferring vehicle registration plates and titles;
- (4) maintaining vehicle records;
- (5) issuing disability certificates and plates;
- (6) licensing vehicle dealers;
- (7) appointing, monitoring, and auditing deputy registrars; and
- (8) inspecting vehicles when required by law.

(c) The following amounts are appropriated monthly from the account to the commissioner for the expense of fulfilling the renewal submissions from the previous calendar month:

(1) \$1.43 per motor vehicle registration renewal submitted by mail where license plates are not issued;

(2) \$11.84 per motor vehicle registration renewal submitted by mail where license plates are issued;

(3) \$1.16 per motor vehicle registration renewal submitted online where license plates are not issued; and

(4) \$11.28 per motor vehicle registration renewal submitted online where license plates are issued.

EFFECTIVE DATE. This section is effective July 1, 2022, and the first quarterly distribution shall be made on or before October 15, 2022.

Sec. 24. Minnesota Statutes 2020, section 299A.705, is amended by adding a subdivision to read:

Subd. 3a. **Full-service provider account.** (a) The full-service provider account is created in the special revenue fund, consisting of fees described in sections 168.33, subdivision 7, and 171.06, subdivision 2, and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) Money in the account is annually appropriated to the commissioner of public safety to distribute to full-service providers, as defined in section 168.002, subdivision 12a. At least quarterly, the commissioner must distribute the money in the account to each full-service provider that was

in operation during that quarter based proportionally on the total number of transactions completed by each full-service provider.

EFFECTIVE DATE. This section is effective October 1, 2022, and the first quarterly distribution shall be made on or before January 15, 2023.

Sec. 25. REPORT; IMPLEMENTATION OF DRIVER AND VEHICLE SERVICES RECOMMENDATIONS.

(a) The legislature encourages the commissioner of public safety, in conjunction with appropriate stakeholders, to implement the following recommendations included in independent expert review of driver and vehicle services issued January 12, 2022:

(1) revise the deputy registrar and driver's license agent contracts to encourage all deputy registrars and driver's license agents to become or remain full-service providers as defined in Minnesota Statutes, section 168.002, subdivision 12a;

(2) determine how best to utilize certified and impartial third parties for administration of knowledge and road tests;

(3) implement data and reporting practices to assist the commissioner in making decisions focused on the residents of the state;

(4) conduct a staffing review that balances staff quantity and quality, leverages technology automations and configurations, and establishes performance standards and targets that meet the needs of the state;

(5) identify performance and service standards and create a deputy registrar performance scorecard and a driver's license agent performance scorecard that monitors user performance to ensure a consistently positive experience for Minnesotans;

(6) provide a rapid response communication method for situations where deputy registrars or driver's license agents need immediate support;

(7) explore ways to speed up background checks of new employees at the division of driver and vehicle services offices and deputy registrar offices, including using a police department or county sheriff;

(8) promote the preapplication process and expand the use of preapplications to all possible, relevant areas;

(9) evaluate and make recommendations to the legislature on areas where it is appropriate to make preapplications mandatory;

(10) adjust policies and practices to automate as many approval transactions as possible;

(11) determine the proper user level field needed by transaction type and explore additional differentiated user levels in MnDRIVE;

(12) allow deputy registrars to have increased visibility to and influence on the MnDRIVE enhancement process;

(13) engage a learning consultant and create a content strategy and communications campaign to meet the needs of Minnesota residents, including a feedback loop for continuous improvement and evolution;

(14) provide additional training and clear guidance regarding permissible use of records and enable in-application notation of usage other than for paid transactions;

(15) consider what security measures are appropriate at each deputy registrar or driver's license agent location, including the possible need for a security officer or for cameras with recording capabilities;

(16) offer training in deescalation and negotiation techniques to all public-facing staff; and

(17) examine the potential of allowing online applications for replacement class D drivers' licenses.

(b) By December 15, 2022, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy on whether the recommendations in paragraph (a) and the recommendations included in the March 2021 legislative auditor's report on driver examination stations have been implemented, are in the process of being implemented, or will not be implemented.

(1) For each recommendation that has been implemented, the commissioner must:

(i) describe when and how the recommendation was implemented;

(ii) describe the outcome of implementing the recommendation; and

(iii) provide an estimated cost of implementing the recommendation.

(2) For each recommendation that is in the process of being implemented, the commissioner must:

(i) describe how the recommendation is being implemented;

(ii) provide the anticipated timeline for implementation; and

(iii) provide an estimated cost of implementing the recommendation.

(3) For each recommendation that will not be implemented, the commissioner must:

(i) provide a detailed explanation of why the recommendation will not be implemented;

(ii) provide an estimated cost to implement the recommendation;

(iii) provide an estimated timeline to implement the recommendation; and

(iv) describe any unmet needs that, if met, would allow the commissioner to implement the recommendation.

In addition, the commissioner must include recommendations on any further changes to statutes necessary or beneficial for implementing the recommendations.

(c) The report required by paragraph (b) must also include:

(1) the commissioner's plan for exam station locations, including how many exam stations will remain open and the locations of the exam stations; and

(2) whether any limited driver's license agents are unable to become full-service providers because of the restrictions in Minnesota Statutes, section 171.061, and Minnesota Rules, chapter 7404, and, if so, whether the commissioner would recommend any exceptions to allow the limited driver's license agent to participate in the fee-sharing provisions of this article.

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

Sec. 26. **REPEALER.**

Minnesota Statutes 2020, section 168.345, subdivision 1, is repealed.

Sec. 27. **EFFECTIVE DATE.**

Except where otherwise specified, this article is effective August 1, 2022.

ARTICLE 9

SALVAGE AND PRIOR SALVAGE TITLE BRANDS

Section 1. Minnesota Statutes 2020, section 168A.01, is amended by adding a subdivision to read:

Subd. 16b. **Recovered intact vehicle.** "Recovered intact vehicle" means a vehicle that was:

(1) verified by the vehicle insurer to be stolen and declared a total loss; and

(2) subsequently recovered with damage that is not in excess of 80 percent of its value immediately before it was stolen.

Sec. 2. Minnesota Statutes 2020, section 168A.01, subdivision 17b, is amended to read:

Subd. 17b. **Salvage vehicle.** (a) "Salvage vehicle" means a vehicle ~~that has a salvage certificate of title~~ (1) for which an insurance company has declared a total loss or paid a total loss claim, or (2) that has been involved in a collision or other event in which the cost of repairs exceeds 80 percent of the value of the vehicle immediately before the damage occurred.

(b) Salvage vehicle does not include a recovered intact vehicle.

Sec. 3. Minnesota Statutes 2020, section 168A.04, subdivision 1, is amended to read:

Subdivision 1. **Contents.** The application for the first certificate of title of a vehicle or manufactured home in this state, or for reissuance of a certificate of title for a manufactured home under section 168A.142, ~~shall~~ must be made by the owner to the department on the form prescribed by the department and ~~shall~~ must contain:

(1) the first, middle, and last names, the dates of birth, and addresses of all owners who are natural persons, the full names and addresses of all other owners;

(2) a description of the vehicle or manufactured home including, so far as the following data exists, its make, model, year, identifying number in the case of a vehicle or serial number in the case of a manufactured home, type of body, and whether new or used;

(3) the date of purchase by applicant, the name and address of the person from whom the vehicle or manufactured home was acquired, the names and addresses of any secured parties in the order of their priority, and the dates of their respective security agreements;

(4) with respect to motor vehicles subject to the provisions of section 325E.15, the true cumulative mileage registered on the odometer or that the actual mileage is unknown if the odometer reading is known by the owner to be different from the true mileage;

(5) ~~with respect to vehicles subject to section 325F.6641, whether the vehicle sustained damage by collision or other occurrence which exceeded 70 percent of the actual cash value~~ that meets the disclosure requirements under section 325F.6641, subdivision 1; and

(6) any further information the department reasonably requires to identify the vehicle or manufactured home and to enable it to determine whether the owner is entitled to a certificate of title, and the existence or nonexistence and priority of any security interest in the vehicle or manufactured home.

Sec. 4. Minnesota Statutes 2020, section 168A.04, subdivision 4, is amended to read:

Subd. 4. **Vehicle last registered out of state.** If the application refers to a vehicle last previously registered in another state or country, the application ~~shall~~ must contain or be accompanied by:

(1) any certificate of title issued by the other state or country;

(2) any other information and documents the department reasonably requires to establish the ownership of the vehicle and the existence or nonexistence and priority of any security interest in it;

(3) the certificate of a person authorized by the department that the identifying number of the vehicle has been inspected and found to conform to the description given in the application, or any other proof of the identity of the vehicle the department reasonably requires; and

(4) ~~with respect to vehicles subject to section 325F.6641, whether the vehicle sustained damage by collision or other occurrence which exceeded 70 percent of actual cash value~~ that meets the disclosure requirements under section 325F.6641, subdivision 1. Damage, for the purpose of this the calculation under this clause, does not include the actual cost incurred to repair, replace, or

reinstall inflatable safety restraints and other vehicle components that must be replaced due to the deployment of the inflatable safety restraints.

Sec. 5. Minnesota Statutes 2020, section 168A.05, subdivision 3, is amended to read:

Subd. 3. **Content of certificate.** (a) Each certificate of title issued by the department ~~shall~~ must contain:

(1) the date issued;

(2) the first, middle, and last names and the dates of birth of all owners who are natural persons, and the full names of all other owners;

(3) the residence address of the owner listed first if that owner is a natural person or the address if that owner is not a natural person;

(4) the names of any secured parties, and the address of the first secured party, listed in the order of priority (i) as shown on the application, or (ii) if the application is based on a certificate of title, as shown on the certificate, or (iii) as otherwise determined by the department;

(5) any liens filed pursuant to a court order or by a public agency responsible for child support enforcement against the owner;

(6) the title number assigned to the vehicle;

(7) a description of the vehicle including, so far as the following data exists, its make, model, year, identifying number, type of body, whether new or used, and if a new vehicle, the date of the first sale of the vehicle for use;

(8) with respect to a motor vehicle subject to section 325E.15, (i) the true cumulative mileage registered on the odometer or (ii) that the actual mileage is unknown if the odometer reading is known by the owner to be different from the true mileage;

(9) if applicable, one or more of the following:

(i) with respect to a vehicle subject to sections ~~325F.6641~~ 168A.151 and 325F.6642, the appropriate term brand "flood damaged," "rebuilt," "salvage," "prior salvage," or "reconstructed";

~~(10)~~ (ii) with respect to a vehicle contaminated by methamphetamine production, if the registrar has received the certificate of title and notice described in section 152.0275, subdivision 2, paragraph (g), the term brand "hazardous waste contaminated vehicle"; and

~~(11)~~ (iii) with respect to a vehicle subject to section 325F.665, the term brand "lemon law vehicle"; and

~~(12)~~ (10) any other data the department prescribes.

(b) For a certificate of title on a vehicle that is a restored pioneer vehicle:

(1) the identifying number must be the valid identifying number as provided under section 168A.04, subdivision 5;

(2) the year of the vehicle must be the year of original vehicle manufacture and not the year of restoration; and

(3) the title must not bear a "reconstructed vehicle" brand.

Sec. 6. Minnesota Statutes 2020, section 168A.151, subdivision 1, is amended to read:

Subdivision 1. **Salvage titles and prior salvage brands.** (a) When an insurer, licensed to conduct business in Minnesota, acquires ownership of a ~~late-model or high-value vehicle, excluding a recovered intact vehicle,~~ through payment of damages, the insurer ~~shall~~ must:

(1) for a late-model or high-value vehicle, immediately apply for a salvage certificate of title that bears a "salvage" brand or shall stamp the existing certificate of title with the legend "SALVAGE salvage CERTIFICATE OF TITLE" in a manner prescribed by the department; or

(2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of title that bears a "prior salvage" brand or stamp the existing certificate of title with "prior salvage" in a manner prescribed by the department.

(b) Within ten days of obtaining the title of a vehicle through payment of damages, an insurer must notify the department in a manner prescribed by the department.

~~(b)~~ (c) Except as provided in section 168A.11, subdivision 1, a person shall must immediately apply for a salvage certificate of title that bears a "salvage" brand if the person acquires a damaged late-model or high-value vehicle with an out-of-state title and the vehicle that:

(1) is a vehicle that was acquired by an insurer through payment of damages;

(2) is a vehicle for which the will incur a cost of repairs that exceeds the value of the damaged vehicle; or

(3) has an out-of-state salvage certificate of title as proof of ownership; or

(4) bears the brand "damaged," "repairable," "salvage," or any similar term on the certificate of title.

(d) Except as provided in section 168A.11, subdivision 1, a person must immediately apply for a certificate of title that bears a "prior salvage" brand if the person acquires a damaged vehicle and:

(1) a "salvage" brand is not required under paragraph (c); and

(2) the vehicle:

(i) bears the brand "damaged," "repairable," "salvage," "rebuilt," "reconditioned," or any similar term on the certificate of title; or

(ii) had a salvage certificate of title or brand issued at any time in the vehicle's history by any other jurisdiction.

~~(e)~~ (e) A self-insured owner of a ~~late-model or high-value~~ vehicle that sustains damage by collision or other occurrence which exceeds 80 percent of its actual cash value ~~shall~~ must:

(1) for a late-model or high-value vehicle, immediately apply for a salvage certificate of title that bears a "salvage" brand; or

(2) for a vehicle that is not subject to clause (1), immediately apply for a certificate of title that bears a "prior salvage" brand.

Sec. 7. Minnesota Statutes 2020, section 168A.152, subdivision 1, is amended to read:

Subdivision 1. **Certificate of inspection.** (a) A salvage certificate of title that bears a "salvage" brand or stamp authorizes the holder to possess, transport, and transfer ownership in a vehicle. A salvage certificate of title that bears a "salvage" brand or stamp does not authorize the holder to register a vehicle. A certificate of title must not be issued for a vehicle for which a salvage certificate of title has been issued unless

(b) For a late-model or high-value vehicle with a certificate of title that bears a "salvage" brand or stamp, the commissioner must not issue a certificate of title that bears a "prior salvage" brand or stamp unless the application for title is accompanied by a certification of inspection in the form and content specified by the department accompanies the application for a certificate of title.

Sec. 8. Minnesota Statutes 2020, section 168A.152, subdivision 1a, is amended to read:

Subd. 1a. **Duties of salvage vehicle purchaser.** No salvage vehicle purchaser shall possess or retain a salvage vehicle which does not have a ~~salvage~~ salvage certificate of title that bears a "salvage" or "prior salvage" brand or stamp. The salvage vehicle purchaser ~~shall~~ must display the ~~salvage~~ salvage certificate of title upon the request of any appropriate public authority.

Sec. 9. Minnesota Statutes 2020, section 325F.662, subdivision 3, is amended to read:

Subd. 3. **Exclusions.** Notwithstanding the provisions of subdivision 2, a dealer is not required to provide an express warranty for a used motor vehicle:

(1) sold for a total cash sale price of less than \$3,000, including the trade-in value of any vehicle traded in by the consumer, but excluding tax, license fees, registration fees, and finance charges;

(2) with an engine designed to use diesel fuel;

(3) with a gross weight, as defined in section 168.002, subdivision 13, in excess of 9,000 pounds;

(4) that has been custom-built or modified for show or for racing;

(5) that is eight years of age or older, as calculated from the first day in January of the designated model year of the vehicle;

(6) that has been produced by a manufacturer which has never manufactured more than 10,000 motor vehicles in any one year;

(7) that has 75,000 miles or more at time of sale;

(8) that has not been manufactured in compliance with applicable federal emission standards in force at the time of manufacture as provided by the Clean Air Act, United States Code, title 42, sections 7401 through 7642, and regulations adopted pursuant thereto, and safety standards as provided by the National Traffic and Motor Safety Act, United States Code, title 15, sections 1381 through 1431, and regulations adopted pursuant thereto; or

(9) that has been issued a ~~salvage~~ certificate of title that bears a "salvage" brand or stamp under section 168A.151.

Sec. 10. Minnesota Statutes 2020, section 325F.6641, is amended to read:

325F.6641 DISCLOSURE OF VEHICLE DAMAGE.

Subdivision 1. **Prior damage disclosure.** (a) If a ~~late-model vehicle, as defined in section 168A.01, subdivision 8a,~~ has sustained damage by collision or other occurrence which exceeds 80 percent of its actual cash value immediately prior to sustaining damage, the seller must disclose that fact to the buyer, if the seller has actual knowledge of the damage. The amount of damage is determined by the retail cost of repairing the vehicle based on a complete written retail repair estimate or invoice.

(b) The disclosure required under this subdivision must be made in writing on the application for title and registration or other transfer document, in a manner prescribed by the registrar of motor vehicles. The registrar ~~shall revise~~ must design the certificate of title form, including the assignment by seller (transferor) and reassignment by licensed dealer sections of the form, the separate application for title forms, and other transfer documents to accommodate this disclosure. ~~If the seller is a motor vehicle dealer licensed pursuant to section 168.27, the disclosure required by this section must be made orally by the dealer to the prospective buyer in the course of the sales presentation.~~

~~(c) Upon transfer and application for title to a vehicle covered by this subdivision, the registrar shall record the term "rebuilt" on the first Minnesota certificate of title and all subsequent Minnesota certificates of title used for that vehicle.~~

Subd. 2. **Form of Disclosure requirements.** (a) If a motor vehicle dealer licensed under section 168.27 offers a vehicle for sale in the course of a sales presentation to any prospective buyer, the dealer must provide a written disclosure and, except for sales performed online, an oral disclosure of:

(1) prior vehicle damage as required under subdivision 1;

(2) the existence or requirement of any title brand under sections 168A.05, subdivision 3, 168A.151, 325F.6642, or 325F.665, subdivision 14, if the dealer has actual knowledge of the brand; and

(3) if a motor vehicle, which is part of a licensed motor vehicle dealer's inventory, has been submerged or flooded above the bottom dashboard while parked on the dealer's lot.

(b) If a person receives a flood disclosure as described in paragraph (a), clause (3), whether from a motor vehicle dealer or another seller, and subsequently offers that vehicle for sale, the person must provide the same disclosure to any prospective subsequent buyer.

(c) Written disclosure under this subdivision must be signed by the buyer and maintained in the motor vehicle dealer's sales file in the manner prescribed by the registrar of motor vehicles.

(d) The disclosure required in ~~this section~~ subdivision 1 must be made in substantially the following form: "To the best of my knowledge, this vehicle has has not sustained damage in excess of 80 percent actual cash value."

Sec. 11. Minnesota Statutes 2020, section 325F.6642, is amended to read:

325F.6642 TITLE BRANDING.

Subdivision 1. **Flood damage.** If the application for title and registration indicates that the vehicle has been classified as a total loss vehicle because of water or flood damage, or that the vehicle bears a "flood damaged" or similar brand, the registrar of motor vehicles ~~shall~~ must record the ~~term~~ brand "flood damaged" on the certificate of title and all subsequent certificates of title issued for that vehicle.

Subd. 2. ~~Total loss salvage vehicles.~~ (a) Upon transfer and application for title to all ~~total loss~~ vehicles for which the "salvage" brand is required under section 168A.151, subdivision 1, the registrar of motor vehicles ~~shall~~ must (1) record the ~~term~~ brand "prior salvage" on the first ~~Minnesota~~ certificate of title, and (2) subject to section 168A.152, record the brand "prior salvage" on all subsequent ~~Minnesota~~ certificates of title ~~used~~ issued for that vehicle.

(b) Notwithstanding paragraph (a), a "prior salvage" brand is not required for a recovered intact vehicle, as defined in section 168A.01, subdivision 16b.

Subd. 2a. **Prior salvage.** Upon application for title to all vehicles for which the "prior salvage" brand is required under section 168A.151, subdivision 1, the registrar of motor vehicles must record the brand "prior salvage" on the certificate of title and all subsequent certificates of title issued for that vehicle.

Subd. 2b. **Certain damaged vehicles.** Upon transfer and application for title to a vehicle that is subject to section 325F.6641, subdivision 1, the registrar of motor vehicles must (1) record the brand "salvage" on the first certificate of title, and (2) subject to section 168A.152, record the brand "prior salvage" on all subsequent certificates of title issued for that vehicle.

Subd. 3. ~~Out-of-state vehicles.~~ (a) Upon transfer and application for title of all repaired vehicles with out-of-state titles that bear the term "damaged," "salvage," "rebuilt," "reconditioned," or any similar term, the registrar of motor vehicles shall record the term "prior salvage" on the first Minnesota certificate of title and all subsequent Minnesota certificates of title ~~used~~ for that vehicle.

~~(b) The registrar shall mark "prior salvage" on the first Minnesota certificate of title and all subsequent certificates of title issued for any vehicle which came into the state unrepaired and for which a salvage certificate of title was issued.~~

~~(c) For vehicles with out-of-state titles which bear the term "flood damaged," the registrar of motor vehicles shall record the term "flood damaged" on the first Minnesota certificate of title and all subsequent Minnesota certificates of title issued for that vehicle.~~

~~(d) the registrar shall mark "prior salvage" on the first Minnesota certificate of title and all subsequent certificates of title issued for any vehicle that had a salvage certificate of title issued at any time in the vehicle's history by any other jurisdiction.~~

Subd. 4. **Reconstructed vehicles.** For vehicles that are reconstructed within the meaning of section 168A.15, the registrar ~~shall~~ must record the term brand "reconstructed" on the certificate of title and all subsequent certificates of title.

Subd. 5. **Manner of branding.** ~~The~~ Each brand designation of ~~"flood damaged," "rebuilt," "prior salvage," or "reconstructed"~~ under this section or section 168A.05, subdivision 3, 168A.151, or 325F.665, subdivision 14, required on a certificate of title ~~shall~~ must be made by the registrar of motor vehicles in a clear and conspicuous manner, in a ~~color~~ format different from all other writing on the certificate of title.

~~Subd. 6. **Total loss vehicle; definition.** For the purposes of this section, "total loss vehicle" means a vehicle damaged by collision or other occurrence, for which a salvage certificate of title has been issued. Total loss vehicle does not include a stolen and recovered vehicle verified by the insurer who declared the vehicle to be a total loss vehicle unless there is more than minimal damage to the vehicle as determined by the registrar.~~

~~Subd. 7. **Dealer disclosure.** If a licensed motor vehicle dealer offers for sale a vehicle with a branded title, the dealer shall orally disclose the existence of the brand in the course of the sales presentation.~~

~~Subd. 8. **Flood damage; dealer lots.** If a motor vehicle, which is part of a licensed motor vehicle dealer's inventory, has been submerged or flooded above the bottom of the dashboard while parked on the dealer's lot, the dealer must disclose that fact in writing to any buyer and must orally disclose that fact in the course of a sales presentation to any prospective buyer. The buyer must also disclose the existence of the flood damage in writing to any subsequent buyer.~~

Sec. 12. Minnesota Statutes 2020, section 325F.665, subdivision 14, is amended to read:

Subd. 14. **Title branding.** (a) Upon transfer and application for title of all vehicles subject to this section, the registrar of motor vehicles shall record the term "lemon law vehicle" on the certificate of title and all subsequent certificates of title for that vehicle.

(b) For vehicles with out-of-state titles that bear the term "lemon law vehicle," or any similar term, the registrar of motor vehicles shall record the term "lemon law vehicle" on the first Minnesota certificate of title and all subsequent Minnesota certificates of title issued for that vehicle.

~~(e) The designation of "lemon law vehicle" on a certificate of title must be made by the registrar of motor vehicles in a clear and conspicuous manner, in a color different from all other writing on the certificate of title.~~

Sec. 13. **REPEALER.**

Minnesota Statutes 2020, sections 168A.01, subdivision 17a; and 325F.6644, are repealed.

Sec. 14. **EFFECTIVE DATE.**

This article is effective January 1, 2023.

ARTICLE 10

DEPARTMENT OF TRANSPORTATION

Section 1. Minnesota Statutes 2020, section 160.08, subdivision 7, is amended to read:

Subd. 7. **No commercial establishment within right-of-way; exceptions.** No commercial establishment, including but not limited to automotive service stations, for serving motor vehicle users shall be constructed or located within the right-of-way of, or on publicly owned or publicly leased land acquired or used for or in connection with, a controlled-access highway; except that:

- (1) structures may be built within safety rest and travel information center areas;
- (2) space within state-owned buildings in those areas may be leased for the purpose of providing information to travelers through advertising as provided in section 160.276;
- (3) advertising signs may be erected within the right-of-way of interstate or controlled-access trunk highways by franchise agreements under section 160.80;
- (4) vending machines may be placed in rest areas, travel information centers, or weigh stations constructed or located within trunk highway rights-of-way; ~~and~~
- (5) acknowledgment signs may be erected under sections 160.272 and 160.2735; and
- (6) electric vehicle charging stations may be installed, operated, and maintained in safety rest areas, except where prohibited by federal law.

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

Sec. 2. Minnesota Statutes 2020, section 161.088, subdivision 1, is amended to read:

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

- (1) "beyond the project limits" means any point that is located:
 - (i) outside of the project limits;
 - (ii) along the same trunk highway; and

(iii) within the same region of the state;

(2) "city" means a statutory or home rule charter city;

(3) "greater Minnesota area" means the counties that are not metropolitan counties;

(4) "metropolitan area" means Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, and Washington Counties;

~~(3)~~ (5) "program" means the corridors of commerce program established in this section; and

~~(4)~~ (6) "project limits" means the estimated construction limits of a project for trunk highway construction, reconstruction, or maintenance, that is a candidate for selection under the corridors of commerce program.

Sec. 3. Minnesota Statutes 2020, section 161.088, subdivision 2, is amended to read:

Subd. 2. **Program authority; funding.** (a) As provided in this section, the commissioner shall establish a corridors of commerce program for trunk highway construction, reconstruction, and improvement, including maintenance operations, that improves commerce in the state.

(b) The commissioner may expend funds under the program from appropriations to the commissioner that are:

(1) made specifically by law for use under this section;

(2) at the discretion of the commissioner, made for the budget activities in the state roads program of operations and maintenance, program planning and delivery, or state road construction; and

(3) made for the corridor investment management strategy program, unless specified otherwise.

(c) The commissioner ~~shall~~ must include in the program the cost participation policy for local units of government.

(d) The commissioner may use up to 17 percent of any appropriation ~~to the program under this section for program delivery and for project scoring, ranking, and selection under subdivision 5.~~

Sec. 4. Minnesota Statutes 2020, section 161.088, subdivision 4, is amended to read:

Subd. 4. **Project eligibility.** (a) The eligibility requirements for projects that can be funded under the program are:

(1) consistency with the statewide multimodal transportation plan under section 174.03;

(2) location of the project on an interregional corridor, for a project located outside of the Department of Transportation metropolitan district;

(3) placement into at least one project classification under subdivision 3;

(4) project construction work will commence within ~~three~~ four years, or a longer length of time as determined by the commissioner; and

(5) for each type of project classification under subdivision 3, a maximum allowable amount for the total project cost estimate, as determined by the commissioner with available data.

(b) A project whose construction is programmed in the state transportation improvement program is not eligible for funding under the program. This paragraph does not apply to a project that is programmed as result of selection under this section.

(c) A project may be, but is not required to be, identified in the 20-year state highway investment plan under section 174.03.

(d) For each project, the commissioner must consider all of the eligibility requirements under paragraph (a). The commissioner is prohibited from considering any eligibility requirement not specified under paragraph (a).

(e) A project in the greater Minnesota area with a total project cost of more than \$10,000,000 is classified as a greater Minnesota large project. A project in the greater Minnesota area with a total project cost of \$10,000,000 or less is classified as a greater Minnesota small project. All projects in the metropolitan area are classified as metropolitan projects, regardless of the total project cost.

Sec. 5. Minnesota Statutes 2021 Supplement, section 161.088, subdivision 5, is amended to read:

Subd. 5. Project selection process; criteria. (a) The commissioner must establish a process to identify, evaluate, and select projects under the program. The process must be consistent with the requirements of this subdivision and must not include any additional evaluation criteria.

(b) As part of the project selection process, the commissioner must annually accept recommendations on candidate projects from area transportation partnerships and ~~other interested stakeholders in each Department of Transportation district~~ counties in the metropolitan area as provided by this section. The commissioner must determine the eligibility for each candidate project identified under this paragraph that is submitted as provided in this section. For each eligible project, the commissioner must classify and evaluate the project for the program, using all of the criteria established under paragraph ~~(e)~~ (d).

(c) Before proceeding to the evaluation required under paragraph (d), all project recommendations submitted for consideration must be screened as follows:

(1) for projects in the greater Minnesota area:

(i) the area transportation partnership for the area must review all project recommendations from its area;

(ii) each area transportation partnership must select up to three large projects and three small projects as defined in subdivision 4 to recommend for advancement to the evaluation process under paragraph (d). Each area transportation partnership may develop its own process to determine which projects to recommend. An area transportation partnership must not include the same segment of road in more than one project; and

(iii) only the projects recommended for evaluation may be developed by the department and scored for selection under paragraph (d). All projects not recommended for evaluation are disqualified from further consideration and must not be evaluated under paragraph (d);

(2) for projects located in the metropolitan area:

(i) projects located within a county in the metropolitan area must be reviewed by the county board;

(ii) each county board must select up to two projects to recommend for advancement to the evaluation process under paragraph (d). A board must not include the same segment of road in more than one project. Each board may develop its own process to determine which project to recommend; and

(iii) only the projects submitted by the county boards as provided in this paragraph may be developed by the department and scored for selection under paragraph (d). All projects not recommended for evaluation are disqualified from further consideration and must not be evaluated under paragraph (d).

(d) Projects must be evaluated using all of the following criteria:

(1) a return on investment measure that provides for comparison across eligible projects;

(2) measurable impacts on commerce and economic competitiveness;

(3) efficiency in the movement of freight, including but not limited to:

(i) measures of annual average daily traffic and commercial vehicle miles traveled, which may include data near the project location on that trunk highway or on connecting trunk and local highways; and

(ii) measures of congestion or travel time reliability, which may be within or near the project limits, or both;

(4) improvements to traffic safety;

(5) connections to regional trade centers, local highway systems, and other transportation modes;

(6) the extent to which the project addresses multiple transportation system policy objectives and principles;

(7) support and consensus for the project among members of the surrounding community;

(8) the time and work needed before construction may begin on the project; ~~and~~

(9) regional balance throughout the state; and

(10) written recommendations submitted as provided by subdivision 5a.

The commissioner must give the criteria in clauses (1) to (8) equal weight in the selection process.

(e) The commissioner must select projects so that approximately 50 percent of the available funding must be used for projects in the metro area and the other 50 percent must be used for projects in the greater Minnesota area. Of funding for projects in the metropolitan area, at least 55 percent must be spent for projects in Anoka, Carver, Chisago, Dakota, Scott, and Washington Counties. Of the funding for projects in the greater Minnesota area, approximately 25 percent must be used for projects classified as greater Minnesota small projects as defined in subdivision 4. When selecting projects in the greater Minnesota area, the commissioner must select projects so that no district has more than one project more than any other district.

~~(f)~~ (f) The list of all projects evaluated must be made public and must include the score of each project.

~~(g)~~ (g) As part of the project selection process, the commissioner may divide funding to be separately available among projects within each classification under subdivision 3, and may apply separate or modified criteria among those projects falling within each classification.

Sec. 6. Minnesota Statutes 2020, section 161.088, is amended by adding a subdivision to read:

Subd. 5a. **Recommendations.** After receiving all projects submitted pursuant to subdivision 5 but before making final selections, the commissioner must compile a list of all projects that were submitted and transmit the list to each legislator and to the governor. The list must include the location of each project and a brief description of the work to be done. Within 30 days of the date the project list is transmitted, each legislator and the governor may submit to the commissioner a written recommendation for one project on the list. The commissioner must award one additional point to a project for each written recommendation received for that project.

Sec. 7. Minnesota Statutes 2020, section 161.088, is amended by adding a subdivision to read:

Subd. 5b. **Project selection period.** Between October 1, 2022, and November 1, 2022, and every four years thereafter, area transportation partnerships and the metropolitan counties must submit projects to the commissioner of transportation as provided in subdivision 5. The commissioner must evaluate the projects and select projects by March 1 of the following year. To the greatest extent possible, the commissioner must select a sufficient number of projects to ensure that all funds allocated for the four-year period are encumbered or spent by the end of the period. If all selected projects are funded in the four-year time period and there were projects that were identified and not selected, the commissioner must select additional projects from the original project submissions. If all the projects that were submitted are funded, the commissioner may authorize an additional project selection period to select projects for the remainder of the period. Except as authorized by this subdivision, the project submission and selection process must only occur every four years.

Sec. 8. **[161.0895] HIGHWAY PURPOSE; REPORT.**

(a) To ensure compliance with the Minnesota Constitution, article XIV, sections 2, 5, and 6, commissioners of state agencies must not include in a biennial budget any expenditures from the trunk highway fund or the highway user tax distribution fund for a nonhighway purpose or for any purpose prohibited by section 161.20.

(b) No later than 45 days following the submission of the governor's biennial budget to the legislature under section 16A.11, the commissioner of management and budget and the attorney

general must jointly submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report must examine proposed appropriations from the trunk highway fund and the highway user tax distribution fund, explain the highway purpose of the proposed appropriations, determine if any proposed appropriation is for a nonhighway purpose, and, for nonhighway purposes, recommend the fund to be used.

(c) For the purposes of this section, an appropriation for a nonhighway purpose is any appropriation not for construction, improvement, or maintenance of highways or for any purpose prohibited by section 161.20.

Sec. 9. Minnesota Statutes 2020, section 161.115, is amended by adding a subdivision to read:

Subd. 271. **Route No. 340.** Beginning at a point in or adjacent to Upper Sioux Agency State Park; thence extending in a general northwesterly direction to a point on Route No. 67 at or near Granite Falls.

Sec. 10. Minnesota Statutes 2020, section 162.07, subdivision 2, is amended to read:

Subd. 2. **Money needs defined.** For the purpose of this section, money needs of each county are defined as the estimated total annual costs of constructing, over a period of 25 years, the county state-aid highway system ~~in~~ located and established by that county. Costs incidental to construction, or a specified portion thereof as set forth in the commissioner's rules may be included in determining money needs. To avoid variances in costs due to differences in construction policy, construction costs shall be estimated on the basis of the engineering standards developed cooperatively by the commissioner and the county engineers of the several counties.

Sec. 11. Minnesota Statutes 2020, section 162.13, subdivision 2, is amended to read:

Subd. 2. **Money needs defined.** For the purpose of this section money needs of each city having a population of 5,000 or more are defined as the estimated cost of constructing and maintaining over a period of 25 years the municipal state-aid street system ~~in~~ located and established by such city. Right-of-way costs and drainage shall be included in money needs. Lighting costs and other costs incidental to construction and maintenance, or a specified portion of such costs, as set forth in the commissioner's rules, may be included in determining money needs. To avoid variances in costs due to differences in construction and maintenance policy, construction and maintenance costs shall be estimated on the basis of the engineering standards developed cooperatively by the commissioner and the engineers, or a committee thereof, of the cities.

Sec. 12. Minnesota Statutes 2020, section 162.145, subdivision 2, is amended to read:

Subd. 2. **Small cities assistance account.** A small cities assistance account is created in the special revenue fund. 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 annually appropriated to the commissioner of transportation and may only be expended as provided under this section.

Sec. 13. Minnesota Statutes 2021 Supplement, section 162.145, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) ~~Subject to funds made available by law,~~ The commissioner must allocate all funds as provided in subdivision 4 and must, by June 1, certify to the commissioner of revenue the amounts to be paid.

(b) Following certification from the commissioner, the commissioner of revenue must distribute the specified funds to cities in the same manner as local government aid under chapter 477A. An appropriation to the commissioner under this section is available to the commissioner of revenue for the purposes specified in this paragraph.

(c) Notwithstanding other law to the contrary, in order to receive distributions under this section, a city must conform to the standards in section 477A.017, subdivision 2. A city that receives funds under this section must make and preserve records necessary to show that the funds are spent in compliance with subdivision 5.

Sec. 14. Minnesota Statutes 2020, section 162.145, subdivision 4, is amended to read:

Subd. 4. **Distribution formula.** (a) In each fiscal year ~~in which funds are available under this section,~~ the commissioner shall allocate funds to eligible cities.

(b) The preliminary aid to each city is calculated as follows:

(1) five percent of funds allocated equally among all eligible cities;

(2) 35 percent of funds allocated proportionally based on each city's share of lane miles of municipal streets compared to total lane miles of municipal streets of all eligible cities;

(3) 35 percent of funds allocated proportionally based on each city's share of population compared to total population of all eligible cities; and

(4) 25 percent of funds allocated proportionally based on each city's share of state-aid adjustment factor compared to the sum of state-aid adjustment factors of all eligible cities.

(c) The final aid to each city is calculated as the lesser of:

(1) the preliminary aid to the city multiplied by an aid factor; or

(2) the maximum aid.

(d) The commissioner shall set the aid factor under paragraph (c), which must be the same for all eligible cities, so that the total funds allocated under this subdivision equals the total amount available for the fiscal year.

Sec. 15. **[169.8296] WEIGHT LIMITS; TOWING AND RECOVERY VEHICLE.**

Subdivision 1. **Annual permit.** The commissioner may issue permits to an applicant who pays a single \$300 annual fee to cover all tow trucks and towing vehicles owned by the applicant and meets any other conditions prescribed by the commissioner. The permit authorizes the tow truck or towing vehicle, when towing a disabled or damaged vehicle to a place of repair or to a place of safekeeping, to exceed the length and weight limitations of this chapter.

Subd. 2. **Certain weight limits not applicable when movement is urgent.** Sections 169.823 to 169.828 do not apply to a tow truck or towing vehicle when towing a disabled or damaged vehicle, when the movement is urgent, and when the movement is for the purpose of removing the disabled vehicle from the roadway to a place of safekeeping or to a place of repair. A permit is not required for a vehicle operating under this subdivision.

Subd. 3. **Seasonal load restrictions; exemption.** (a) The seasonal load restrictions under section 169.87, subdivisions 1 and 2, do not apply to a towing or recovery vehicle that does not exceed a weight of 20,000 pounds per single axle and is being operated for the purpose of towing or recovering another vehicle that:

(1) is involved in a vehicle crash or is inoperable and is located within a public road right-of-way;
or

(2) has entered a public body of water adjacent to the roadway.

(b) The exemption under this subdivision only applies when a request has been made by a federal, state, or local law enforcement agency for a tow truck or recovery vehicle to move a vehicle specified in paragraph (a).

(c) As used in this section, "recovery vehicle" means a vehicle equipped with a boom that is used to move or recover an inoperable vehicle. A recovery vehicle also includes a tow truck as defined in section 168B.011, subdivision 12a.

Sec. 16. Minnesota Statutes 2020, section 169.865, subdivision 1a, is amended to read:

Subd. 1a. **Definition.** For purposes of this section, "qualifying agricultural products" means:

(1) agricultural crops, including but not limited to corn, soybeans, oats, grain, and by-products of agricultural crops;

(2) livestock, including but not limited to cattle, hogs, and poultry;

(3) food crops, including but not limited to sugar beets, potatoes, carrots, and onions;

(4) fluid milk;

(5) seed and material used for or in livestock and poultry feed; ~~and~~

(6) livestock manure; and

(7) raw or processed grass seed.

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

Sec. 17. Minnesota Statutes 2020, section 174.185, as amended by Laws 2021, First Special Session chapter 5, article 4, section 90, 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) (a) "Life-cycle cost analysis" or "analysis" is a comparison of life-cycle costs among competing paving materials using equal design lives and equal comparison periods. process for evaluating the total economic worth of a usable project segment by analyzing initial costs and discounted future costs, such as maintenance, user costs, reconstruction, rehabilitation, restoring, and resurfacing costs, over the life of the project segment.~~

~~(b) "Minimum requirements" is a combination of pavement, base, and subbase materials that minimizes the total system cost to achieve the specified design performance requirements. Design performance requirements are based on design traffic volumes, reliability, standard deviation, pavement structural characteristics, and various material properties for structural design.~~

~~(c) "Pavement" is any material used for paved traffic lanes, typically asphalt or concrete, including the underlying materials inherent to each pavement alternative considered.~~

~~(d) "Rounded value" means a measurement that is rounded to the nearest half-inch increment.~~

~~(e) "Shoulder" is the portion of the roadway contiguous with the traveled way, outside of the edge of the pavement for accommodation of stopped vehicles, emergency use, and lateral support of base and surface courses.~~

~~(f) "Substantial plan development" is the point in time during the plan development process after which any further activities would preclude any of the feasible alternatives from being selected or constructed.~~

~~(g) "Superfluous materials" are materials that are in excess of rounded values and that are not necessary to meet the minimum requirements for a feasible alternative.~~

Subd. 2. **Required analysis.** ~~(a) For each project in the reconditioning, resurfacing, and road repair funding categories any project with 15,000 or more square yards of paving, the commissioner shall must 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, and document the chosen pavement strategy as provided by this section. The commissioner must perform the life-cycle cost analysis prior to substantial plan development.~~

~~(b) When conducting a life-cycle cost analysis, the commissioner must:~~

~~(1) derive initial and future costs from Minnesota-based historical data of roadways with similar characteristics, including but not limited to similar geographical location, rural or urban classification, traffic volumes, construction practices, staging, and vehicle classification percentages;~~

(2) determine the analysis period based on the longest design life of all feasible alternatives or 60 years, whichever is longer;

(3) compensate for any life added or lost due to rounding if pavement thickness is rounded up or down;

(4) ensure that each feasible alternative being considered in the analysis meets the minimum requirements for that alternative and must consider only the pavement, base, and subbase materials that are required to meet the minimum criteria for that alternative;

(5) identify all feasible alternatives, including a full range of rehabilitation strategies for both rigid and flexible pavements, which must, at a minimum, include thin asphalt overlay of less than four inches, thin concrete overlay of four inches to six inches, thick asphalt of greater than or equal to four inches, and thick concrete options greater than six inches;

(6) include agency costs, including but not limited to initial pavement, future rehabilitation and maintenance projects, overhead, design, contract administration, and routine maintenance;

(7) mobilization costs related to construction, maintenance, or rehabilitation;

(8) costs for traffic control to protect workers and the public during each construction, maintenance, or rehabilitation activity in the analysis;

(9) add the annual excess fuel consumption costs, as calculated in subdivision 2a, as an annual pavement cost;

(10) identify and use realistic timing of future maintenance and construction practices using similar characteristics, including but not limited to similar geographical location, rural or urban classification, traffic volumes, construction practices, staging, and vehicle classification percentages;

(11) for each feasible alternative with residual service life at the end of the analysis period, calculate the value of any residual service life and include it as a credit in the final year of the analysis period;

(12) include an explanation of the methodology used to produce the cost estimate and why that method was selected; and

(13) include an explanation of the timing selected of rehabilitation and maintenance and why that timing was selected.

(c) The commissioner must not include the following in a life-cycle cost analysis:

(1) elements that are the same for all alternatives;

(2) life-cycle calculations for shoulder pavement, shoulder base, or shoulder subbase; and

(3) any superfluous material that is included as part of the feasible alternative but is not required to meet the minimum requirements of the feasible alternative, including any material that may be included due to the designer's preference or recommendation in the department's Pavement Design

Manual. This clause does not preclude the commissioner from selecting a pavement strategy that uses superfluous materials, but the superfluous materials must not be a factor in making the selection.

Subd. 2a. **Excess fuel consumption calculation.** (a) For purposes of this subdivision, the following terms have the meanings given:

(1) "diesel fuel price" means the Midwest nonhighway diesel fuel price effective for the date the calculation is performed as provided by the United States Energy Information Administration;

(2) "gasoline fuel price" means the Midwest regular gasoline price effective for the date that calculation is performed as provided by the United States Energy Information Administration;

(3) "heavy commercial annual average daily traffic (HCAADT)" means the heavy commercial annual average daily traffic provided by the department's data and based on the traffic forecasting and analysis system;

(4) "heavy-duty MPG" means the latest fleet average miles per gallon of heavy-duty, short-wheelbase vehicles as provided by the United States Energy Information Administration;

(5) "heavy-duty fuel savings factor" means the percentage of rigid pavement savings anticipated for heavy commercial vehicles as provided by department research, state or federal agencies, or relevant academic research projects;

(6) "light-duty fuel savings factor" is the percentage of rigid pavement savings anticipated for passenger vehicles as provided by department research, state or federal agencies, or relevant academic research projects;

(7) "light-duty MPG" means the latest fleet average for miles per gallon of light-duty, short-wheelbase vehicles as provided by the United States Energy Information Administration;

(8) "passenger annual average daily traffic (PAADT)" means the passenger annual average daily traffic provided by the department's data and based on the traffic forecasting and analysis system; and

(9) "project length" means the centerline miles for the project.

(b) The commissioner must determine the annual excess fuel consumption cost as provided in this subdivision. The commissioner must use the same HCAADT or PAADT for the duration of each analysis period.

(c) The passenger excess cost is equal to the product of PAADT, gasoline fuel price, light-duty fuel savings factor, project length, and 365 divided by light-duty MPG.

(d) The heavy commercial excess cost is equal to the product of PAADT, gasoline fuel price, heavy-duty fuel savings factor, project length, and 365 divided by heavy-duty MPG.

(e) The annual excess fuel consumption cost is the sum of passenger excess cost and heavy commercial excess cost.

Subd. 2b. **Review and collaboration.** (a) Before finalizing a pavement selection, the commissioner must post a draft of the life-cycle cost analysis and the draft pavement selection on the department's Office of Materials and Road Research website for 21 days. During this period, the commissioner must allow industry association representatives to submit questions and comments. The commissioner must collaborate with the person who submitted the question or comment, where necessary, to ensure the commissioner fully understands the question or comment. The commissioner must respond to each comment or question in writing, which must include a description of any associated changes that will be made to the life-cycle cost analysis.

(b) After the review period closes, the commissioner must make revisions to the life-cycle cost analysis in response to questions or comments received. If the commissioner revises the type of pavement from concrete to asphalt or from asphalt to concrete, the commissioner must post the revised life-cycle cost analysis for review in accordance with paragraph (a).

Subd. 2c. **Selection.** (a) After the review period required in subdivision 2b and any subsequent changes to the analysis, the commissioner must select the pavement strategy and prepare a document of justification. At a minimum, the document of justification must:

(1) include all comments and questions received during the review and the commissioner's responses to each;

(2) explain why the pavement strategy was selected;

(3) if the lowest life-cycle cost is not selected, justify why a strategy with a higher life-cycle cost was selected; and

(4) identify any superfluous materials, quantify the superfluous materials' associated costs, and provide the rationale for the superfluous materials' inclusion.

(b) The commissioner must submit the analysis and document of justification to a licensed professional engineer for review. A life-cycle cost analysis is not considered final until it is certified and signed by a licensed professional engineer as provided by Minnesota Rules, part 1800.4200.

(c) For all projects that began construction on or after January 1, 2022, the commissioner must store all life-cycle cost analyses and documents of justification on the department's website in a manner that allows the public to easily access the documents.

(d) After completing the certification and signature requirements of paragraph (b) and the posting requirements of paragraph (c), the commissioner may advance the project to substantial plan development.

Subd. 3. **Report.** The commissioner ~~shall~~ must report annually to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over transportation finance on the results of the analyses required in subdivision 2, the public review required by subdivision 2b, and the final selection and document of justification required by subdivision 2c.

EFFECTIVE DATE. This section is effective July 1, 2022, and applies to life-cycle cost analyses that are started on or after that date, except that subdivision 2b and any references to subdivision 2b are not effective until July 1, 2023.

Sec. 18. Minnesota Statutes 2020, section 174.52, subdivision 3, is amended to read:

Subd. 3. **Advisory committee.** (a) The commissioner ~~shall~~ must establish a local road improvement program advisory committee consisting of ~~five~~ the following members, ~~including~~:

- (1) one county commissioner;
 - (2) one county engineer;
 - (3) one city engineer;
 - (4) one city council member or city administrator representing a city with a population over 5,000; ~~and~~
 - (5) one city council member or city administrator representing a city with a population under 5,000; and
 - (6) one town board member appointed by the Minnesota Association of Townships.
- (b) The advisory committee ~~shall~~ must provide recommendations to the commissioner regarding expenditures from the accounts established in this section.

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

Sec. 19. Minnesota Statutes 2020, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit in the state treasury the revenues collected under section 297A.64, subdivision 1, including interest and penalties and minus refunds, and credit them to the highway user tax distribution fund.

(e) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit of revenues under paragraph (d), the commissioner shall deposit into the state treasury and credit to the highway user tax distribution fund an amount equal to the estimated revenues derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner shall estimate the amount of sales tax revenue deposited under this paragraph based on the amount of revenue deposited under paragraph (d).

~~(g) Starting after July 1, 2017, the commissioner shall deposit an amount of the remittances monthly into the state treasury and credit them to the highway user tax distribution fund as a portion of the estimated amount of taxes collected from the sale and purchase of motor vehicle repair parts in that month. For the remittances between July 1, 2017, and June 30, 2019, the monthly deposit amount is \$2,628,000. For remittances in each subsequent fiscal year, the monthly deposit amount is \$12,137,000. The commissioner must deposit on a monthly basis the revenue derived from the tax rate imposed under section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts into the state treasury and credit:~~

~~(1) 86 percent to the highway user tax distribution fund;~~

~~(2) seven percent to the small cities assistance account in the special revenue fund established under section 162.145; and~~

~~(3) seven percent to the town road account in the county state-aid highway fund established under section 162.081.~~

Between July 1, 2022, and June 30, 2023, the monthly deposit amount is \$26,655,000. In each subsequent fiscal year, the commissioner must adjust the monthly deposit amount by the percentage change in the total amount of sales tax revenue collected for all sales and purchases between the two preceding fiscal years. The amount as adjusted must be rounded to the nearest \$1,000 amount. For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph, "tire" means any tire of the

type used on highway vehicles, if wholly or partially made of rubber and if marked according to federal regulations for highway use.

(h) 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(i) The revenue dedicated under paragraph (h) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (h) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (h) must be allocated for field operations.

(j) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items regulated under section 624.20, subdivision 1, that may be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, in the state treasury and credit:

(1) 25 percent to the volunteer fire assistance grant account established under section 88.068;

(2) 25 percent to the fire safety account established under section 297I.06, subdivision 3; and

(3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be sold to persons 18 years old or older and are not prohibited from use by the general public under section 624.21, is a set percentage of the total sales and use tax revenues collected in the state, with the percentage determined under Laws 2017, First Special Session chapter 1, article 3, section 39.

(k) The revenues deposited under paragraphs (a) to (j) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 20. Minnesota Statutes 2021 Supplement, section 360.55, subdivision 9, is amended to read:

Subd. 9. **Small unmanned aircraft systems.** (a) Any small unmanned aircraft system ~~in which the unmanned aircraft weighs less than 55 pounds at takeoff, including payload and anything affixed to the aircraft, either,~~ as defined in section 360.013, subdivision 57b:

(1) must be registered in the state for an annual fee of \$25; or

(2) is not subject to registration or an annual fee if the unmanned aircraft system is owned and operated solely for recreational purposes.

(b) An unmanned aircraft system that meets the requirements under paragraph (a) is exempt from aircraft registration tax under sections 360.511 to 360.67.

(c) Owners must, at the time of registration, provide proof of insurability in a form acceptable to the commissioner. Additionally, owners must maintain records and proof that each flight was covered by an insurance policy with limits of not less than \$300,000 per occurrence for bodily injury or death to nonpassengers in any one accident. The insurance must comply with section 60A.081, unless that section is inapplicable under section 60A.081, subdivision 3.

Sec. 21. Minnesota Statutes 2021 Supplement, section 360.59, subdivision 10, is amended to read:

Subd. 10. **Certificate of insurance.** (a) Every owner of aircraft in this state when applying for registration, reregistration, or transfer of ownership shall supply any information the commissioner reasonably requires to determine that the aircraft during the period of its contemplated operation is covered by an insurance policy with limits of not less than \$100,000 per passenger seat liability both for passenger bodily injury or death and for property damage; not less than \$100,000 for bodily injury or death to each nonpassenger in any one accident; and not less than \$300,000 per occurrence for bodily injury or death to nonpassengers in any one accident. The insurance must comply with section 60A.081, unless that section is inapplicable under section 60A.081, subdivision 3.

The information supplied to the commissioner must include but is not limited to the name and address of the owner, the period of contemplated use or operation, if any, and, if insurance coverage is then presently required, the name of the insurer, the insurance policy number, the term of the coverage, policy limits, and any other data the commissioner requires. No certificate of registration shall be issued pursuant to subdivision 3 in the absence of the information required by this subdivision.

(b) In the event of cancellation of aircraft insurance by the insurer, the insurer shall notify the Department of Transportation at least ten days prior to the date on which the insurance coverage is to be terminated. Unless proof of a new policy of insurance is filed with the department meeting

the requirements of this subdivision during the period of the aircraft's contemplated use or operation, the registration certificate for the aircraft shall be revoked forthwith.

(c) Nothing in this subdivision shall be construed to require an owner of aircraft to maintain passenger seat liability coverage on aircraft for which an experimental certificate has been issued by the administrator of the Federal Aviation Administration pursuant to Code of Federal Regulations, title 14, sections 21.191 to 21.195 and 91.319, whereunder persons operating the aircraft are prohibited from carrying passengers in the aircraft or for an unmanned aircraft. Whenever the aircraft becomes certificated to carry passengers, passenger seat liability coverage shall be required as provided in this subdivision.

(d) The requirements of this subdivision shall not apply to any aircraft built by the original manufacturer prior to December 31, 1939, and owned and operated solely as a collector's item, if the owner files an affidavit with the commissioner. The affidavit shall state the owner's name and address, the name and address of the person from whom the aircraft was purchased, the make, year, and model number of the aircraft, the federal aircraft registration number, the manufacturer's identification number, and that the aircraft is owned and operated solely as a collector's item and not for general transportation purposes.

~~(e) A small unmanned aircraft system that meets the requirements of section 360.55, subdivision 9, is not subject to the requirements under paragraphs (a) and (b). Owners of small unmanned aircraft systems that meet the requirements of section 360.55, subdivision 9, must, at the time of registration, provide proof of insurability in a form acceptable to the commissioner. Additionally, such operators must maintain records and proof that each flight was insured for the limits established in paragraph (a).~~

Sec. 22. LEGISLATIVE ROUTE NO. 274 REMOVED.

(a) Minnesota Statutes, section 161.115, subdivision 205, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Yellow Medicine County to transfer jurisdiction of Legislative Route No. 274 and notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 23. LEGISLATIVE ROUTE NO. 301 REMOVED.

(a) Minnesota Statutes, section 161.115, subdivision 232, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of the city of St. Cloud to transfer jurisdiction of Legislative Route No. 301 and notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 24. REPEALER.

(a) Minnesota Statutes 2020, sections 168B.15; and 169.829, subdivision 2, are repealed.

(b) Minnesota Rules, part 8835.0350, subpart 2, is repealed.

(c) Laws 2000, chapter 479, article 2, section 1, as amended by Laws 2000, chapter 499, section 41, and by Laws 2001, First Special Session chapter 5, article 20, section 20, is repealed.

ARTICLE 11

METROPOLITAN COUNCIL

Section 1. Minnesota Statutes 2020, section 297A.993, is amended by adding a subdivision to read:

Subd. 2a. **Guideway uses, reporting.** By August 15 of each even-numbered year, a metropolitan area county that uses, or proposes to use, the proceeds of the transportation sales taxes to fund the planning, construction, operation, or maintenance of guideways as defined in section 473.4485, subdivision 1, must submit a report to the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must include:

(1) actual transportation sales tax collections by the county over the previous five calendar years;

(2) an estimation of the total sales tax revenues that will be collected by the county in the current year and estimated collections for the next ten calendar years;

(3) for each of the previous five calendar years, the current calendar year, and for the next ten calendar years:

(i) the amount of sales tax revenues expended or proposed to be expended for guideway planning, construction, operation, or maintenance;

(ii) the total expenditures or proposed expenditures of sales tax revenues for nonguideway uses;
and

(iii) an estimated balance of unspent or undesignated county sales tax revenues.

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

Sec. 2. Minnesota Statutes 2020, section 473.375, is amended by adding a subdivision to read:

Subd. 9b. **Safe accessibility training.** (a) The council must ensure that vehicle operators who provide bus service receive training on assisting persons with disabilities and mobility limitations to enter and leave the vehicle. The training must cover assistance in circumstances where regular access to or from the vehicle is unsafe due to snow, ice, or other obstructions. This subdivision applies to vehicle operators employed by the Metropolitan Council or by a replacement service provider.

(b) The council must consult with the Transportation Accessibility Advisory Committee on the training.

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

Sec. 3. Minnesota Statutes 2020, section 473.375, is amended by adding a subdivision to read:

Subd. 19. Statistics; reports. (a) The Metropolitan Council must post on the council's website a monthly report including ridership statistics for each guideway and busway in revenue operation. In each report, the council must also include the ridership projections made at the time of the full funding grant agreement for each guideway and busway. Within 60 days after the end of a month, the council must post the report for that month. The council must ensure that a report is available on the council's website for a minimum of five years after the report is posted.

(b) The council must post on the council's website a quarterly report including crime statistics for crimes occurring on a light rail transit vehicle, bus, commuter rail car, or at any transit platform, stop, or facility. The report must break down the data by type of crime. The council must ensure that a report is available on the council's website for a minimum of five years after the report is posted.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2022, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 4. Minnesota Statutes 2020, section 473.39, subdivision 7, is amended to read:

Subd. 7. Limitation on certain debt obligations. The council is prohibited from issuing certificates of participation for ~~light rail transit~~ guideways secured in whole or in part by (1) a pledge of motor vehicle sales tax revenue received under sections 16A.88 and 297B.09, or (2) a pledge of any earnings from the council's investment of motor vehicle sales tax revenues.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2022, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 5. Minnesota Statutes 2020, section 473.3993, subdivision 4, is amended to read:

Subd. 4. Responsible authority. "Responsible authority" means ~~either~~ the Metropolitan Council ~~or~~ the state of Minnesota acting through the commissioner of transportation, or a county board of a metropolitan county as designated by the governor under section 473.3994, subdivision 1a, for a particular light rail transit facility.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to projects that enter into full funding grant agreements on or after that date.

Sec. 6. Minnesota Statutes 2020, section 473.3994, subdivision 1a, is amended to read:

Subd. 1a. Designation of responsible authority. For each proposed light rail transit facility in the metropolitan area, the governor must designate ~~either~~ the Metropolitan Council ~~or~~ the state of Minnesota acting through the commissioner of transportation, or a county board of a metropolitan county as the entity responsible for planning, designing, acquiring, constructing, and equipping the facility. If a proposed light rail transit facility will be entirely located within a single metropolitan

area county, the governor must designate the county board of that county as the entity responsible for planning, designing, acquiring, constructing, and equipping the facility. Notwithstanding such designation, the commissioner and, the council, and the county board may enter into one or more cooperative agreements with respect to the planning, designing, acquiring, constructing, or equipping of a particular light rail transit facility that provide for the parties to exercise their respective authorities in support of the project in a manner that best serves the project and the public.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to projects that enter into full funding grant agreements on or after that date.

Sec. 7. **[473.4486] MUNICIPAL APPROVAL OF GUIDEWAY PLANS.**

Subdivision 1. **Application.** "Guideway" has the meaning given in section 473.4485, subdivision 1, paragraph (d), except that this section does not apply to light rail transit.

Subd. 2. **Preliminary design plans; public hearing.** Before final design plans are prepared for a guideway in the metropolitan area, the council must hold a public hearing on the physical design component of the preliminary design plans. The council must provide appropriate public notice of the hearing and publicity to ensure that affected parties have an opportunity to present their views at the hearing. The council must summarize the proceedings and testimony and maintain the record of a hearing held under this section, including any written statements submitted.

Subd. 3. **Preliminary design plans; local approval.** At least 30 days before the hearing under subdivision 2, the council must submit the physical design component of the preliminary design plans to the governing body of each statutory and home rule charter city, county, and town in which the route is proposed to be located. The city, county, or town must hold a public hearing. Within 45 days after the hearing under subdivision 2, the city, county, or town must review and approve or disapprove the plans for the route to be located in the city, county, or town. A local unit of government that disapproves the plans must describe specific amendments to the plans that, if adopted, would cause the local unit to withdraw its disapproval. Failure to approve or disapprove the plans in writing within 45 days after the hearing is deemed to be an approval unless an extension of time is agreed to by the city, county, or town and the council.

Subd. 4. **Preliminary design plans; council hearing.** If the governing body of one or more cities, counties, or towns disapproves the preliminary design plans within the period allowed under subdivision 3, the council must hold a hearing on the plans, giving any disapproving local governmental units and other persons an opportunity to present their views on the plans. The council may conduct an independent study as it deems desirable and may mediate and attempt to resolve disagreements about the plans. Within 60 days after the hearing, the council must review the plans and must decide what amendments to the plans, if any, must be made to accommodate the objections presented by the disapproving local governmental units. Amendments to the plans as decided by the council must be made before continuing the planning and designing process.

Subd. 5. **Final design plans.** (a) If the final design plans incorporate a substantial change from the preliminary design plans with respect to location, length, or termini of routes; general dimension, elevation, or alignment of routes and crossings; or shelters or stops, before beginning construction, the council must submit the changed component of the final design plans to the governing body of each statutory and home rule charter city, county, and town in which the changed component is

proposed to be located. Within 60 days after the submission of the plans, the city, county, or town must review and approve or disapprove the changed component located in the city, county, or town. A local unit of government that disapproves the change must describe specific amendments to the plans that, if adopted, would cause the local unit to withdraw its disapproval. Failure to approve or disapprove the changed plans in writing within the time period is deemed to be an approval, unless an extension is agreed to by the city, county, or town.

(b) If the governing body of one or more cities, counties, or towns disapproves the changed plans within the period allowed under paragraph (a), the council must review the final design plans under the same procedure and with the same effect as provided in subdivision 4 for preliminary design plans.

Subd. 6. **Revocation.** A city, county, or town that has approved the plan as provided by this section may revoke its approval of the plan at any point prior to the council securing federal funding for the project. The city, county, or town must notify the council of the revocation. Upon receipt of the notification, the council must review the final design plans under the same procedure and with the same effect as provided in subdivision 4 for preliminary design plans.

Subd. 7. **Prohibition.** The council must not apply for or request any federal funds for a guideway project until each city, county, or town in which the route is proposed to be located has approved of the plan as provided by this section.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all current and future guideways excluding the Gold Line bus rapid transit project.

Sec. 8. **[473.4487] GUIDEWAY COST-BENEFIT ANALYSIS.**

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

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

(c) "Project options" means the proposed guideway and each alternative identified pursuant to subdivision 2, paragraph (b).

(d) "Responsible governmental unit" means the unit of government responsible for the environmental analysis of the project.

Subd. 2. **Analysis required.** (a) Prior to the selection of a locally preferred alternative, the responsible governmental unit must perform a cost-benefit analysis as described by this section. The responsible governmental unit must submit the analysis to the commissioner and the Metropolitan Council within 30 days of completing the analysis. The commissioner must post the final analysis on the Department of Transportation website. The chair of the Metropolitan Council must post the final analysis on the council's website. The commissioner and the chair must jointly submit a copy of the final report to the legislative auditor and to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy.

(b) The responsible governmental unit must determine alternatives that would serve substantially the same area as the proposed guideway but would provide service in a different manner. At a

minimum, the alternatives must include an arterial bus rapid transit line, a regular route bus service line, and a nontransit option that expands capacity of the road.

(c) At a minimum, the analysis must include the following information:

(1) for guideway and busway project options, the estimated ridership numbers;

(2) for the capacity expansion option, the number of additional vehicles accommodated by the expansion;

(3) for each project option, an estimate of the increase or decrease of the number of vehicles on the road;

(4) the amount of revenue derived from or attributable to each project option, including but not limited to fares, tax on gasoline, and motor vehicle sales tax;

(5) for each project option, the estimated ongoing maintenance costs, which entity will pay for the costs, and the percentage of the costs to be paid by each entity;

(6) for each project option, the estimated future capital costs, which entity will pay for the costs, and the percentage of the costs to be paid by each entity;

(7) the estimated economic benefit attributable to each project option, including but not limited to new or expanded housing units or businesses, increased freight movement, and reduction of supply chain issues;

(8) for each project option, the estimated timeline for construction, road closures, and detours and an estimate on how that timeline affects the surrounding areas;

(9) for each project option, an estimate of whether vehicle collisions will increase or decrease due to a change in the projected number of vehicles on the road;

(10) for each project option, an analysis of whether each project option could be altered or stopped once construction is started and the estimated costs related to alteration or stopping;

(11) for each project option, travel time along the route from end to end and for various points of interest in between, including time spent waiting for transit, changing modes of transportation, and other time spent directly related to travel but not inside of a vehicle;

(12) for busway and guideway project options, how travel time for vehicles would be affected by any estimated reduction in vehicle traffic; and

(13) for each project option, the estimated increase or decrease in carbon emissions or other environmental pollutants.

(d) The analysis must also determine how many miles of arterial bus rapid transit, regular route bus service, or congestion mitigation construction could be funded for the amount proposed to be spent on the guideway.

(e) A responsible governmental unit may request assistance from the commissioner or Metropolitan Council. The commissioner or Metropolitan Council must provide the requested assistance and may bill the responsible governmental unit for reasonable expenses incurred in providing the assistance.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all guideways seeking state or federal funding on or after that date, except this section does not apply to the Gold Line bus rapid transit project. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 9. [473.4488] COUNTY RESPONSIBILITY FOR GUIDEWAY FUNDING.

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

(b) "Guideway" has the meaning given in section 473.4485, subdivision 1, paragraph (d).

(c) "Host county" means the county where the guideway is located.

Subd. 2. **Host county responsibility.** A host county is responsible for funding all aspects of guideways using nonstate sources. This includes but is not limited to costs for:

(1) planning, design, engineering, construction, prerevenue operations, and other costs associated with guideway development that exceed federal, state, local government, or other funds dedicated to the guideway. This requirement pertains to all costs associated with guideway development, including associated costs not eligible for federal funding;

(2) operating costs of guideway services determined by the service operator to be necessary to meet reasonable standards for access, safety, and reliability and that exceed fare revenues and federal, state, local government, or other funds dedicated to the guideway; and

(3) capital maintenance, replacement, and modernization costs determined by the operator of guideway services to be necessary to meet reasonable standards for access, safety, reliability, and upkeep of the guideway and that exceed federal, state, local government, or other funds dedicated to the guideway.

Subd. 3. **Prohibition.** (a) The state must not provide any funding for guideways or contribute in any manner to any costs related to guideways.

(b) The council must not impose any tax or fee to pay for any costs related to guideways, including any costs for which a host county is responsible pursuant to subdivision 2.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2022, and applies to existing and future guideways in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, except this section does not apply to the Gold Line bus rapid transit project.

Sec. 10. Laws 2021, First Special Session chapter 5, article 4, section 143, is amended to read:

Sec. 143. **STUDY ON POST-COVID PANDEMIC PUBLIC TRANSPORTATION.**

(a) ~~From funds specified under Minnesota Statutes, section 161.53, paragraph (b), the commissioner of transportation~~ Using existing resources, the Metropolitan Council must arrange and pay for a study by the Center for Transportation Studies at the University of Minnesota that examines public transportation after the COVID-19 pandemic is substantially curtailed in the United States. At a minimum, the study must:

(1) focus primarily on transit service for commuters in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2;

(2) specifically review Northstar Commuter Rail and commuter-oriented transit service by the Metropolitan Council and by the suburban transit providers; and

(3) provide analysis and projections on anticipated changes in:

(i) ridership;

(ii) demand for different modes and forms of active and public transportation;

(iii) transit service levels and features;

(iv) revenue and expenditures; and

(v) long-term impacts.

(b) ~~By February~~ October 1, 2023, the commissioner chair of the Metropolitan Council must provide a copy of the study to the members of the legislative committees with jurisdiction over transportation policy and finance.

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

Sec. 11. GUIDEWAY COST-BENEFIT ANALYSIS; TRANSITION.

(a) This section applies to a guideway for which a locally preferred alternative has been selected prior to the effective date of this section but is not in revenue operation on the effective date of this section, except this section does not apply to the Gold Line bus rapid transit project.

(b) For each guideway subject to this section, the commissioner of transportation and the Metropolitan Council must perform a cost-benefit analysis as required by Minnesota Statutes, section 473.4487, subdivision 2, paragraphs (b), (c), and (d). Within 30 days of completing a cost-benefit analysis required by this section, the commissioner must post the final analysis on the Department of Transportation's website and the Metropolitan Council must post the final analysis on the council's website. The commissioner and the council must jointly submit a copy of the final report to the legislative auditor and to the chairs and ranking minority members of legislative committees with jurisdiction over transportation finance and policy.

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

Sec. 12. REQUEST TO TERMINATE NORTHSTAR COMMUTER RAIL OPERATIONS.

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

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

(c) "Council" means the Metropolitan Council.

(d) "FTA" means the Federal Transit Administration.

(e) "Northstar" means the Northstar Commuter Rail line that provides rail passenger service between downtown Minneapolis and Big Lake, including stops in Fridley, Coon Rapids, Anoka, Ramsey, and Elk River.

Subd. 2. **Federal approval.** Within 30 days of the enactment of this section, the council and the commissioner must request approval from the FTA to discontinue Northstar operations. As part of the request, the council and commissioner must specify that the state will not reimburse the FTA or any other federal agency for federal funds spent on Northstar. Within seven days of receiving a response to the request, the council and commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance on the outcome of the request. The report must include a copy of the request submitted to the FTA and a copy of the FTA's response. If the FTA grants the request, the commissioner and council must submit to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance a proposed plan to terminate Northstar operations. The plan must be submitted within 90 days after the FTA grants the request.

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

Sec. 13. **SUSPENSION OF GUIDEWAY ACTIVITIES.**

The Metropolitan Council must not take any action or spend any money for study, planning, preliminary engineering, final design, or construction for any proposed guideway. This does not apply to the Gold Line bus rapid transit project or the Green Line Extension light rail transit line, also known as the Southwest Light Rail project. This section expires when the Green Line Extension light rail transit line begins revenue operations.

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

Renumber the articles, sections, and subdivisions in sequence

Amend the title accordingly

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

Senator Abeler from the Committee on Human Services Reform Finance and Policy, to which was referred

S.F. No. 4410: A bill for an act relating to long-term care; appropriating money to the commissioner of health and the commissioner of human services for long-term care protection and support activities and a temporary staffing pool.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

COMMUNITY SUPPORTS

Section 1. Minnesota Statutes 2020, section 252.275, subdivision 4c, is amended to read:

Subd. 4c. **Review of funds; reallocation.** (a) After each quarter, the commissioner shall review county program expenditures. The commissioner may reallocate unexpended money at any time among those counties which have earned their full allocation.

(b) For each fiscal year, the commissioner shall determine if actual statewide expenditures by county boards are less than the fiscal year appropriation to provide semi-independent living services under this section. If actual statewide expenditures by county boards are less than the fiscal year appropriation to provide semi-independent living services under this section, the unexpended amount must be carried forward to the next fiscal year and allocated to grants in equal amounts to the eight organizations defined in section 268A.01, subdivision 8, to expand services to support people with disabilities who are ineligible for medical assistance to live in their own homes and communities by providing accessibility modifications, independent living services, and public health program facilitation.

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

Sec. 2. Minnesota Statutes 2020, section 252.275, subdivision 8, is amended to read:

Subd. 8. **Use of federal funds and transfer of funds to medical assistance.** (a) The commissioner shall make every reasonable effort to maximize the use of federal funds for semi-independent living services.

~~(b) The commissioner shall reduce the payments to be made under this section to each county from January 1, 1994, to June 30, 1996, by the amount of the state share of medical assistance reimbursement for services other than residential services provided under the home and community-based waiver program under section 256B.092 from January 1, 1994 to June 30, 1996, for clients for whom the county is financially responsible and who have been transferred by the county from the semi-independent living services program to the home and community-based waiver program. Unless otherwise specified, all reduced amounts shall be transferred to the medical assistance state account.~~

~~(e) For fiscal year 1997, the base appropriation available under this section shall be reduced by the amount of the state share of medical assistance reimbursement for services other than residential services provided under the home and community-based waiver program authorized in section 256B.092 from January 1, 1995, to December 31, 1995, for persons who have been transferred from the semi-independent living services program to the home and community-based waiver program. The base appropriation for the medical assistance state account shall be increased by the same amount.~~

~~(d) For purposes of calculating the guaranteed floor under subdivision 4b and to establish the calendar year 1996 allocations, each county's original allocation for calendar year 1995 shall be reduced by the amount transferred to the state medical assistance account under paragraph (b) during the six months ending on June 30, 1995. For purposes of calculating the guaranteed floor under subdivision 4b and to establish the calendar year 1997 allocations, each county's original allocation for calendar year 1996 shall be reduced by the amount transferred to the state medical assistance account under paragraph (b) during the six months ending on December 31, 1995.~~

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 3. **[256.4795] RESIDENTIAL SETTING CLOSURE PREVENTION GRANTS.**

Subdivision 1. **Residential setting closure prevention grants established.** The commissioner of human services shall establish a grant program to reduce the risk of residential settings in financial distress from closing. The commissioner shall limit expenditures under this subdivision to the amount appropriated for this purpose.

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

(b) "At risk of closure" means a residential setting is in significant financial distress and, in the judgment of the commissioner, but for additional funding from the commissioner, the setting will close.

(c) "Residential settings" means any of the following: a nursing facility; an assisted living facility with a majority of residents receiving services funded by medical assistance; an intermediate care facility for persons with developmental disabilities; or an adult foster care setting, a community residential setting, or an integrated community supports setting.

Subd. 3. **Eligibility.** (a) A license holder operating a residential setting in significant financial distress may apply to the commissioner for a grant under this section to relieve its immediate financial distress.

(b) Lead agencies that suspect a residential setting is in significant financial distress may refer the license holder to the commissioner for consideration by the commissioner for grant funding under this section. Upon a referral from a lead agency under this section, the commissioner shall immediately solicit an application from the license holder, providing individualized technical assistance to the license holder regarding the application process.

(c) The commissioner must give priority for closure prevention grants to residential settings with the most significant risk of closing in violation of the applicable notice requirements prior to the termination of services.

Subd. 4. **Criteria and limitations.** (a) Within available appropriations for this purpose, the commissioner must award sufficient funding to a residential setting at risk of closure to ensure that the residential setting remains open long enough to comply with the applicable termination of services notification requirements.

(b) The commissioner may award additional funding to a residential setting at risk of closure if, in the judgment of the commissioner, the residential setting is likely to remain open and financially viable after receiving time-limited additional funding from the commissioner.

(c) Before receiving any additional funding under paragraph (b), grantees must work with the commissioner to develop a business plan and corrective action plan to reduce the risk of future financial distress. No residential setting may receive additional funding under paragraph (b) more than once.

Subd. 5. **Interagency coordination.** The commissioner must coordinate the grant activities under this section with any other impacted state agencies and lead agencies.

Subd. 6. **Administrative funding.** The commissioner may use up to 6.5 percent of the grant amounts awarded for the commissioner's costs related to administration of this program.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 4. Minnesota Statutes 2020, section 256B.0659, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in paragraphs (b) to (r) have the meanings given unless otherwise provided in text.

(b) "Activities of daily living" means grooming, dressing, bathing, transferring, mobility, positioning, eating, and toileting.

(c) "Behavior," effective January 1, 2010, means a category to determine the home care rating and is based on the criteria found in this section. "Level I behavior" means physical aggression ~~towards~~ toward self, others, or destruction of property that requires the immediate response of another person.

(d) "Complex health-related needs," effective January 1, 2010, means a category to determine the home care rating and is based on the criteria found in this section.

(e) "Critical activities of daily living," effective January 1, 2010, means transferring, mobility, eating, and toileting.

(f) "Dependency in activities of daily living" means a person requires assistance to begin and complete one or more of the activities of daily living.

(g) "Extended personal care assistance service" means personal care assistance services included in a service plan under one of the home and community-based services waivers authorized under

chapter 256S and sections 256B.092, subdivision 5, and 256B.49, which exceed the amount, duration, and frequency of the state plan personal care assistance services for participants who:

(1) need assistance provided periodically during a week, but less than daily will not be able to remain in their homes without the assistance, and other replacement services are more expensive or are not available when personal care assistance services are to be reduced; or

(2) need additional personal care assistance services beyond the amount authorized by the state plan personal care assistance assessment in order to ensure that their safety, health, and welfare are provided for in their homes.

(h) "Health-related procedures and tasks" means procedures and tasks that can be delegated or assigned by a licensed health care professional under state law to be performed by a personal care assistant.

(i) "Instrumental activities of daily living" means activities to include meal planning and preparation; basic assistance with paying bills; shopping for food, clothing, and other essential items; performing household tasks integral to the personal care assistance services; communication by telephone and other media; and traveling, including to medical appointments and to participate in the community. For purposes of this paragraph, traveling includes driving and accompanying the recipient in the recipient's chosen mode of transportation and according to the recipient's personal care assistance care plan.

(j) "Managing employee" has the same definition as Code of Federal Regulations, title 42, section 455.

(k) "Qualified professional" means a professional providing supervision of personal care assistance services and staff as defined in section 256B.0625, subdivision 19c.

(l) "Personal care assistance provider agency" means a medical assistance enrolled provider that provides or assists with providing personal care assistance services and includes a personal care assistance provider organization, personal care assistance choice agency, class A licensed nursing agency, and Medicare-certified home health agency.

(m) "Personal care assistant" or "PCA" means an individual employed by a personal care assistance agency who provides personal care assistance services.

(n) "Personal care assistance care plan" means a written description of personal care assistance services developed by the personal care assistance provider according to the service plan.

(o) "Responsible party" means an individual who is capable of providing the support necessary to assist the recipient to live in the community.

(p) "Self-administered medication" means medication taken orally, by injection, nebulizer, or insertion, or applied topically without the need for assistance.

(q) "Service plan" means a written summary of the assessment and description of the services needed by the recipient.

(r) "Wages and benefits" means wages and salaries, the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, mileage reimbursement, health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, and contributions to employee retirement accounts.

EFFECTIVE DATE. This section is effective within 90 days following federal approval. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 5. Minnesota Statutes 2020, section 256B.0659, subdivision 12, is amended to read:

Subd. 12. **Documentation of personal care assistance services provided.** (a) Personal care assistance services for a recipient must be documented daily by each personal care assistant, on a time sheet form approved by the commissioner. All documentation may be web-based, electronic, or paper documentation. The completed form must be submitted on a monthly basis to the provider and kept in the recipient's health record.

(b) The activity documentation must correspond to the personal care assistance care plan and be reviewed by the qualified professional.

(c) The personal care assistant time sheet must be on a form approved by the commissioner documenting time the personal care assistant provides services in the home. The following criteria must be included in the time sheet:

- (1) full name of personal care assistant and individual provider number;
- (2) provider name and telephone numbers;
- (3) full name of recipient and either the recipient's medical assistance identification number or date of birth;
- (4) consecutive dates, including month, day, and year, and arrival and departure times with a.m. or p.m. notations;
- (5) signatures of recipient or the responsible party;
- (6) personal signature of the personal care assistant;
- (7) any shared care provided, if applicable;
- (8) a statement that it is a federal crime to provide false information on personal care service billings for medical assistance payments; ~~and~~
- (9) dates and location of recipient stays in a hospital, care facility, or incarceration; and
- (10) any time spent traveling, as described in subdivision 1, paragraph (i), including start and stop times with a.m. and p.m. designations, the origination site, and the destination site.

EFFECTIVE DATE. This section is effective within 90 days following federal approval. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 6. Minnesota Statutes 2021 Supplement, section 256B.0659, subdivision 17a, is amended to read:

Subd. 17a. **Enhanced rate.** (a) An enhanced rate of 107.5 percent of the rate paid for personal care assistance services shall be paid for services provided to persons who qualify for ten or more hours of personal care assistance services per day when provided by a personal care assistant who meets the requirements of subdivision 11, paragraph (d). The commissioner shall determine the enhanced rate by applying the following sliding scale:

(1) for persons who qualify for ten to 18 hours of personal care services, the sliding enhanced rate scale shall begin at 107.5 percent of the rate paid for personal care assistance services and increase to 125 percent; and

(2) for persons who qualify for more than 18 hours of personal care services, the enhanced rate shall be 125 percent of the rate paid for personal care assistance services.

(b) Any change in the eligibility criteria for the enhanced rate for personal care assistance services as described in this subdivision and referenced in subdivision 11, paragraph (d), does not constitute a change in a term or condition for individual providers as defined in section 256B.0711, and is not subject to the state's obligation to meet and negotiate under chapter 179A.

Sec. 7. Minnesota Statutes 2020, section 256B.0659, subdivision 19, is amended to read:

Subd. 19. **Personal care assistance choice option; qualifications; duties.** (a) Under personal care assistance choice, the recipient or responsible party shall:

(1) recruit, hire, schedule, and terminate personal care assistants according to the terms of the written agreement required under subdivision 20, paragraph (a);

(2) develop a personal care assistance care plan based on the assessed needs and addressing the health and safety of the recipient with the assistance of a qualified professional as needed;

(3) orient and train the personal care assistant with assistance as needed from the qualified professional;

(4) ~~effective January 1, 2010,~~ supervise and evaluate the personal care assistant with the qualified professional, who is required to visit the recipient at least every 180 days;

(5) monitor and verify in writing and report to the personal care assistance choice agency the number of hours worked by the personal care assistant and the qualified professional;

(6) engage in an annual face-to-face reassessment to determine continuing eligibility and service authorization; ~~and~~

(7) use the same personal care assistance choice provider agency if shared personal assistance care is being used; and

(8) ensure that a personal care assistant driving the recipient under subdivision 1, paragraph (i), has a valid driver's license and the vehicle used is registered and insured according to Minnesota law.

(b) The personal care assistance choice provider agency shall:

(1) meet all personal care assistance provider agency standards;

(2) enter into a written agreement with the recipient, responsible party, and personal care assistants;

(3) not be related as a parent, child, sibling, or spouse to the recipient or the personal care assistant; and

(4) ensure arm's-length transactions without undue influence or coercion with the recipient and personal care assistant.

(c) The duties of the personal care assistance choice provider agency are to:

(1) be the employer of the personal care assistant and the qualified professional for employment law and related regulations including, but not limited to, purchasing and maintaining workers' compensation, unemployment insurance, surety and fidelity bonds, and liability insurance, and submit any or all necessary documentation including, but not limited to, workers' compensation, unemployment insurance, and labor market data required under section 256B.4912, subdivision 1a;

(2) bill the medical assistance program for personal care assistance services and qualified professional services;

(3) request and complete background studies that comply with the requirements for personal care assistants and qualified professionals;

(4) pay the personal care assistant and qualified professional based on actual hours of services provided;

(5) withhold and pay all applicable federal and state taxes;

(6) verify and keep records of hours worked by the personal care assistant and qualified professional;

(7) make the arrangements and pay taxes and other benefits, if any, and comply with any legal requirements for a Minnesota employer;

(8) enroll in the medical assistance program as a personal care assistance choice agency; and

(9) enter into a written agreement as specified in subdivision 20 before services are provided.

EFFECTIVE DATE. This section is effective within 90 days following federal approval. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 8. Minnesota Statutes 2020, section 256B.0659, subdivision 24, is amended to read:

Subd. 24. **Personal care assistance provider agency; general duties.** A personal care assistance provider agency shall:

- (1) enroll as a Medicaid provider meeting all provider standards, including completion of the required provider training;
- (2) comply with general medical assistance coverage requirements;
- (3) demonstrate compliance with law and policies of the personal care assistance program to be determined by the commissioner;
- (4) comply with background study requirements;
- (5) verify and keep records of hours worked by the personal care assistant and qualified professional;
- (6) not engage in any agency-initiated direct contact or marketing in person, by phone, or other electronic means to potential recipients, guardians, or family members;
- (7) pay the personal care assistant and qualified professional based on actual hours of services provided;
- (8) withhold and pay all applicable federal and state taxes;
- (9) document that the agency uses a minimum of 72.5 percent of the revenue generated by the medical assistance rate for personal care assistance services for employee personal care assistant wages and benefits. The revenue generated by the qualified professional and the reasonable costs associated with the qualified professional shall not be used in making this calculation;
- (10) make the arrangements and pay unemployment insurance, taxes, workers' compensation, liability insurance, and other benefits, if any;
- (11) enter into a written agreement under subdivision 20 before services are provided;
- (12) report suspected neglect and abuse to the common entry point according to section 256B.0651;
- (13) provide the recipient with a copy of the home care bill of rights at start of service;
- (14) request reassessments at least 60 days prior to the end of the current authorization for personal care assistance services, on forms provided by the commissioner;
- (15) comply with the labor market reporting requirements described in section 256B.4912, subdivision 1a; ~~and~~
- (16) document that the agency uses the additional revenue due to the enhanced rate under subdivision 17a for the wages and benefits of the PCAs whose services meet the requirements under subdivision 11, paragraph (d); and
- (17) ensure that a personal care assistant driving a recipient under subdivision 1, paragraph (i), has a valid driver's license and the vehicle used is registered and insured according to Minnesota law.

EFFECTIVE DATE. This section is effective within 90 days following federal approval. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 9. Minnesota Statutes 2021 Supplement, section 256B.49, subdivision 28, is amended to read:

Subd. 28. **Customized living moratorium for brain injury and community access for disability inclusion waivers.** (a) Notwithstanding section 245A.03, subdivision 2, paragraph (a), clause (23), to prevent new development of customized living settings that otherwise meet the residential program definition under section 245A.02, subdivision 14, the commissioner shall not enroll new customized living settings serving four or fewer people in a single-family home to deliver customized living services as defined under the brain injury or community access for disability inclusion waiver plans under this section.

(b) The commissioner may approve an exception to paragraph (a) when an existing customized living setting changes ownership at the same address or when the same owner relocates the residential program to a new customized living setting.

(c) Customized living settings operational on or before June 30, 2021, are considered existing customized living settings.

(d) For any new customized living settings serving four or fewer people in a single-family home to deliver customized living services as defined in paragraph (a) and that was not operational on or before June 30, 2021, the authorizing lead agency is financially responsible for all home and community-based service payments in the setting.

(e) For purposes of this subdivision, "operational" means customized living services are authorized and delivered to a person in the customized living setting.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 10. **[256B.4909] HOME AND COMMUNITY-BASED SERVICES; HOMEMAKER RATES.**

Subdivision 1. **Application.** (a) Notwithstanding any law to the contrary, the payment methodologies for homemaker services defined in this section apply to those homemaker services offered under:

(1) home and community-based services waivers under sections 256B.092 and 256B.49;

(2) alternative care under section 256B.0913;

(3) essential community supports under section 256B.0922; and

(4) elderly waiver, elderly waiver customized living, and elderly waiver foster care under chapter 256S.

(b) This section does not change existing waiver policies and procedures.

Subd. 2. **Definition.** For purposes of this section, "homemaker services" means homemaker services and assistance with personal care, homemaker services and cleaning, and homemaker services and home management under chapter 256S and similar services offered under home and community-based services waivers under sections 256B.092 and 256B.49, alternative care under section 256B.0913, and essential community supports under section 256B.0922.

Subd. 3. **Rate methodology.** (a) Beginning January 1, 2023, the rate methodology for each homemaker service must be determined under sections 256S.211, subdivision 1, and 256S.212 to 256S.215, as adjusted by paragraph (b).

(b) As applicable to this section, on November 1, 2024, based on the most recently available wage data by standard occupational classification (SOC) from the Bureau of Labor Statistics, the commissioner shall update for each homemaker service the base wage index in section 256S.212, publish these updated values, and load them into the appropriate rate system.

Sec. 11. Minnesota Statutes 2020, section 256B.4911, is amended by adding a subdivision to read:

Subd. 6. **Services provided by parents and spouses.** (a) Upon federal approval, this subdivision limits medical assistance payments under the consumer-directed community supports option for personal assistance services provided by a parent to the parent's minor child or by a spouse. This subdivision applies to the consumer-directed community supports option available under all of the following:

- (1) alternative care program;
- (2) brain injury waiver;
- (3) community alternative care waiver;
- (4) community access for disability inclusion waiver;
- (5) developmental disabilities waiver;
- (6) elderly waiver; and
- (7) Minnesota senior health option.

(b) For the purposes of this subdivision, "parent" means a parent, stepparent, or legal guardian of a minor.

(c) If multiple parents are providing personal assistance services to their minor child or children, each parent may provide up to 40 hours of personal assistance services in any seven-day period regardless of the number of children served. The total number of hours of personal assistance services provided by all of the parents must not exceed 80 hours in a seven-day period regardless of the number of children served.

(d) If only one parent is providing personal assistance services to a minor child or children, the parent may provide up to 60 hours of personal assistance services in a seven-day period regardless of the number of children served.

(e) If a spouse is providing personal assistance services, the spouse may provide up to 60 hours of personal assistance services in a seven-day period.

(f) This subdivision must not be construed to permit an increase in the total authorized consumer-directed community supports budget for an individual.

EFFECTIVE DATE. This section is effective July 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 12. Minnesota Statutes 2021 Supplement, section 256B.4914, subdivision 5, as amended by Laws 2022, chapter 33, section 1, subdivision 5, is amended to read:

Subd. 5. Base wage index; establishment and updates. (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 calculating the 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 Occupational Handbook must be used.

(b) The commissioner shall update the base wage index in subdivision 5a, publish these updated values, and load them into the rate management system as follows:

(1) on January 1, 2022, based on wage data by SOC from the Bureau of Labor Statistics available as of December 31, 2019;

(2) on January 1, 2023, based on wage data by SOC from the Bureau of Labor Statistics available as of December 31, 2020;

(3) on ~~November 1, 2024~~ January 1, 2025, based on wage data by SOC from the Bureau of Labor Statistics available as of December 31, ~~2024~~ 2022; and

(3) (4) on ~~July 1, 2026~~ January 1, 2027, and every two years thereafter, based on wage data by SOC from the Bureau of Labor Statistics available ~~30~~ 24 months and one day prior to the scheduled update.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 13. Minnesota Statutes 2020, section 256B.4914, subdivision 8, as amended by Laws 2022, chapter 33, section 1, subdivision 8, is amended to read:

Subd. 8. Unit-based services with programming; component values and calculation of payment rates. (a) For the purpose of this section, unit-based services with programming include employment exploration services, employment development services, employment support services, individualized home supports with family training, individualized home supports with training, and positive support services provided to an individual outside of any service plan for a day program or residential support service.

(b) Component values for unit-based services with programming are:

- (1) competitive workforce factor: 4.7 percent;
 - (2) supervisory span of control ratio: 11 percent;
 - (3) employee vacation, sick, and training allowance ratio: 8.71 percent;
 - (4) employee-related cost ratio: 23.6 percent;
 - (5) program plan support ratio: 15.5 percent;
 - (6) client programming and support ratio: 4.7 percent, updated as specified in subdivision 5b;
 - (7) general administrative support ratio: 13.25 percent;
 - (8) program-related expense ratio: 6.1 percent; and
 - (9) absence and utilization factor ratio: 3.9 percent.
- (c) A unit of service for unit-based services with programming is 15 minutes.

(d) Payments for unit-based services with programming must be calculated as follows, unless the services are reimbursed separately as part of a residential support services or day program payment rate:

- (1) determine the number of units of service to meet a recipient's needs;
- (2) determine the appropriate hourly staff wage rates derived by the commissioner as provided in subdivisions 5 and 5a;
- (3) except for subdivision 5a, clauses (1) to (4), multiply the result of clause (2) by the product of one plus the competitive workforce factor;
- (4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);
- (5) multiply the number of direct staffing hours by the appropriate staff wage;
- (6) multiply the number of direct staffing hours by the product of the supervisory span of control ratio and the appropriate supervisory staff wage in subdivision 5a, clause (1);
- (7) combine the results of clauses (5) and (6), and multiply the result by one plus the employee vacation, sick, and training allowance ratio. This is defined as the direct staffing rate;
- (8) for program plan support, multiply the result of clause (7) by one plus the program plan support ratio;
- (9) for employee-related expenses, multiply the result of clause (8) by one plus the employee-related cost ratio;

(10) for client programming and supports, multiply the result of clause (9) by one plus the client programming and support ratio;

(11) this is the subtotal rate;

(12) sum the standard general administrative support ratio, the program-related expense ratio, and the absence and utilization factor ratio;

(13) divide the result of clause (11) by one minus the result of clause (12). This is the total payment amount;

(14) for services provided in a shared manner, divide the total payment in clause (13) as follows:

(i) for employment exploration services, divide by the number of service recipients, not to exceed five;

(ii) for employment support services, divide by the number of service recipients, not to exceed six; and

(iii) for individualized home supports with training and individualized home supports with family training, divide by the number of service recipients, not to exceed ~~two~~ three; and

(15) adjust the result of clause (14) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever occurs later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 14. Minnesota Statutes 2020, section 256B.4914, subdivision 9, as amended by Laws 2022, chapter 33, section 1, subdivision 9, is amended to read:

Subd. 9. Unit-based services without programming; component values and calculation of payment rates. (a) For the purposes of this section, unit-based services without programming include individualized home supports without training and night supervision provided to an individual outside of any service plan for a day program or residential support service. Unit-based services without programming do not include respite.

(b) Component values for unit-based services without programming are:

(1) competitive workforce factor: 4.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan support ratio: 7.0 percent;

(6) client programming and support ratio: 2.3 percent, updated as specified in subdivision 5b;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 2.9 percent; and

(9) absence and utilization factor ratio: 3.9 percent.

(c) A unit of service for unit-based services without programming is 15 minutes.

(d) Payments for unit-based services without programming must be calculated as follows unless the services are reimbursed separately as part of a residential support services or day program payment rate:

(1) determine the number of units of service to meet a recipient's needs;

(2) determine the appropriate hourly staff wage rates derived by the commissioner as provided in subdivisions 5 to 5a;

(3) except for subdivision 5a, clauses (1) to (4), multiply the result of clause (2) by the product of one plus the competitive workforce factor;

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of direct staffing hours by the appropriate staff wage;

(6) multiply the number of direct staffing hours by the product of the supervisory span of control ratio and the appropriate supervisory staff wage in subdivision 5a, clause (1);

(7) combine the results of clauses (5) and (6), and multiply the result by one plus the employee vacation, sick, and training allowance ratio. This is defined as the direct staffing rate;

(8) for program plan support, multiply the result of clause (7) by one plus the program plan support ratio;

(9) for employee-related expenses, multiply the result of clause (8) by one plus the employee-related cost ratio;

(10) for client programming and supports, multiply the result of clause (9) by one plus the client programming and support ratio;

(11) this is the subtotal rate;

(12) sum the standard general administrative support ratio, the program-related expense ratio, and the absence and utilization factor ratio;

(13) divide the result of clause (11) by one minus the result of clause (12). This is the total payment amount;

(14) for individualized home supports without training provided in a shared manner, divide the total payment amount in clause (13) by the number of service recipients, not to exceed ~~two~~ three; and

(15) adjust the result of clause (14) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever occurs later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 15. Minnesota Statutes 2020, section 256B.5012, is amended by adding a subdivision to read:

Subd. 19. ICF/DD rate increase effective July 1, 2022. (a) Effective July 1, 2022, the daily rate for a class A intermediate care facility for persons with developmental disabilities is increased by \$50.

(b) Effective July 1, 2022, the daily rate for a class B intermediate care facility for persons with developmental disabilities is increased by \$50.

EFFECTIVE DATE. This section is effective July 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 16. Minnesota Statutes 2020, section 256B.5012, is amended by adding a subdivision to read:

Subd. 20. ICF/DD minimum daily rates. (a) The minimum daily rate for a class A intermediate care facility for persons with developmental disabilities is \$300.

(b) The minimum daily rate for a class B intermediate care facility for persons with developmental disabilities is \$400.

EFFECTIVE DATE. This section is effective July 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 17. Minnesota Statutes 2021 Supplement, section 256B.85, subdivision 7, is amended to read:

Subd. 7. Community first services and supports; covered services. Services and supports covered under CFSS include:

(1) assistance to accomplish activities of daily living (ADLs), instrumental activities of daily living (IADLs), and health-related procedures and tasks through hands-on assistance to accomplish the task or constant supervision and cueing to accomplish the task;

(2) assistance to acquire, maintain, or enhance the skills necessary for the participant to accomplish activities of daily living, instrumental activities of daily living, or health-related tasks;

(3) expenditures for items, services, supports, environmental modifications, or goods, including assistive technology. These expenditures must:

(i) relate to a need identified in a participant's CFSS service delivery plan; and

(ii) increase independence or substitute for human assistance, to the extent that expenditures would otherwise be made for human assistance for the participant's assessed needs;

(4) observation and redirection for behavior or symptoms where there is a need for assistance;

(5) back-up systems or mechanisms, such as the use of pagers or other electronic devices, to ensure continuity of the participant's services and supports;

(6) services provided by a consultation services provider as defined under subdivision 17, that is under contract with the department and enrolled as a Minnesota health care program provider;

(7) services provided by an FMS provider as defined under subdivision 13a, that is an enrolled provider with the department;

(8) CFSS services provided by a support worker who is a parent, stepparent, or legal guardian of a participant under age 18, or who is the participant's spouse. ~~These support workers shall not:~~ Covered services under this clause are subject to the limitations described in subdivision 7b; and

~~(i) provide any medical assistance home and community-based services in excess of 40 hours per seven-day period regardless of the number of parents providing services, combination of parents and spouses providing services, or number of children who receive medical assistance services; and~~

~~(ii) have a wage that exceeds the current rate for a CFSS support worker including the wage, benefits, and payroll taxes; and~~

(9) worker training and development services as described in subdivision 18a.

EFFECTIVE DATE. This section is effective July 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 18. Minnesota Statutes 2021 Supplement, section 256B.85, subdivision 7a, is amended to read:

Subd. 7a. **Enhanced rate.** ~~(a) An enhanced rate of 107.5 percent of the rate paid for CFSS must be paid for services provided to persons who qualify for ten or more hours of CFSS per day when provided by a support worker who meets the requirements of subdivision 16, paragraph (e). The commissioner shall determine the enhanced rate by applying the following sliding scale:~~

(1) for persons who qualify for ten to 18 hours of CFSS, the sliding enhanced rate scale shall begin at 107.5 percent of the rate paid for CFSS and increase to 125 percent; and

(2) for persons who qualify for more than 18 hours of CFSS, the enhanced rate shall be 125 percent of the rate paid for CFSS.

(b) Any change in the eligibility criteria for the enhanced rate for CFSS as described in this subdivision and referenced in subdivision 16, paragraph (e), does not constitute a change in a term or condition for individual providers as defined in section 256B.0711, and is not subject to the state's obligation to meet and negotiate under chapter 179A.

Sec. 19. Minnesota Statutes 2020, section 256B.85, is amended by adding a subdivision to read:

Subd. 7b. **Services provided by parents and spouses.** (a) This subdivision applies to services and supports described in subdivision 7, clause (8).

(b) If multiple parents are support workers providing CFSS services to their minor child or children, each parent may provide up to 40 hours of medical assistance home and community-based services in any seven-day period regardless of the number of children served. The total number of hours of medical assistance home and community-based services provided by all of the parents must not exceed 80 hours in a seven-day period regardless of the number of children served.

(c) If only one parent is a support worker providing CFSS services to the parent's minor child or children, the parent may provide up to 60 hours of medical assistance home and community-based services in a seven-day period regardless of the number of children served.

(d) If a spouse is a support worker providing CFSS services, the spouse may provide up to 60 hours of medical assistance home and community-based services in a seven-day period.

(e) Paragraphs (b) to (d) must not be construed to permit an increase in either the total authorized service budget for an individual or the total number of authorized service units.

(f) A parent or spouse must not receive a wage that exceeds the current rate for a CFSS support worker, including the wage, benefits, and payroll taxes.

EFFECTIVE DATE. This section is effective July 1, 2022, or upon federal approval, whichever is later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 20. Minnesota Statutes 2021 Supplement, section 256B.851, subdivision 5, is amended to read:

Subd. 5. **Payment rates; component values.** (a) The commissioner must use the following component values:

- (1) employee vacation, sick, and training factor, 8.71 percent;
- (2) employer taxes and workers' compensation factor, 11.56 percent;
- (3) employee benefits factor, 12.04 percent;
- (4) client programming and supports factor, 2.30 percent;
- (5) program plan support factor, 7.00 percent;
- (6) general business and administrative expenses factor, 13.25 percent;

(7) program administration expenses factor, 2.90 percent; and

(8) absence and utilization factor, 3.90 percent.

(b) For purposes of implementation, the commissioner shall use the following implementation components:

(1) personal care assistance services and CFSS: ~~75.45~~ 83.5 percent;

(2) enhanced rate personal care assistance services and enhanced rate CFSS: ~~75.45~~ 83.5 percent; and

(3) qualified professional services and CFSS worker training and development: ~~75.45~~ 83.5 percent.

EFFECTIVE DATE. This section is effective January 1, 2023, or 60 days following federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 21. Minnesota Statutes 2020, section 256I.05, is amended by adding a subdivision to read:

Subd. 1s. Supplemental rate; Douglas County. Notwithstanding the provisions in this section, a county agency shall negotiate a supplemental rate for up to 20 beds in addition to the rate specified in subdivision 1, not to exceed the maximum rate allowed under subdivision 1a, including any legislatively authorized inflationary adjustments, for a housing support provider located in Douglas County that operates two facilities and provides room and board and supplementary services to adult males recovering from substance use disorder, mental illness, or housing instability.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 22. Laws 2014, chapter 312, article 27, section 75, is amended to read:

Sec. 75. PROVIDER RATE AND GRANT INCREASES EFFECTIVE JULY 1, 2014.

(a) The commissioner of human services shall increase reimbursement rates, grants, allocations, individual limits, and rate limits, as applicable, by five percent for the rate period beginning July 1, 2014, for services rendered on or after July 1, 2014. County or tribal contracts for services, grants, and programs under paragraph (b) must be amended to pass through these rate increases by September 1, 2014.

(b) The rate changes described in this section must be provided to:

(1) home and community-based waived services for persons with developmental disabilities, including consumer-directed community supports, under Minnesota Statutes, section 256B.092;

(2) waived services under community alternatives for disabled individuals, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(3) community alternative care waived services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(4) brain injury waived services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(5) home and community-based waived services for the elderly under Minnesota Statutes, section 256B.0915;

(6) nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a;

(7) personal care services and qualified professional supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivisions 6a and 19a;

(8) private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7;

(9) community first services and supports under Minnesota Statutes, section 256B.85;

(10) essential community supports under Minnesota Statutes, section 256B.0922;

~~(11) day training and habilitation services for adults with developmental disabilities under Minnesota Statutes, sections 252.41 to 252.46, including the additional cost to counties of the rate adjustments on day training and habilitation services, provided as a social service;~~

~~(12)~~ alternative care services under Minnesota Statutes, section 256B.0913;

~~(13)~~ (12) living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living under Laws 1988, chapter 689;

~~(14)~~ (13) semi-independent living services (SILS) under Minnesota Statutes, section 252.275;

~~(15)~~ (14) consumer support grants under Minnesota Statutes, section 256.476;

~~(16)~~ (15) family support grants under Minnesota Statutes, section 252.32;

~~(17)~~ (16) housing access grants under Minnesota Statutes, section 256B.0658;

~~(18)~~ (17) self-advocacy grants under Laws 2009, chapter 101;

~~(19)~~ (18) technology grants under Laws 2009, chapter 79;

~~(20)~~ (19) aging grants under Minnesota Statutes, sections 256.975 to 256.977 and 256B.0917;

~~(21)~~ (20) deaf and hard-of-hearing grants, including community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication under Minnesota Statutes, section 256.01, subdivision 2;

~~(22)~~ (21) deaf and hard-of-hearing grants under Minnesota Statutes, sections 256C.233, 256C.25, and 256C.261;

~~(23)~~ (22) Disability Linkage Line grants under Minnesota Statutes, section 256.01, subdivision 24;

~~(24)~~ (23) transition initiative grants under Minnesota Statutes, section 256.478;

~~(25)~~ (24) employment support grants under Minnesota Statutes, section 256B.021, subdivision 6; and

~~(26)~~ (25) grants provided to people who are eligible for the Housing Opportunities for Persons with AIDS program under Minnesota Statutes, section 256B.492.

(c) A managed care plan or county-based purchasing plan receiving state payments for the services grants and programs in paragraph (b) must include these increases in their payments to providers. To implement the rate increase in paragraph (a), capitation rates paid by the commissioner to managed care plans and county-based purchasing plans under Minnesota Statutes, section 256B.69, shall reflect a five percent increase for the services and programs specified in paragraph (b) for the period beginning July 1, 2014.

(d) Counties shall increase the budget for each recipient of consumer-directed community supports by the amount in paragraph (a) on July 1, 2014.

(e) To receive the rate increase described in this section, providers under paragraphs (a) and (b) must submit to the commissioner documentation that identifies a quality improvement project that the provider will implement by June 30, 2015. Documentation must be provided in a format specified by the commissioner. Projects must:

(1) improve the quality of life of home and community-based services recipients in a meaningful way;

(2) improve the quality of services in a measurable way; or

(3) deliver good quality service more efficiently while using the savings to enhance services for the participants served.

Providers listed in paragraph (b), clauses (7), (9), (10), and ~~(13)~~ (12) to ~~(26)~~ (25), are not subject to this requirement.

(f) For a provider that fails to submit documentation described in paragraph (e) by a date or in a format specified by the commissioner, the commissioner shall reduce the provider's rate by one percent effective January 1, 2015.

(g) Providers that receive a rate increase under paragraph (a) shall use 80 percent of the additional revenue to increase compensation-related costs for employees directly employed by the program on or after July 1, 2014, 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.

This requirement is subject to audit by the commissioner.

(h) Compensation-related costs include:

(1) wages and salaries;

(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 benefits provided and workforce needs, including the recruiting and training of employees as specified in the distribution plan required under paragraph (m).

(i) For public employees under a collective bargaining agreement, the increase for wages and benefits is available and pay rates must be increased only to the extent that the increases comply with laws governing public employees' collective bargaining. Money received by a provider for pay increases for public employees under paragraph (g) must be used only for pay increases implemented between July 1, 2014, and August 1, 2014.

(j) For a provider that has employees that are represented by an exclusive bargaining representative, the provider shall obtain a letter of acceptance of the distribution plan required under paragraph (m), in regard to 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 in regard to the members of the bargaining unit. Upon request, the provider shall produce the letter of acceptance for the commissioner.

(k) The commissioner shall amend state grant contracts that include direct personnel-related grant expenditures to include the allocation for the portion of the contract related to employee compensation. Grant contracts for compensation-related services must be amended to pass through these adjustments by September 1, 2014, and must be retroactive to July 1, 2014.

(l) The Board on Aging and its area agencies on aging shall amend their grants that include direct personnel-related grant expenditures to include the rate adjustment for the portion of the grant related to employee compensation. Grants for compensation-related services must be amended to pass through these adjustments by September 1, 2014, and must be retroactive to July 1, 2014.

(m) A provider that receives a rate adjustment under paragraph (a) that is subject to paragraph (g) shall prepare, and upon request submit to the commissioner, a distribution plan that specifies the amount of money the provider expects to receive that is subject to the requirements of paragraph (g), including how that money will be distributed to increase compensation for employees. The commissioner may recover funds from a provider that fails to comply with this requirement.

(n) By January 1, 2015, the provider shall post the distribution plan required under paragraph (m) 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 have 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 employee may use to contact the commissioner or the commissioner's representative.

(o) For providers with rates established under Minnesota Statutes, section 256B.4914, and with a historical rate established under Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (b), that is greater than the rate established under Minnesota Statutes, section 256B.4914, the requirements in paragraph (g) must only apply to the portion of the rate increase that exceeds the difference between the rate established under Minnesota Statutes, section 256B.4914, and the banding value established under Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (b).

Sec. 23. Laws 2021, First Special Session chapter 7, article 16, section 2, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	\$	8,356,760,000	\$	<u>9,803,181,000</u>	<u>9,802,370,000</u>
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		Appropriations by Fund	
		2022	2023
			<u>8,951,733,000</u>
General	7,295,463,000		<u>8,950,922,000</u>
State Government			
Special Revenue	4,299,000		4,299,000
Health Care Access	769,889,000		564,448,000
Federal TANF	282,653,000		278,245,000
Lottery Prize	1,896,000		1,896,000
Opiate Epidemic Response	2,560,000		2,560,000

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

Sec. 24. Laws 2021, First Special Session chapter 7, article 16, section 2, subdivision 29, is amended to read:

Subd. 29. Grant Programs; Disabilities Grants		31,398,000		<u>31,010,000</u>	<u>30,199,000</u>
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(a) **Training Stipends for Direct Support Services Providers.** \$1,000,000 in fiscal year 2022 is from the general fund for stipends for individual providers of direct support services as defined in Minnesota Statutes, section 256B.0711, subdivision 1. These stipends are available to individual providers who have completed designated voluntary trainings made available through the State-Provider Cooperation Committee formed by the State of Minnesota and the Service Employees International Union Healthcare Minnesota. Any unspent

appropriation in fiscal year 2022 is available in fiscal year 2023. This is a onetime appropriation. This appropriation is available only if the labor agreement between the state of Minnesota and the Service Employees International Union Healthcare Minnesota under Minnesota Statutes, section 179A.54, is approved under Minnesota Statutes, section 3.855.

(b) Parent-to-Parent Peer Support. \$125,000 in fiscal year 2022 and \$125,000 in fiscal year 2023 are from the general fund for a grant to an alliance member of Parent to Parent USA to support the alliance member's parent-to-parent peer support program for families of children with a disability or special health care need.

(c) Self-Advocacy Grants. (1) \$143,000 in fiscal year 2022 and \$143,000 in fiscal year 2023 are from the general fund for a grant under Minnesota Statutes, section 256.477, subdivision 1.

(2) \$105,000 in fiscal year 2022 and \$105,000 in fiscal year 2023 are from the general fund for subgrants under Minnesota Statutes, section 256.477, subdivision 2.

(d) Minnesota Inclusion Initiative Grants. \$150,000 in fiscal year 2022 and \$150,000 in fiscal year 2023 are from the general fund for grants under Minnesota Statutes, section 256.4772.

(e) Grants to Expand Access to Child Care for Children with Disabilities. \$250,000 in fiscal year 2022 and \$250,000 in fiscal year 2023 are from the general fund for grants to expand access to child care for children with disabilities. This is a onetime appropriation.

(f) Parenting with a Disability Pilot Project. The general fund base includes \$1,000,000 in fiscal year 2024 and \$0 in fiscal year 2025 to implement the parenting with a disability pilot project.

(g) **Base Level Adjustment.** The general fund base is ~~\$29,260,000~~ \$28,449,000 in fiscal year 2024 and ~~\$22,260,000~~ \$21,449,000 in fiscal year 2025.

Sec. 25. Laws 2021, First Special Session chapter 7, article 17, section 14, is amended to read:

Sec. 14. **TASK FORCE ON ~~ELIMINATING~~ SUBMINIMUM WAGES.**

Subdivision 1. **Establishment; purpose.** The Task Force on ~~Eliminating~~ Subminimum Wages is established to develop a plan and make recommendations to ~~phase out payment of subminimum wages to people with disabilities on or before August 1, 2025~~ promote independence and increase opportunities for people with disabilities to earn competitive wages.

Subd. 2. **Definitions.** For the purposes of this section, "subminimum wage" means wages authorized under section 14(c) of the federal Fair Labor Standards Act, Minnesota Statutes, section 177.28, subdivision 5, or Minnesota Rules, parts 5200.0030 and 5200.0040.

Subd. 3. **Membership.** (a) The task force consists of ~~16~~ 20 members, appointed as follows:

- (1) the commissioner of human services or a designee;
- (2) the commissioner of labor and industry or a designee;
- (3) the commissioner of education or a designee;
- (4) the commissioner of employment and economic development or a designee;
- (5) a representative of the Department of Employment and Economic Development's Vocational Rehabilitation Services Division appointed by the commissioner of employment and economic development;
- (6) one member appointed by the Minnesota Disability Law Center;
- (7) one member appointed by The Arc of Minnesota;
- (8) ~~three~~ four members who are persons with disabilities appointed by the commissioner of human services, at least one of whom ~~must be~~ is neurodiverse, ~~and~~ at least one of whom ~~must have~~ has a significant physical disability, and at least one of whom at the time of the appointment is being paid a subminimum wage;
- (9) two representatives of employers authorized to pay subminimum wage and one representative of an employer who successfully transitioned away from payment of subminimum wages to people with disabilities, appointed by the commissioner of human services;
- (10) one member appointed by the Minnesota Organization for Habilitation and Rehabilitation;
- (11) one member appointed by ARRM; ~~and~~
- (12) one member appointed by the State Rehabilitation Council; and

(13) three members who are parents or guardians of persons with disabilities appointed by the commissioner of human services, at least one of whom is a parent or guardian of a person who is neurodiverse, at least one of whom is a parent or guardian of a person with a significant physical disability, and at least one of whom is a parent or guardian of a person being paid a subminimum wage as of the date of the appointment.

(b) To the extent possible, membership on the task force under paragraph (a) shall reflect geographic parity throughout the state and representation from Black, Indigenous, and communities of color.

Subd. 4. **Appointment deadline; first meeting; chair.** Appointing authorities must complete member selections by January 1, 2022. The commissioner of human services shall convene the first meeting of the task force by February 15, 2022. The task force shall select a chair from among its members at its first meeting.

Subd. 5. **Compensation.** Members shall be compensated and may be reimbursed for expenses as provided in Minnesota Statutes, section 15.059, subdivision 3.

Subd. 6. **Duties; plan and recommendations.** The task force shall:

(1) develop a plan to ~~phase out the payment of subminimum wages to people with disabilities by August 1, 2025~~ promote independence and increase opportunities for people with disabilities to earn competitive wages;

(2) consult with and advise the commissioner of human services on statewide plans for ~~limiting reducing reliance on~~ subminimum wages in medical assistance home and community-based services waivers under Minnesota Statutes, sections 256B.092 and 256B.49;

(3) engage with employees with disabilities paid subminimum wages and conduct community education on the payment of subminimum wages to people with disabilities in Minnesota;

(4) identify and collaborate with employees, employers, businesses, organizations, agencies, and stakeholders ~~impacted by the phase out of subminimum wage~~ on how to implement the plan and create sustainable work opportunities for employees with disabilities;

(5) propose a plan to establish and evaluate benchmarks for measuring annual progress toward ~~eliminating~~ reducing reliance on subminimum wages;

(6) propose a plan to monitor and track outcomes of employees with disabilities, including those who transition to competitive employment;

(7) identify initiatives, investment, training, and services designed to improve wages, reduce unemployment rates, and provide support and sustainable work opportunities for persons with disabilities;

(8) identify benefits to the state ~~in eliminating~~ of reducing reliance on subminimum ~~wage by August 1, 2025~~ wages;

(9) identify barriers to ~~eliminating subminimum wage by August 1, 2025~~ wages, including the cost of implementing and providing ongoing employment services, training, and support for

employees with disabilities ~~and~~, the cost of paying minimum ~~wage~~ wages to employees with disabilities, and the potential impact on persons with disabilities who would be unable to find sustainable employment in the absence of a subminimum wage or who would not choose competitive employment;

(10) make recommendations to eliminate the barriers identified in clause (9); and

(11) identify and make recommendations for sustainable financial support, funding, and resources for ~~eliminating reducing reliance on~~ subminimum wage by August 1, 2025 wages.

Subd. 7. **Duties; provider reinvention grants.** (a) The commissioner of human services shall establish a provider reinvention grant program to promote independence and increase opportunities for people with disabilities to earn competitive wages. The commissioner shall make the grants available to at least the following:

(1) providers of disability services under Minnesota Statutes, sections 256B.092 and 256B.49, for developing and implementing a business plan to shift the providers' business models away from paying waiver participants subminimum wages;

(2) organizations to develop peer-to-peer mentoring for people with disabilities who have successfully transitioned to earning competitive wages;

(3) organizations to facilitate provider-to-provider mentoring to promote shifting away from paying employees with disabilities a subminimum wage; and

(4) organizations to conduct family outreach and education on working with people with disabilities who are transitioning from subminimum wage employment to competitive employment.

(b) The provider reinvention grant program must be competitive. The commissioner of human services must develop criteria for evaluating responses to requests for proposals. Criteria for evaluating grant applications must be finalized no later than November 1, 2021. The commissioner of human services shall administer grants in compliance with Minnesota Statutes, sections 16B.97 and 16B.98, and related policies set forth by the Department of Administration's Office of Grants Management.

(c) Grantees must work with the commissioner to develop their business model and, as a condition of receiving grant funds, grantees must fully phase out the use of subminimum wage by April 1, 2024, unless the grantee receives a waiver from the commissioner of human services for a demonstrated need.

(d) Of the total amount available for provider reinvention grants, the commissioner may award up to 25 percent of the grant funds to providers who have already successfully shifted their business model away from paying employees with disabilities subminimum wages to provide provider-to-provider mentoring to providers receiving a provider reinvention grant.

Subd. 8. **Report.** By February 15, 2023, the task force shall submit to the chairs and ranking minority members of the committees and divisions in the senate and house of representatives with jurisdiction over employment and wages and over health and human services a report with recommendations to ~~eliminate by August 1, 2025, the payment of subminimum wage~~ increase

opportunities for people with disabilities to earn competitive wages, and any changes to statutes, laws, or rules required to implement the recommendations of the task force. The task force must include in the report a recommendation concerning continuing the task force beyond its scheduled expiration.

Subd. 9. **Administrative support.** The commissioner of human services shall provide meeting space and administrative services to the task force.

Subd. 10. **Expiration.** The task force shall conclude their duties and expire on March 31, 2024.

EFFECTIVE DATE. This section is effective the day following final enactment. The commissioner of human services must make the additional appointments required under this section within 30 days following final enactment.

Sec. 26. Laws 2022, chapter 33, section 1, subdivision 3, is amended to read:

Subd. 3. **Applicable services.** Applicable services are those authorized under the state's home and community-based services waivers under sections 256B.092 and 256B.49, including the following, as defined in the federally approved home and community-based services plan:

- (1) 24-hour customized living;
- (2) adult day services;
- (3) adult day services bath;
- (4) community residential services;
- (5) customized living;
- (6) day support services;
- (7) employment development services;
- (8) employment exploration services;
- (9) employment support services;
- (10) family residential services;
- (11) individualized home supports;
- (12) individualized home supports with family training;
- (13) individualized home supports with training;
- (14) integrated community supports;
- (15) night supervision;
- (16) positive support services;

- (17) prevocational services;
- (18) residential support services;
- (19) ~~respite services~~;
- ~~(20)~~ transportation services; and
- ~~(21)~~ (20) other services as approved by the federal government in the state home and community-based services waiver plan.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 27. Laws 2022, chapter 33, section 1, subdivision 4, is amended to read:

Subd. 4. **Data collection for rate determination.** (a) Rates for applicable home and community-based waived services, including customized rates under subdivision 12, are set by the rates management system.

(b) Data and information in the rates management system must be used to calculate an individual's rate.

(c) Service providers, with information from the coordinated service and support plan and oversight by lead agencies, shall provide values and information needed to calculate an individual's rate in the rates management system. The determination of service levels must be part of a discussion with members of the support team as defined in section 245D.02, subdivision 34. This discussion must occur prior to the final establishment of each individual's rate. The values and information include:

- (1) shared staffing hours;
 - (2) individual staffing hours;
 - (3) direct registered nurse hours;
 - (4) direct licensed practical nurse hours;
 - (5) staffing ratios;
 - (6) information to document variable levels of service qualification for variable levels of reimbursement in each framework;
 - (7) shared or individualized arrangements for unit-based services, including the staffing ratio;
 - (8) number of trips and miles for transportation services; and
 - (9) service hours provided through monitoring technology.
- (d) Updates to individual data must include:

(1) data for each individual that is updated annually when renewing service plans; and

(2) requests by individuals or lead agencies to update a rate whenever there is a change in an individual's service needs, with accompanying documentation.

(e) Lead agencies shall review and approve all services reflecting each individual's needs, and the values to calculate the final payment rate for services with variables under subdivisions 6 to ~~9a~~ 9 for each individual. Lead agencies must notify the individual and the service provider of the final agreed-upon values and rate, and provide information that is identical to what was entered into the rates management system. If a value used was mistakenly or erroneously entered and used to calculate a rate, a provider may petition lead agencies to correct it. Lead agencies must respond to these requests. When responding to the request, the lead agency must consider:

(1) meeting the health and welfare needs of the individual or individuals receiving services by service site, identified in their coordinated service and support plan under section 245D.02, subdivision 4b, and any addendum under section 245D.02, subdivision 4c;

(2) meeting the requirements for staffing under subdivision 2, paragraphs (h), (n), and (o); and meeting or exceeding the licensing standards for staffing required under section 245D.09, subdivision 1; and

(3) meeting the staffing ratio requirements under subdivision 2, paragraph (o), and meeting or exceeding the licensing standards for staffing required under section 245D.31.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 28. Laws 2022, chapter 33, section 1, subdivision 5a, is amended to read:

Subd. 5a. **Base wage index; calculations.** The base wage index must be calculated as follows:

(1) for supervisory staff, 100 percent of the median wage for community and social services specialist (SOC code 21-1099), with the exception of the supervisor of positive supports professional, positive supports analyst, and positive supports specialist, which is 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(2) for registered nurse staff, 100 percent of the median wage for registered nurses (SOC code 29-1141);

(3) for licensed practical nurse staff, 100 percent of the median wage for licensed practical nurses (SOC code 29-2061);

(4) for residential asleep-overnight staff, the minimum wage in Minnesota for large employers, with the exception of asleep-overnight staff for family residential services, which is 36 percent of the minimum wage in Minnesota for large employers;

(5) for residential direct care staff, the sum of:

(i) 15 percent of the subtotal of 50 percent of the median wage for home health and personal care aide (SOC code 31-1120); 30 percent of the median wage for nursing assistant (SOC code 31-1131); 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 40 percent of the median wage for home health and personal care aide (SOC code 31-1120); 20 percent of the median wage for nursing assistant (SOC code 31-1014); 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);

(6) for adult day services staff, 70 percent of the median wage for nursing assistant (SOC code 31-1131); and 30 percent of the median wage for home health and personal care aide (SOC code 31-1120);

(7) for day support services staff and prevocational services staff, 20 percent of the median wage for nursing assistant (SOC code 31-1131); 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 positive supports analyst staff, 100 percent of the median wage for substance abuse, behavioral disorder, and mental health counselor (SOC code 21-1018);

(9) for positive supports professional staff, 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(10) for positive supports specialist staff, 100 percent of the median wage for psychiatric technicians (SOC code 29-2053);

(11) for individualized home supports with family training staff, 20 percent of the median wage for nursing aide (SOC code 31-1131); 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);

(12) for individualized home supports with training services 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);

(13) for employment support services staff, 50 percent of the median wage for rehabilitation counselor (SOC code 21-1015); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(14) for employment exploration services staff, 50 percent of the median wage for ~~rehabilitation counselor (SOC code 21-1015)~~ education, guidance, school, and vocational counselors (SOC code 21-1012); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(15) for employment development services staff, 50 percent of the median wage for education, guidance, school, and vocational counselors (SOC code 21-1012); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(16) for individualized home support without training staff, 50 percent of the median wage for home health and personal care aide (SOC code 31-1120); and 50 percent of the median wage for nursing assistant (SOC code 31-1131); and

(17) for night supervision staff, 40 percent of the median wage for home health and personal care aide (SOC code 31-1120); 20 percent of the median wage for nursing assistant (SOC code 31-1131); 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); ~~and~~

~~(18) for respite staff, 50 percent of the median wage for home health and personal care aide (SOC code 31-1131); and 50 percent of the median wage for nursing assistant (SOC code 31-1014).~~

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 29. Laws 2022, chapter 33, section 1, subdivision 5b, is amended to read:

Subd. 5b. **Standard component value adjustments.** The commissioner shall update the client and programming support, transportation, and program facility cost component values as required in subdivisions 6 to ~~9a~~ 9 for changes in the Consumer Price Index. The commissioner shall adjust these values higher or lower, publish these updated values, and load them into the rate management system as follows:

(1) on January 1, 2022, by the percentage change in the CPI-U from the date of the previous update to the data available on December 31, 2019;

(2) on January 1, 2023, by the percentage change in the CPI-U from the date of previous update to the data available on December 31, 2021;

(3) ~~on November 1, 2024~~ January 1, 2025, by the percentage change in the CPI-U from the date of the previous update to the data available as of December 31, ~~2021~~ 2023; and

~~(3)~~ (4) ~~on July 1, 2026~~ January 1, 2027, and every two years thereafter, by the percentage change in the CPI-U from the date of the previous update to the data available ~~30~~ 12 months and one day prior to the scheduled update.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 30. Laws 2022, chapter 33, section 1, subdivision 5c, is amended to read:

Subd. 5c. **Removal of after-framework adjustments.** Any rate adjustments applied to the service rates calculated under this section outside of the cost components and rate methodology

specified in this section shall be removed from rate calculations upon implementation of the updates under subdivisions 5 ~~and~~, 5b, and 5f.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 31. Laws 2022, chapter 33, section 1, subdivision 5d, is amended to read:

Subd. 5d. **Unavailable data for updates and adjustments.** If Bureau of Labor Statistics occupational codes or Consumer Price Index items specified in subdivisions 5 ~~or~~, 5b, or 5f are unavailable in the future, the commissioner shall recommend to the legislature codes or items to update and replace.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 32. Laws 2022, chapter 33, section 1, is amended by adding a subdivision to read:

Subd. 5f. **Competitive workforce factor adjustments.** (a) On January 1, 2023, and every two years thereafter, the commissioner shall update the competitive workforce factor to equal the differential between:

(1) the most recently available wage data by SOC code for the weighted average wage for direct care staff for residential services and direct care staff for day services; and

(2) the most recently available wage data by SOC code of the weighted average wage of comparable occupations.

(b) For each update of the competitive workforce factor, the update shall not decrease the competitive workforce factor by more than 2.0. If the competitive workforce factor is less than or equal to zero, then the competitive workforce factor is zero.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 33. Laws 2022, chapter 33, section 1, subdivision 10, is amended to read:

Subd. 10. **Evaluation of information and data.** (a) The commissioner shall, within available resources, 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;

(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.

(b) The commissioner, in consultation with stakeholders, shall review and evaluate the following values already in subdivisions 6 to ~~9a~~ 9, or issues that impact all services, including, but not limited to:

- (1) values for transportation rates;
- (2) values for services where monitoring technology replaces staff time;
- (3) values for indirect services;
- (4) values for nursing;
- (5) values for the facility use rate in day services, and the weightings used in the day service ratios and adjustments to those weightings;
- (6) values for workers' compensation as part of employee-related expenses;
- (7) values for unemployment insurance as part of employee-related expenses;
- (8) direct care workforce labor market measures;
- (9) any changes in state or federal law with a direct impact on the underlying cost of providing home and community-based services;
- (10) outcome measures, determined by the commissioner, for home and community-based services rates determined under this section; and
- (11) different competitive workforce factors by service, as determined under subdivision 10b.

(c) 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 (a) and (b) on January 15, 2021, with a full report, and a full report once every four years thereafter.

(d) Beginning July 1, 2022, the commissioner shall renew analysis and implement changes to the regional adjustment factors once every six years. Prior to implementation, the commissioner shall consult with stakeholders on the methodology to calculate the adjustment.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 34. Laws 2022, chapter 33, section 1, subdivision 10a, is amended to read:

Subd. 10a. **Reporting and analysis of cost data.** (a) The commissioner must ensure that wage values and component values in subdivisions 5 to ~~9a~~ 9 reflect the cost to provide the service. As

determined by the commissioner, in consultation with stakeholders identified in subdivision 17, a provider enrolled to provide services with rates determined under this section must submit requested cost data to the commissioner to support research on the cost of providing services that have rates determined by the disability waiver rates system. Requested cost data may include, but is not limited to:

- (1) worker wage costs;
- (2) benefits paid;
- (3) supervisor wage costs;
- (4) executive wage costs;
- (5) vacation, sick, and training time paid;
- (6) taxes, workers' compensation, and unemployment insurance costs paid;
- (7) administrative costs paid;
- (8) program costs paid;
- (9) transportation costs paid;
- (10) vacancy rates; and
- (11) other data relating to costs required to provide services requested by the commissioner.

(b) At least once in any five-year period, a provider must submit cost data for a fiscal year that ended not more than 18 months prior to the submission date. The commissioner shall provide each provider a 90-day notice prior to its submission due date. If a provider fails to submit required reporting data, the commissioner shall provide notice to providers that have not provided required data 30 days after the required submission date, and a second notice for providers who have not provided required data 60 days after the required submission date. The commissioner shall temporarily suspend payments to the provider if cost data is not received 90 days after the required submission date. Withheld payments shall be made once data is received by the commissioner.

(c) The commissioner shall conduct a random validation of data submitted under paragraph (a) to ensure data accuracy.

(d) The commissioner shall analyze cost data submitted under paragraph (a) and, in consultation with stakeholders identified in subdivision 17, may submit recommendations on component values and inflationary factor adjustments to the chairs and ranking minority members of the legislative committees with jurisdiction over human services once every four years beginning January 1, 2021. The commissioner shall make recommendations in conjunction with reports submitted to the legislature according to subdivision 10, paragraph (c).

(e) The commissioner shall release cost data in an aggregate form, and cost data from individual providers shall not be released except as provided for in current law.

(f) The commissioner, in consultation with stakeholders identified in subdivision 17, shall develop and implement a process for providing training and technical assistance necessary to support provider submission of cost documentation required under paragraph (a).

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 35. Laws 2022, chapter 33, section 1, subdivision 10c, is amended to read:

Subd. 10c. **Reporting and analysis of competitive workforce factor.** (a) Beginning February 1, ~~2021~~ 2024, and every two years thereafter, the commissioner shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance an analysis of the competitive workforce factor.

(b) The report must include ~~recommendations to update the competitive workforce factor using:~~

(1) the most recently available wage data by SOC code for the weighted average wage for direct care staff for residential services and direct care staff for day services;

(2) the most recently available wage data by SOC code of the weighted average wage of comparable occupations; and

(3) workforce data as required under subdivision 10b.

~~(c) The commissioner shall not recommend an increase or decrease of the competitive workforce factor from the current value by more than two percentage points. If, after a biennial analysis for the next report, the competitive workforce factor is less than or equal to zero, the commissioner shall recommend a competitive workforce factor of zero.~~

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 36. Laws 2022, chapter 33, section 1, subdivision 12, is amended to read:

Subd. 12. **Customization of rates for individuals.** (a) For persons determined to have higher needs based on being deaf or hard-of-hearing, the direct-care costs must be increased by an adjustment factor prior to calculating the rate under subdivisions 6 to ~~9a~~ 9. The customization rate with respect to deaf or hard-of-hearing persons shall be \$2.50 per hour for waiver recipients who meet the respective criteria as determined by the commissioner.

(b) For the purposes of this section, "deaf and hard-of-hearing" means:

(1) the person has a developmental disability and:

(i) an assessment score which indicates a hearing impairment that is severe or that the person has no useful hearing;

(ii) an expressive communications score that indicates the person uses single signs or gestures, uses an augmentative communication aid, or does not have functional communication, or the person's expressive communications is unknown; and

(iii) a communication score which indicates the person comprehends signs, gestures, and modeling prompts or does not comprehend verbal, visual, or gestural communication, or that the person's receptive communication score is unknown; or

(2) the person receives long-term care services and has an assessment score that indicates the person hears only very loud sounds, the person has no useful hearing, or a determination cannot be made; and the person receives long-term care services and has an assessment that indicates the person communicates needs with sign language, symbol board, written messages, gestures, or an interpreter; communicates with inappropriate content, makes garbled sounds or displays echolalia, or does not communicate needs.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 37. Laws 2022, chapter 33, section 1, 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 to ~~9a~~ 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.

(d) Exception requests must include the following information:

(1) the service needs required by each individual that are not accounted for in subdivisions 6 to ~~9a~~ 9;

(2) the service rate requested and the difference from the rate determined in subdivisions 6 to ~~9a~~ 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) Approved rate exceptions remain in effect in all cases until an individual's needs change as defined in paragraph (c).

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 38. Laws 2022, chapter 40, section 6, is amended to read:

Sec. 6. COMMISSIONER OF HUMAN SERVICES; TEMPORARY STAFFING POOL; APPROPRIATION.

(a) The commissioner of human services shall establish a temporary emergency staffing pool for congregate settings and for providers of or recipients of home- and community-based services experiencing staffing crises. Vendor contracts may include retention bonuses, sign-on bonuses, and payment for hours on call. The commissioner may pay for necessary training, travel, and lodging expenses of the temporary staff. Contracts for temporary staffing executed under this section: (1) should minimize the recruitment away from providers' current workforces; and (2) may not be executed with an individual until at least 30 days since the individual was last employed in Minnesota by one of the types of facilities, providers, or individuals listed in paragraph (g).

(b) Temporary staff, at the request of the commissioner, may be deployed to providers of home- and community-based services, individual recipients of home- and community-based services, and long-term care facilities and other congregate care residential facilities and programs experiencing an emergency staffing crisis on or after the effective date of this section. Temporary staff must be provided at no cost to the provider, individual recipient, facility, or program receiving the temporary staff.

(c) Members of the temporary staffing pool under this section are not state employees.

(d) The commissioner must coordinate the activities under this section with any other impacted state agencies, to appropriately prioritize locations to deploy contracted temporary staff.

(e) The commissioner must give priority for deploying staff to providers, individual recipients, facilities, and programs with the most significant staffing crises and where, but for this assistance, residents or service recipients would be at significant risk of injury due to the need to transfer to ~~another~~ a facility or a hospital for adequately staffed care.

(f) A provider, individual recipient, facility, or program may seek onetime assistance per setting or individual service recipient from the temporary staffing pool only after the provider, individual recipient, facility, or program has used all resources available to obtain temporary staff but is unable to meet the provider's, individual's, facility's, or program's temporary staffing needs. A provider, individual, facility, or program may apply for temporary staff for up to 21 days. Applicants must submit a proposed plan for ensuring resident safety at the end of that time period.

(g) Providers, individuals, facilities, and programs eligible to obtain temporary staff from the temporary staffing pool include:

(1) nursing facilities;

(2) assisted living facilities;

(3) intermediate care facilities for persons with developmental disabilities;

(4) adult foster care or, community residential settings, or integrated community supports settings;

(5) licensed substance use disorder treatment facilities;

- (6) unlicensed county-based substance use disorder treatment facilities;
- (7) licensed facilities for adults with mental illness;
- (8) licensed detoxification programs;
- (9) licensed withdrawal management programs;
- (10) licensed children's residential facilities;
- (11) licensed child foster residence settings;
- (12) unlicensed, Tribal-certified facilities that perform functions similar to the licensed facilities listed in this paragraph;
- (13) boarding care homes;
- (14) board and lodging establishments serving people with disabilities or disabling conditions;
- (15) board and lodging establishments with special services;
- (16) supervised living facilities;
- (17) supportive housing;
- (18) sober homes;
- (19) community-based halfway houses for people exiting the correctional system;
- (20) shelters serving people experiencing homelessness;
- (21) drop-in centers for people experiencing homelessness;
- (22) homeless outreach services for unsheltered individuals;
- (23) shelters for people experiencing domestic violence; ~~and~~
- (24) temporary isolation spaces for people who test positive for COVID-19;
- (25) individuals who use consumer-directed community supports;
- (26) individuals who use the personal care assistance choice program;
- (27) personal care assistance provider agencies;
- (28) individuals who use the community first services and supports budget model;
- (29) agency-providers of community first services and supports; and
- (30) providers of individualized home supports.

(h) Notwithstanding Minnesota Statutes, chapter 16C, the commissioner may maintain, extend, or renew contracts for temporary staffing entered into on or after September 1, 2020. The commissioner may also enter into new contracts with eligible entities for temporary staff deployed in the temporary staffing pool. The commissioner may use up to 6.5 percent of this funding for the commissioner's costs related to administration of this program.

(i) The commissioner shall seek all allowable FEMA reimbursement for the costs of this activity.

Sec. 39. Laws 2022, chapter 40, section 7, is amended to read:

Sec. 7. APPROPRIATION; TEMPORARY STAFFING POOL.

~~\$1,029,000~~ \$5,145,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of human services for the temporary staffing pool described in this act. This is a onetime appropriation and is available until June 30, ~~2022~~ 2023.

Sec. 40. PERSONAL CARE ASSISTANCE ENHANCED RATE FOR PERSONS WHO USE CONSUMER-DIRECTED COMMUNITY SUPPORTS.

The commissioner of human services shall increase the annual budgets for participants who use consumer-directed community supports under Minnesota Statutes, sections 256B.0913, subdivision 5, clause (17); 256B.092, subdivision 1b, paragraph (a), clause (4); 256B.49, subdivision 16, paragraph (c); and chapter 256S, by the percentage determined under Minnesota Statutes, section 256B.85, subdivision 7a, for participants who are determined by assessment to be eligible for ten or more hours of personal care assistance services or community first services and supports per day when the participant uses direct support services provided by a worker employed by the participant who has completed training identified in Minnesota Statutes, section 256B.0659, subdivision 11, paragraph (d), or 256B.85, subdivision 16, paragraph (e).

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever occurs later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 41. RATE INCREASE FOR CERTAIN HOME CARE SERVICES.

(a) Effective January 1, 2023, or upon federal approval, whichever is later, the commissioner of human services shall increase payment rates for home health aide visits up to 14 percent from the rates in effect on December 31, 2022, not to exceed the calendar year 2022 Medicare rate for this service. The commissioner must apply the annual rate increases under Minnesota Statutes, section 256B.0653, subdivision 8, to the rates resulting from the application of the rate increases under the prior sentence.

(b) Effective January 1, 2023, or upon federal approval, whichever is later, the commissioner shall increase payment rates for respiratory therapy under Minnesota Rules, part 9505.0295, subpart 2, item E, and for home health services and home care nursing services under Minnesota Statutes, section 256B.0651, subdivision 2, clauses (1) to (3), except home health aide visits, by equal percentages, unless an increase exceeds the calendar year 2022 Medicare rate for a service. If an increase for one or more services would exceed the Medicare rate for that service, the commissioner shall increase the other service rates by a greater percentage. The value of the percentage increases

under this paragraph must be equivalent to a total three-year appropriation of \$90,000,000 in fiscal years 2023 to 2025 minus the value of the three-year appropriation in fiscal years 2023 to 2025 for the increase under paragraph (a) and after applying the annual rate increases under Minnesota Statutes, sections 256B.0653, subdivision 8, and 256B.0654, subdivision 5.

Sec. 42. DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; APPLICATION OF ICF/DD RATE INCREASES.

The commissioner of human services shall apply the rate increases under Minnesota Statutes, section 256B.5012, subdivisions 19 and 20, as follows:

(1) apply Minnesota Statutes, section 256B.5012, subdivision 19; and

(2) apply any required rate increase as required under Minnesota Statutes, section 256B.5012, subdivision 20, to the results of clause (1).

Sec. 43. DIRECTION TO THE COMMISSIONER; DISABILITY WAIVER SHARED SERVICES RATES.

The commissioner of human services shall provide a rate system for shared homemaker services and shared chore services provided under Minnesota Statutes, sections 256B.092 and 256B.49. For two persons sharing services, the rate paid to a provider must not exceed one and one-half times the rate paid for serving a single individual, and for three persons sharing services, the rate paid to a provider must not exceed two times the rate paid for serving a single individual. These rates apply only when all of the criteria for the shared service have been met.

Sec. 44. DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; LIFE-SHARING SERVICES.

Subdivision 1. Recommendations required. The commissioner of human services shall develop recommendations for establishing life sharing as a covered medical assistance waiver service.

Subd. 2. Definition. For the purposes of this section, "life sharing" means a relationship-based living arrangement between an adult with a disability and an individual or family in which they share their lives and experiences while the adult with a disability receives support from the individual or family using person-centered practices.

Subd. 3. Stakeholder engagement and consultation. (a) The commissioner must proactively solicit participation in the development of the life-sharing medical assistance service through a robust stakeholder engagement process that results in the inclusion of a racially, culturally, and geographically diverse group of interested stakeholders from each of the following groups:

(1) providers currently providing or interested in providing life-sharing services;

(2) people with disabilities accessing or interested in accessing life-sharing services;

(3) disability advocacy organizations; and

(4) lead agencies.

(b) The commissioner must proactively seek input into and assistance with the development of recommendations for establishing the life-sharing service from interested stakeholders.

(c) The commissioner must provide a method for the commissioner and interested stakeholders to cofacilitate public meetings. The first meeting must occur before January 31, 2023. The commissioner must host the cofacilitated meetings at least monthly through December 31, 2023. All meetings must be accessible to all interested stakeholders, recorded, and posted online within one week of the meeting date.

Subd. 4. **Required topics to be discussed during development of the recommendations.** The commissioner and the interested stakeholders must discuss the following topics:

- (1) the distinction between life sharing and adult family foster care;
- (2) successful life-sharing models used in other states;
- (3) services and supports that could be included in a life-sharing service;
- (4) potential barriers to providing or accessing life-sharing services;
- (5) solutions to remove identified barriers to providing or accessing life-sharing services;
- (6) potential medical assistance payment methodologies for life-sharing services;
- (7) expanding awareness of the life-sharing model; and
- (8) draft language for legislation necessary to define and implement life-sharing services.

Subd. 5. **Report to the legislature.** By December 31, 2023, the commissioner must provide to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over direct care services a report summarizing the discussions between the commissioner and the interested stakeholders and the commissioner's recommendations. The report must also include any draft legislation necessary to define and implement life-sharing services.

Sec. 45. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; SHARED SERVICES.**

(a) By December 1, 2022, the commissioner of human services shall seek any necessary changes to home and community-based services waiver plans regarding sharing services in order to:

- (1) permit shared services for more services, including chore, homemaker, and night supervision;
- (2) permit shared services for some services for higher ratios, including individualized home supports without training, individualized home supports with training, and individualized home supports with family training for a ratio of one staff person to three recipients;
- (3) ensure that individuals who are seeking to share services permitted under the waiver plans in an own-home setting are not required to live in a licensed setting in order to share services so long as all other requirements are met; and

(4) issue guidance for shared services, including:

(i) informed choice for all individuals sharing the services;

(ii) guidance for when multiple shared services by different providers occur in one home and how lead agencies and individuals shall determine that shared service is appropriate to meet the needs, health, and safety of each individual for whom the lead agency provides case management or care coordination; and

(iii) guidance clarifying that an individual's decision to share services does not reduce any determination of the individual's overall or assessed needs for services.

(b) The commissioner shall develop or provide guidance outlining:

(1) instructions for shared services support planning;

(2) person-centered approaches and informed choice in shared services support planning; and

(3) required contents of shared services agreements.

(c) The commissioner shall seek and utilize stakeholder input for any proposed changes to waiver plans and any shared services guidance.

Sec. 46. APPROPRIATION; LIFE-SHARING SERVICES.

\$125,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of human services for engaging stakeholders and developing recommendations regarding establishing a life-sharing service under the state's medical assistance disability waivers and elderly waiver and initial implementation of a life-sharing service upon enactment of authorizing legislation. The general fund base for this appropriation is \$1,500,000 in fiscal year 2024 and \$1,500,000 in fiscal year 2025.

Sec. 47. APPROPRIATION; MINNESOTA ASSOCIATION FOR VOLUNTEER ADMINISTRATION.

\$100,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of human services for a grant to the Minnesota Association for Volunteer Administration to administer needs-based volunteerism subgrants targeting underresourced nonprofit organizations in greater Minnesota to support selected organizations' ongoing efforts to address and minimize disparities in access to human services through increased volunteerism. Successful subgrant applicants must demonstrate that the populations to be served by the subgrantee are considered underserved or suffer from or are at risk of homelessness, hunger, poverty, lack of access to health care, or deficits in education. The Minnesota Association for Volunteer Administration shall give priority to organizations that are serving the needs of vulnerable populations. By December 15, 2024, the Minnesota Association for Volunteer Administration shall report data on outcomes from the subgrants and recommendations for improving and sustaining volunteer efforts statewide to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over human services.

Sec. 48. APPROPRIATION; RESIDENTIAL SETTING CLOSURE PREVENTION GRANTS.

\$6,816,000 is appropriated from the general fund to the commissioner of human services for the residential setting closure prevention grants under Minnesota Statutes, section 256.4795.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 49. **APPROPRIATION; SUPPLEMENTAL RATE TO DOUGLAS COUNTY FACILITY.**

\$116,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of human services for the rate increase described in Minnesota Statutes, section 256I.05, subdivision 1s.

Sec. 50. **REPEALER.**

Laws 2022, chapter 33, section 1, subdivision 9a, is repealed.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever is later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

ARTICLE 2

CONTINUING CARE FOR OLDER ADULTS

Section 1. Minnesota Statutes 2020, section 144G.45, subdivision 7, is amended to read:

Subd. 7. **Variance or waiver.** (a) A facility may request that the commissioner grant a variance or waiver from the provisions of this section or section 144G.81, subdivision 5. A request for a waiver must be submitted to the commissioner in writing. Each request must contain:

- (1) the specific requirement for which the variance or waiver is requested;
- (2) the reasons for the request;
- (3) the alternative measures that will be taken if a variance or waiver is granted;
- (4) the length of time for which the variance or waiver is requested; and

(5) other relevant information deemed necessary by the commissioner to properly evaluate the request for the waiver.

(b) The decision to grant or deny a variance or waiver must be based on the commissioner's evaluation of the following criteria:

(1) whether the waiver will adversely affect the health, treatment, comfort, safety, or well-being of a resident;

(2) whether the alternative measures to be taken, if any, are equivalent to or superior to those permitted under section 144G.81, subdivision 5; ~~and~~

(3) whether compliance with the requirements would impose an undue burden on the facility;
and

(4) notwithstanding clauses (1) to (3), when an existing building is proposed to be repurposed to meet a critical community need for additional assisted living facility capacity, whether the waiver will adequately protect the health and safety of the residents.

(c) The commissioner must notify the facility in writing of the decision. If a variance or waiver is granted, the notification must specify the period of time for which the variance or waiver is effective and the alternative measures or conditions, if any, to be met by the facility.

(d) Alternative measures or conditions attached to a variance or waiver have the force and effect of this chapter and are subject to the issuance of correction orders and fines in accordance with sections 144G.30, subdivision 7, and 144G.31. The amount of fines for a violation of this subdivision is that specified for the specific requirement for which the variance or waiver was requested.

(e) A request for renewal of a variance or waiver must be submitted in writing at least 45 days before its expiration date. Renewal requests must contain the information specified in paragraph (b). A variance or waiver must be renewed by the commissioner if the facility continues to satisfy the criteria in paragraph (a) and demonstrates compliance with the alternative measures or conditions imposed at the time the original variance or waiver was granted.

(f) The commissioner must deny, revoke, or refuse to renew a variance or waiver if it is determined that the criteria in paragraph (a) are not met. The facility must be notified in writing of the reasons for the decision and informed of the right to appeal the decision.

(g) A facility may contest the denial, revocation, or refusal to renew a variance or waiver by requesting a contested case hearing under chapter 14. The facility must submit, within 15 days of the receipt of the commissioner's decision, a written request for a hearing. The request for hearing must set forth in detail the reasons why the facility contends the decision of the commissioner should be reversed or modified. At the hearing, the facility has the burden of proving by a preponderance of the evidence that the facility satisfied the criteria specified in paragraph (b), except in a proceeding challenging the revocation of a variance or waiver.

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

Sec. 2. Minnesota Statutes 2020, section 256R.02, subdivision 16, is amended to read:

Subd. 16. **Dietary costs.** "Dietary costs" means the costs for ~~the salaries and wages of the dietary supervisor, dietitians, chefs, cooks, dishwashers, and other employees assigned to the kitchen and dining room, and associated fringe benefits and payroll taxes.~~ Dietary costs also includes the salaries or fees of dietary consultants, dietary supplies, and food preparation and serving.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 3. Minnesota Statutes 2020, section 256R.02, is amended by adding a subdivision to read:

Subd. 16a. **Dietary labor costs.** "Dietary labor costs" means the costs for the salaries and wages of the dietary supervisor, dietitians, chefs, cooks, dishwashers, and other employees assigned to the kitchen and dining room, and associated fringe benefits and payroll taxes.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 4. Minnesota Statutes 2020, section 256R.02, subdivision 24, is amended to read:

~~Subd. 24. **Housekeeping costs.** "Housekeeping costs" means the costs for the salaries and wages of the housekeeping supervisor, housekeepers, and other cleaning employees and associated fringe benefits and payroll taxes. It also includes the cost of housekeeping supplies, including, but not limited to, cleaning and lavatory supplies and contract services.~~

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 5. Minnesota Statutes 2020, section 256R.02, is amended by adding a subdivision to read:

Subd. 24a. **Housekeeping labor costs.** "Housekeeping labor costs" means the costs for the salaries and wages of the housekeeping supervisor, housekeepers, and other cleaning employees, and associated fringe benefits and payroll taxes.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 6. Minnesota Statutes 2020, section 256R.02, is amended by adding a subdivision to read:

Subd. 25b. **Known cost change factor.** "Known cost change factor" means 1.00 plus the forecasted percentage change in the CPI-U index from July 1 of the reporting period to July 1 of the rate year as determined by the national economic consultant used by the commissioner of management and budget.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 7. Minnesota Statutes 2020, section 256R.02, subdivision 26, is amended to read:

~~Subd. 26. **Laundry costs.** "Laundry costs" means the costs for the salaries and wages of the laundry supervisor and other laundry employees, associated fringe benefits, and payroll taxes. It also includes the costs of linen and bedding, the laundering of resident clothing, laundry supplies, and contract services.~~

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 8. Minnesota Statutes 2020, section 256R.02, is amended by adding a subdivision to read:

Subd. 26a. **Laundry labor costs.** "Laundry labor costs" means the costs for the salaries and wages of the laundry supervisor and other laundry employees, and associated fringe benefits and payroll taxes.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 9. Minnesota Statutes 2020, section 256R.02, subdivision 29, is amended to read:

Subd. 29. **Maintenance and plant operations costs.** ~~"Maintenance and plant operations costs" means the costs for the salaries and wages of the maintenance supervisor, engineers, heating-plant employees, and other maintenance employees and associated fringe benefits and payroll taxes. It also includes~~ identifiable costs for maintenance and operation of the building and grounds, including, but not limited to, fuel, electricity, medical waste and garbage removal, water, sewer, supplies, tools, and repairs.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 10. Minnesota Statutes 2020, section 256R.02, is amended by adding a subdivision to read:

Subd. 29a. **Maintenance and plant operations labor costs.** "Maintenance and plant operations labor costs" means the costs for the salaries and wages of the maintenance supervisor, engineers, heating-plant employees, and other maintenance employees, and associated fringe benefits and payroll taxes.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 11. Minnesota Statutes 2020, section 256R.02, subdivision 34, is amended to read:

Subd. 34. **Other care-related costs.** "Other care-related costs" means the sum of activities costs, other direct care costs, raw food costs, dietary labor costs, housekeeping labor costs, laundry labor costs, maintenance and plant operations labor costs, therapy costs, and social services costs.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 12. Minnesota Statutes 2020, section 256R.23, subdivision 2, is amended to read:

Subd. 2. **Calculation of direct care cost per standardized day.** Each facility's direct care cost per standardized day is the product of the facility's direct care costs and the known cost change factor, divided by the sum of the facility's standardized days. A facility's direct care cost per

standardized day is the facility's cost per day for direct care services associated with a case mix index of 1.00.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 13. Minnesota Statutes 2020, section 256R.23, subdivision 3, is amended to read:

Subd. 3. **Calculation of other care-related cost per resident day.** Each facility's other care-related cost per resident day is the product of its other care-related costs and the known cost change factor, divided by the sum of the facility's resident days.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 14. Minnesota Statutes 2020, section 256R.24, subdivision 1, is amended to read:

Subdivision 1. **Determination of other operating cost per day.** Each facility's other operating cost per day is the product of its other operating costs and the known cost change factor, divided by the sum of the facility's resident days.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 15. Minnesota Statutes 2020, section 256R.25, is amended to read:

256R.25 EXTERNAL FIXED COSTS PAYMENT RATE.

(a) The payment rate for external fixed costs is the sum of the amounts in paragraphs (b) to (o).

(b) For a facility licensed as a nursing home, the portion related to the provider surcharge under section 256.9657 is equal to \$8.86 per resident day. For a facility licensed as both a nursing home and a boarding care home, the portion related to the provider surcharge under section 256.9657 is equal to \$8.86 per resident day multiplied by the result of its number of nursing home beds divided by its total number of licensed beds.

(c) The portion related to the licensure fee under section 144.122, paragraph (d), is the amount of the fee divided by the sum of the facility's resident days.

(d) The portion related to development and education of resident and family advisory councils under section 144A.33 is \$5 per resident day divided by 365.

(e) The portion related to scholarships is determined under section 256R.37.

(f) The portion related to planned closure rate adjustments is as determined under section 256R.40, subdivision 5, and Minnesota Statutes 2010, section 256B.436.

(g) The portion related to consolidation rate adjustments shall be as determined under section 144A.071, subdivisions 4c, paragraph (a), clauses (5) and (6), and 4d.

(h) The portion related to single-bed room incentives is as determined under section 256R.41.

(i) The portions related to real estate taxes, special assessments, and payments made in lieu of real estate taxes directly identified or allocated to the nursing facility are the allowable amounts divided by the sum of the facility's resident days. Allowable costs under this paragraph for payments made by a nonprofit nursing facility that are in lieu of real estate taxes shall not exceed the amount which the nursing facility would have paid to a city or township and county for fire, police, sanitation services, and road maintenance costs had real estate taxes been levied on that property for those purposes.

(j) The portion related to employer health insurance costs is the product of the allowable costs and the known cost change factor, divided by the sum of the facility's resident days.

(k) The portion related to the Public Employees Retirement Association is the allowable costs divided by the sum of the facility's resident days.

(l) The portion related to quality improvement incentive payment rate adjustments is the amount determined under section 256R.39.

(m) The portion related to performance-based incentive payments is the amount determined under section 256R.38.

(n) The portion related to special dietary needs is the amount determined under section 256R.51.

(o) The portion related to the rate adjustments for border city facilities is the amount determined under section 256R.481.

EFFECTIVE DATE. This section is effective for the rate year beginning January 1, 2024, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 16. Minnesota Statutes 2020, section 256S.16, is amended to read:

256S.16 AUTHORIZATION OF ELDERLY WAIVER SERVICES AND SERVICE RATES.

Subdivision 1. Service rates; generally. A lead agency must use the service rates and service rate limits published by the commissioner to authorize services.

Subd. 2. Shared services; rates. The commissioner shall provide a rate system for shared homemaker services and shared chore services, based on homemaker rates for a single individual under section 256S.215, subdivisions 9 to 11, and the chore rate for a single individual under section 256S.215, subdivision 7. For two persons sharing services, the rate paid to a provider must not exceed one and one-half times the rate paid for serving a single individual, and for three persons sharing services, the rate paid to a provider must not exceed two times the rate paid for serving a single individual. These rates apply only when all of the criteria for the shared service have been met.

Sec. 17. Minnesota Statutes 2020, section 256S.201, subdivision 3, is amended to read:

Subd. 3. **Customized living service rates.** The authorized rates for customized living services and 24-hour customized living services must be based on the amount of component services to be provided utilizing component rates established ~~by the commissioner~~ in section 256S.215. Counties and tribes shall use tools issued by the commissioner to develop and document customized living service plans and rates.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 18. Minnesota Statutes 2021 Supplement, section 256S.205, is amended to read:

256S.205 CUSTOMIZED LIVING SERVICES; DISPROPORTIONATE SHARE RATE ADJUSTMENTS.

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

(b) "Application year" means a year in which a facility submits an application for designation as a disproportionate share facility.

(c) ~~"Assisted living facility" or "facility" means an assisted living facility licensed under chapter 144G~~ "Customized living resident" means a resident of a facility who is receiving either 24-hour customized living services or customized living services authorized under the elderly waiver, the brain injury waiver, or the community access for disability inclusion waiver.

(d) "Disproportionate share facility" means ~~an assisted living~~ a facility designated by the commissioner under subdivision 4.

(e) "Facility" means either an assisted living facility licensed under chapter 144G or a setting that is exempt from assisted living licensure under section 144G.08, subdivision 7, clauses (10) to (13).

(f) "Rate year" means January 1 to December 31 of the year following an application year.

Subd. 2. **Rate adjustment application.** ~~An assisted living~~ A facility may apply to the commissioner for designation as a disproportionate share facility. Applications must be submitted annually between ~~October~~ September 1 and ~~October 31~~ September 30. The applying facility must apply in a manner determined by the commissioner. The applying facility must document ~~as a percentage the census of elderly waiver participants~~ each of the following on the application:

(1) the number of customized living residents in the facility on September 1 of the application year, broken out by specific waiver program; and

(2) the total number of people residing in the facility on ~~October~~ September 1 of the application year.

Subd. 3. **Rate adjustment eligibility criteria.** Only facilities ~~with a census of at least 80 percent elderly waiver participants~~ satisfying all of the following conditions on ~~October~~ September 1 of the application year are eligible for designation as a disproportionate share facility:

- (1) at least 80 percent of the residents of the facility are customized living residents; and
- (2) at least 50 percent of the customized living residents are elderly waiver participants.

Subd. 4. **Designation as a disproportionate share facility.** (a) By ~~November~~ October 15 of each application year, the commissioner must designate as a disproportionate share facility a facility that complies with the application requirements of subdivision 2 and meets the eligibility criteria of subdivision 3.

- (b) An annual designation is effective for one rate year.

Subd. 5. **Rate adjustment; rate floor.** (a) Notwithstanding the 24-hour customized living monthly service rate limits under section 256S.202, subdivision 2, and the component service rates established under section 256S.201, subdivision 4, the commissioner must establish a rate floor equal to ~~\$119~~ \$139 per resident per day for 24-hour customized living services provided to an elderly waiver participant in a designated disproportionate share facility ~~for the purpose of ensuring the minimal level of staffing required to meet the health and safety needs of elderly waiver participants.~~

(b) The commissioner must apply the rate floor to the services described in paragraph (a) provided during the rate year.

~~(b)~~ (c) The commissioner must adjust the rate floor at least annually in the manner described under section 256S.18, subdivisions 5 and 6.

~~(e)~~ (d) The commissioner shall not implement the rate floor under this section if the customized living rates established under sections 256S.21 to 256S.215 will be implemented at 100 percent on January 1 of the year following an application year.

Subd. 6. **Budget cap disregard.** The value of the rate adjustment under this section must not be included in an elderly waiver client's monthly case mix budget cap.

EFFECTIVE DATE. This section is effective July 1, 2022, or upon federal approval, whichever is later, and applies to services provided on or after October 1, 2022, or on or after the date upon which federal approval is obtained, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 19. Minnesota Statutes 2021 Supplement, section 256S.21, is amended to read:

256S.21 RATE SETTING; APPLICATION.

The payment methodologies in sections ~~256S.2104~~ 256S.211 to 256S.215 apply to elderly waiver, elderly waiver customized living, and elderly waiver foster care under this chapter; alternative care under section 256B.0913; essential community supports under section 256B.0922; and community access for disability inclusion customized living and brain injury customized living under section 256B.49.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 20. Minnesota Statutes 2020, section 256S.213, subdivision 1, is amended to read:

Subdivision 1. **Payroll taxes and benefits factor.** The payroll taxes and benefits factor is the sum of net payroll taxes and benefits, divided by the sum of all salaries for all nursing facilities on the most recent and available cost report. The commissioner must update the payroll tax and benefit factor each January 1.

EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 21. **NURSING FACILITY FUNDING.**

(a) Effective July 1, 2022, through December 31, 2024, the total payment rate for all facilities reimbursed under this section shall be increased by an amount per resident day as determined by the commissioner according to section 18.

(b) To be eligible to receive a payment under this section, a nursing facility must attest to the commissioner of human services that the additional revenue will be used exclusively to increase compensation-related costs for employees directly employed by the facility on or after July 1, 2022, except:

(1) owners of the building and operation;

(2) persons employed in the central office of an entity that has any ownership interest in the nursing facility or exercises control over the nursing facility; and

(3) persons paid by the nursing facility under a management or vendor contract.

(c) Contracted housekeeping, dietary, and laundry employees providing services on site at the nursing facility are eligible for increases under this section as long as the agency that employs them submits to the nursing facility proof of the costs of increases provided to those employees that comply with paragraph (d).

(d) For purposes of this section, compensation-related costs include:

(1) permanent new increases to wages and salaries implemented after July 1, 2022, and paid out to employees no later than December 31, 2024; and

(2) the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, PERA, workers' compensation, and pension and employee retirement accounts directly associated with the wage and salary increases in clause (1), incurred and paid for no later than December 31, 2024.

(e) No later than September 1, 2022, a facility that receives a rate increase under this section must: (1) prepare a distribution plan that specifies the total amount of money the facility expects to

receive and how that money will be distributed to increase the allowable wages and salaries in paragraphs (b) and (c); and (2) post the distribution plan and leave it posted for a period of at least six months in an area of the facility to which all employees have access. The posted distribution plan must include instructions for employees who believe they have not received the compensation-related cost increases specified in paragraph (d), and the plan must include the e-mail address and the telephone number that may be used by the employee to contact the commissioner or the commissioner's representative. A facility that receives a rate increase under this section must submit a copy of its distribution plan to the commissioner by October 1, 2022.

(f) If the nursing facility expends less on new compensated-related costs than the amount that was made available by this rate increase for that purpose, the amount of this rate adjustment shall be reduced to equal the amount utilized by the facility for purposes authorized under this section. If the facility fails to post the distribution plan in their facility as required, fails to submit their distribution plan to the commissioner by the due date, or uses these funds for unauthorized purposes, these rate increases must be treated as an overpayment and subsequently recovered.

(g) The commissioner shall not treat payments received under this section as an applicable credit for purposes of setting total payment rates under Minnesota Statutes, chapter 256R.

Sec. 22. DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; NURSING FACILITY FUNDING.

The commissioner of human services shall determine the total payment rate increase under section 17 by subtracting the value of the other costs in this act for fiscal years 2023 to 2025 from \$225,000,000 and dividing the remainder by the number of forecasted resident days from July 1, 2022, to December 31, 2024.

Sec. 23. DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; PARTIAL YEAR IMPLEMENTATION OF DISPROPORTIONATE SHARE RATE ADJUSTMENTS.

Subdivision 1. Definitions. For the purposes of this section, the definitions in Minnesota Statutes, section 256S.205, apply.

Subd. 2. Partial year implementation. (a) Notwithstanding the provisions of Minnesota Statutes, section 256S.205, subdivisions 2 to 5, regarding application dates, eligibility dates, designation dates, and payment adjustment dates, during the first partial year of implementation of the amendments in this act to Minnesota Statutes, section 256S.205, a facility may apply between July 1, 2022, and July 31, 2022, to be designated a disproportionate share facility on the basis of the conditions outlined in Minnesota Statutes, section 256S.205, subdivision 3, as of July 1, 2022. The commissioner shall designate disproportionate share facilities by August 15, 2022. Between October 1, 2022, and December 31, 2022, the commissioner shall apply the rate floor under Minnesota Statutes, section 256S.205, as amended in this act, to eligible customized living services provided in disproportionate share facilities between those dates.

Subd. 3. Rate year 2023. Beginning September 1, 2022, the timelines and dates described in Minnesota Statutes, section 256S.205, subdivisions 2 to 4, apply for the purposes of rate year 2023.

Subd. 4. Treatment of prior rate adjustments. (a) The commissioner shall apply rate adjustments required under Minnesota Statutes 2021 Supplement, section 256S.205, until September

30, 2022. Beginning October 1, 2022, the commissioner shall remove all rate adjustments required under Minnesota Statutes 2021 Supplement, section 256S.205.

(b) A disproportionate share facility receiving a rate adjustment under Minnesota Statutes 2021 Supplement, section 256S.205, as of July 1, 2022, may apply for an adjustment under this section.

EFFECTIVE DATE. (a) Subdivisions 1 to 3 are effective July 1, 2022, or upon federal approval, whichever is later, and apply to services provided on or after October 1, 2022, or on or after the date upon which federal approval is obtained, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

(b) Subdivision 4 is effective July 1, 2022.

Sec. 24. DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; PARTIAL YEAR RATE ADJUSTMENTS.

(a) On July 1, 2022, the commissioner shall update the base wage indices in Minnesota Statutes, section 256S.212, based on the most recently available Minneapolis-St. Paul-Bloomington, MN-WI MetroSA average wage data from the Bureau of Labor Statistics.

(b) On July 1, 2022, the commissioner shall update the payroll tax and benefit factor in Minnesota Statutes, section 256S.213, subdivision 1, based on the most recently available nursing facility cost report data.

EFFECTIVE DATE. This section is effective July 1, 2022, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

Sec. 25. REPEALER.

Minnesota Statutes 2021 Supplement, section 256S.2101, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2022, or upon federal approval, whichever occurs later. The commissioner of human services shall inform the revisor of statutes when federal approval is obtained.

ARTICLE 3

HEALTH CARE

Section 1. Minnesota Statutes 2020, section 256B.057, subdivision 9, is amended to read:

Subd. 9. **Employed persons with disabilities.** (a) Medical assistance may be paid for a person who is employed and who:

(1) but for excess earnings or assets, meets the definition of disabled under the Supplemental Security Income program;

(2) meets the asset limits in paragraph (d); and

(3) pays a premium and other obligations under paragraph (e).

(b) For purposes of eligibility, there is a \$65 earned income disregard. To be eligible for medical assistance under this subdivision, a person must have more than \$65 of earned income. Earned income must have Medicare, Social Security, and applicable state and federal taxes withheld. The person must document earned income tax withholding. Any spousal income or assets shall be disregarded for purposes of eligibility and premium determinations.

(c) After the month of enrollment, a person enrolled in medical assistance under this subdivision who:

(1) is temporarily unable to work and without receipt of earned income due to a medical condition, as verified by a physician, advanced practice registered nurse, or physician assistant; or

(2) loses employment for reasons not attributable to the enrollee, and is without receipt of earned income may retain eligibility for up to four consecutive months after the month of job loss. To receive a four-month extension, enrollees must verify the medical condition or provide notification of job loss. All other eligibility requirements must be met and the enrollee must pay all calculated premium costs for continued eligibility.

(d) For purposes of determining eligibility under this subdivision, a person's assets must not exceed \$20,000, excluding:

(1) all assets excluded under section 256B.056;

(2) retirement accounts, including individual accounts, 401(k) plans, 403(b) plans, Keogh plans, and pension plans;

(3) medical expense accounts set up through the person's employer; and

(4) spousal assets, including spouse's share of jointly held assets.

(e) All enrollees must pay a premium to be eligible for medical assistance under this subdivision, except as provided under clause (5).

(1) An enrollee must pay ~~the greater of a \$35 premium or the premium calculated based on by applying the following sliding premium fee scale to the person's gross earned and unearned income and the applicable family size using a sliding fee scale established by the commissioner, which begins at one percent of income at 100 percent of the federal poverty guidelines and increases to 7.5 percent of income for those with incomes at or above 300 percent of the federal poverty guidelines.;~~

(i) for households with income less than 200 percent of federal poverty guidelines, the premium shall be zero percent of income;

(ii) for households with income from 200 to 250 percent of federal poverty guidelines, the sliding premium fee scale shall begin at zero percent of income and increase to 2.5 percent;

(iii) for households with income from 250 to 300 percent of federal poverty guidelines, the sliding premium fee scale shall begin at 2.5 percent of income and increase to 4.5 percent;

(iv) for households with income from 300 to 400 percent of federal poverty guidelines, the sliding premium fee scale shall begin at 4.5 percent of income and increase to six percent;

(v) for households with income from 400 to 500 percent of federal poverty guidelines, the sliding premium fee scale shall begin at six percent of income and increase to 7.5 percent; and

(vi) for households with income greater than 500 percent of federal poverty guidelines, the premium shall be 7.5 percent of income.

(2) Annual adjustments in the premium schedule based upon changes in the federal poverty guidelines shall be effective for premiums due in July of each year.

(3) All enrollees who receive unearned income must pay one-half of one percent of unearned income in addition to the premium amount, except as provided under clause (5).

(4) Increases in benefits under title II of the Social Security Act shall not be counted as income for purposes of this subdivision until July 1 of each year.

(5) Effective July 1, 2009, American Indians are exempt from paying premiums as required by section 5006 of the American Recovery and Reinvestment Act of 2009, Public Law 111-5. For purposes of this clause, an American Indian is any person who meets the definition of Indian according to Code of Federal Regulations, title 42, section 447.50.

(f) A person's eligibility and premium shall be determined by the local county agency. Premiums must be paid to the commissioner. All premiums are dedicated to the commissioner.

(g) Any required premium shall be determined at application and redetermined at the enrollee's six-month income review or when a change in income or household size is reported. Enrollees must report any change in income or household size within ten days of when the change occurs. A decreased premium resulting from a reported change in income or household size shall be effective the first day of the next available billing month after the change is reported. Except for changes occurring from annual cost-of-living increases, a change resulting in an increased premium shall not affect the premium amount until the next six-month review.

(h) Premium payment is due upon notification from the commissioner of the premium amount required. Premiums may be paid in installments at the discretion of the commissioner.

(i) Nonpayment of the premium shall result in denial or termination of medical assistance unless the person demonstrates good cause for nonpayment. "Good cause" means an excuse for the enrollee's failure to pay the required premium when due because the circumstances were beyond the enrollee's control or not reasonably foreseeable. The commissioner shall determine whether good cause exists based on the weight of the supporting evidence submitted by the enrollee to demonstrate good cause. Except when an installment agreement is accepted by the commissioner, all persons disenrolled for nonpayment of a premium must pay any past due premiums as well as current premiums due prior to being reenrolled. Nonpayment shall include payment with a returned, refused, or dishonored instrument. The commissioner may require a guaranteed form of payment as the only means to replace a returned, refused, or dishonored instrument.

(j) For enrollees whose income does not exceed 200 percent of the federal poverty guidelines and who are also enrolled in Medicare, the commissioner shall reimburse the enrollee for Medicare Part B premiums under section 256B.0625, subdivision 15, paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 2. Minnesota Statutes 2021 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, nonemergency medical transportation company, 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 that meet the requirements of this subdivision;

(4) public transit, as defined in section 174.22, subdivision 7; or

(5) not-for-hire vehicles, including volunteer drivers, as defined in section 65B.472, subdivision 1, paragraph (h).

(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 all drivers must be individually enrolled with the commissioner and reported on the claim as the individual who provided the service. 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.

(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.

(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 (i), clauses (4), (5), (6), and (7).

(g) The commissioner may use an order by the recipient's attending physician, advanced practice registered nurse, 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, child seats, 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.

(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.

(i) The covered modes of transportation 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.

(j) The local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph (i) according to paragraphs (m) and (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.

(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.

(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.

(m) Payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph (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.

(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 (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 (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 (m), clauses (1) to (7).

(o) For purposes of reimbursement rates for nonemergency medical transportation services under paragraphs (m) and (n), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

(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.

(q) The commissioner, when determining reimbursement rates for nonemergency medical transportation under paragraphs (m) and (n), shall exempt all modes of transportation listed under paragraph (i) from Minnesota Rules, part 9505.0445, item R, subitem (2).

(r) Effective for the first day of each calendar quarter, the commissioner shall adjust the rate, up or down, paid per mile in paragraph (m) by one percent for every increase or decrease of ten cents for the price of gasoline. The increase or decrease shall be calculated using a base gasoline price of \$3.00. The percentage increase or decrease shall be calculated using the average of the most recently available price of all grades of gasoline for Minnesota as posted publicly by the United States Energy Information Administration.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 3. Minnesota Statutes 2020, 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. 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.

(c) Effective for the first day of each calendar quarter, the commissioner shall adjust the rate, up or down, paid per mile in paragraphs (a) and (b) by one percent for every increase or decrease of ten cents for the price of gasoline. The increase or decrease shall be calculated using a base gasoline price of \$3.00. The percentage increase or decrease shall be calculated using the average of the most recently available price of all grades of gasoline for Minnesota as posted publicly by the United States Energy Information Administration.

EFFECTIVE DATE. This section is effective July 1, 2022.

**Sec. 4. DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES;
NONEMERGENCY MEDICAL TRANSPORTATION RATES.**

The commissioner shall increase the base rates and the mileage rates for nonemergency medical transportation services under Minnesota Statutes, section 256B.0625, subdivision 17, paragraph (m), clauses (3) to (5), by equal percentages that are equivalent to a total three-year appropriation of \$18,000,000 in fiscal years 2023 to 2025.

ARTICLE 4**BEHAVIORAL HEALTH**

Section 1. Minnesota Statutes 2020, section 13.46, subdivision 7, is amended to read:

Subd. 7. **Mental health data.** (a) Mental health data are private data on individuals and shall not be disclosed, except:

(1) pursuant to section 13.05, as determined by the responsible authority for the community mental health center, mental health division, or provider;

(2) pursuant to court order;

(3) pursuant to a statute specifically authorizing access to or disclosure of mental health data or as otherwise provided by this subdivision;

(4) to personnel of the welfare system working in the same program or providing services to the same individual or family to the extent necessary to coordinate services, provided that a health record may be disclosed only as provided under section 144.293;

(5) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services; or

(6) with the consent of the client or patient.

(b) An agency of the welfare system may not require an individual to consent to the release of mental health data as a condition for receiving services or for reimbursing a community mental health center, mental health division of a county, or provider under contract to deliver mental health services.

(c) Notwithstanding section 245.69, subdivision 2, paragraph (f), or any other law to the contrary, ~~the responsible authority for~~ a community mental health center, mental health division of a county, or a mental health provider must disclose mental health data to a law enforcement agency if the law enforcement agency provides the name of a client or patient and communicates that the:

(1) ~~client or patient is currently involved in an emergency interaction with a mental health crisis as defined in section 256B.0624, subdivision 2, paragraph (j), to which the law enforcement agency has responded;~~ and

(2) data is necessary to protect the health or safety of the client or patient or of another person.

The scope of disclosure under this paragraph is limited to the minimum necessary for law enforcement to safely respond to the emergency mental health crisis. Disclosure under this paragraph may include, ~~but is not limited to,~~ the name and telephone number of the psychiatrist, psychologist, therapist, mental health professional, practitioner, or case manager of the client or patient, if known; and strategies to address the mental health crisis. A law enforcement agency that obtains mental health data under this paragraph shall maintain a record of the requestor, the provider of the information data, and the client or patient name. Mental health data obtained by a law enforcement agency under this paragraph are private data on individuals and must not be used by the law

enforcement agency for any other purpose. A law enforcement agency that obtains mental health data under this paragraph shall inform the subject of the data that mental health data was obtained.

(d) In the event of a request under paragraph (a), clause (6), a community mental health center, county mental health division, or provider must release mental health data to Criminal Mental Health Court personnel in advance of receiving a copy of a consent if the Criminal Mental Health Court personnel communicate that the:

(1) client or patient is a defendant in a criminal case pending in the district court;

(2) data being requested is limited to information that is necessary to assess whether the defendant is eligible for participation in the Criminal Mental Health Court; and

(3) client or patient has consented to the release of the mental health data and a copy of the consent will be provided to the community mental health center, county mental health division, or provider within 72 hours of the release of the data.

For purposes of this paragraph, "Criminal Mental Health Court" refers to a specialty criminal calendar of the Hennepin County District Court for defendants with mental illness and brain injury where a primary goal of the calendar is to assess the treatment needs of the defendants and to incorporate those treatment needs into voluntary case disposition plans. The data released pursuant to this paragraph may be used for the sole purpose of determining whether the person is eligible for participation in mental health court. This paragraph does not in any way limit or otherwise extend the rights of the court to obtain the release of mental health data pursuant to court order or any other means allowed by law.

Sec. 2. Minnesota Statutes 2021 Supplement, section 15.01, is amended to read:

15.01 DEPARTMENTS OF THE STATE.

The following agencies are designated as the departments of the state government: the Department of Administration; the Department of Agriculture; the Department of Behavioral Health; the Department of Commerce; the Department of Corrections; the Department of Education; the Department of Employment and Economic Development; the Department of Health; the Department of Human Rights; the Department of Information Technology Services; the Department of Iron Range Resources and Rehabilitation; the Department of Labor and Industry; the Department of Management and Budget; the Department of Military Affairs; the Department of Natural Resources; the Department of Public Safety; the Department of Human Services; the Department of Revenue; the Department of Transportation; the Department of Veterans Affairs; and their successor departments.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 3. Minnesota Statutes 2021 Supplement, section 15.06, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** This section applies to the following departments or agencies: the Departments of Administration, Agriculture, Behavioral Health, Commerce, Corrections, Education, Employment and Economic Development, Health, Human Rights, Labor and Industry, Management and Budget, Natural Resources, Public Safety, Human Services, Revenue,

Transportation, and Veterans Affairs; the Housing Finance and Pollution Control Agencies; the Office of Commissioner of Iron Range Resources and Rehabilitation; the Department of Information Technology Services; the Bureau of Mediation Services; and their successor departments and agencies. The heads of the foregoing departments or agencies are "commissioners."

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 4. Minnesota Statutes 2020, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. **Group I salary limits.** The salary for a position listed in this subdivision shall not exceed 133 percent of the salary of the governor. This limit must be adjusted annually on January 1. The new limit must equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all urban consumers from October of the second prior year to October of the immediately prior year. The commissioner of management and budget must publish the limit on the department's website. This subdivision applies to the following positions:

Commissioner of administration;

Commissioner of agriculture;

Commissioner of behavioral health;

Commissioner of education;

Commissioner of commerce;

Commissioner of corrections;

Commissioner of health;

Commissioner, Minnesota Office of Higher Education;

Commissioner, Housing Finance Agency;

Commissioner of human rights;

Commissioner of human services;

Commissioner of labor and industry;

Commissioner of management and budget;

Commissioner of natural resources;

Commissioner, Pollution Control Agency;

Commissioner of public safety;

Commissioner of revenue;

Commissioner of employment and economic development;

Commissioner of transportation; and

Commissioner of veterans affairs.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 5. Minnesota Statutes 2021 Supplement, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. **Additional unclassified positions.** Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the Departments of Administration; Agriculture; Behavioral Health; Commerce; Corrections; Education; Employment and Economic Development; Explore Minnesota Tourism; Management and Budget; Health; Human Rights; Labor and Industry; Natural Resources; Public Safety; Human Services; Revenue; Transportation; and Veterans Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the State Board of Investment; the Office of Administrative Hearings; the Department of Information Technology Services; the Offices of the Attorney General, Secretary of State, and State Auditor; the Minnesota State Colleges and Universities; the Minnesota Office of Higher Education; the Perpich Center for Arts Education; and the Minnesota Zoological Board.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

(1) the designation of the position would not be contrary to other law relating specifically to that agency;

(2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;

(3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with, the governor and the agency head, the employing statutory board or commission, or the employing constitutional officer;

(6) the position would be at the level of division or bureau director or assistant to the agency head; and

(7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 6. Minnesota Statutes 2020, section 144.294, subdivision 2, is amended to read:

Subd. 2. **Disclosure to law enforcement agency.** Notwithstanding section 144.293, subdivisions 2 and 4, a provider must disclose health records relating to a patient's mental health to a law enforcement agency if the law enforcement agency provides the name of the patient and communicates that the:

(1) patient is currently involved in an emergency interaction with a mental health crisis as defined in section 256B.0624, subdivision 2, paragraph (j), to which the law enforcement agency has responded; and

(2) disclosure of the records is necessary to protect the health or safety of the patient or of another person.

The scope of disclosure under this subdivision is limited to the minimum necessary for law enforcement to safely respond to the emergency mental health crisis. The disclosure may include the name and telephone number of the psychiatrist, psychologist, therapist, mental health professional, practitioner, or case manager of the patient, if known; and strategies to address the mental health crisis. A law enforcement agency that obtains health records under this subdivision shall maintain a record of the requestor, the provider of the information, and the patient's name. Health records obtained by a law enforcement agency under this subdivision are private data on individuals as defined in section 13.02, subdivision 12, and must not be used by law enforcement for any other purpose. A law enforcement agency that obtains health records under this subdivision shall inform the patient that health records were obtained.

Sec. 7. [256T.01] DEPARTMENT OF BEHAVIORAL HEALTH.

The Department of Behavioral Health is created. The governor shall appoint the commissioner of behavioral health under section 15.06. The commissioner shall administer:

(1) the behavioral health services under medical assistance program under chapters 256 and 256B;

(2) the behavioral health services under MinnesotaCare program under chapter 256L;

(3) mental health and chemical dependency services under chapters 245, 245G, 253C, 254A, and 254B; and

(4) behavioral health quality, behavioral health analysis, behavioral health economics, and related data collection initiatives under chapters 62J, 62U, and 144.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 8. [256T.02] TRANSFER OF DUTIES.

(a) Section 15.039 applies to the transfer under this chapter.

(b) The commissioner of administration, with the approval of the governor, may issue reorganization orders under section 16B.37 as necessary to carry out the transfer of duties required by this chapter. The provision of section 16B.37, subdivision 1, stating that transfers under section 16B.37 may be made only to an agency that has been in existence for at least one year does not apply to transfers to an agency created by this chapter.

(c) The initial salary for the commissioner of behavioral health is the same as the salary for the commissioner of health. The salary may be changed in the manner specified in section 15A.0815.

(d) For an employee affected by the transfer of duties required by this chapter, the seniority accrued by the employee at the employee's former agency transfers to the employee's new agency.

(e) The commissioner of management and budget must ensure that the aggregate cost for the commissioner of behavioral health is not more than the aggregate cost during the transition of creating the Department of Behavioral Health as it currently exists under the Department of Human Services and the Department of Health immediately before the effective date of this chapter, excluding any appropriation made during the 2022 legislative session.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 9. Minnesota Statutes 2021 Supplement, section 297E.02, subdivision 3, is amended to read:

Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable to the commissioner when the gambling tax return is required to be filed. Distributors must file their monthly sales figures with the commissioner on a form prescribed by the commissioner. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of management and budget for deposit in the general fund.

(b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(c) One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98. Money appropriated under this paragraph must not replace existing state funding for these programs.

(d) One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services ~~for a grant~~. By June 30 of each fiscal year, the commissioner of human services must transfer the amount deposited in the general fund under this paragraph to the special revenue fund. By October 15 of each fiscal year, the commissioner of human services must award a grant in an amount equal to the entire amount transferred to the special revenue fund under this paragraph for the prior fiscal year to the state affiliate recognized by the National Council on Problem Gambling to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs.

~~(d)~~ (e) The commissioner of human services must provide to the state affiliate recognized by the National Council on Problem Gambling a monthly statement of the amounts deposited under ~~paragraph~~ paragraphs (c) and (d). Beginning January 1, 2022, the commissioner of human services must provide to the chairs and ranking minority members of the legislative committees with jurisdiction over treatment for problem gambling and to the state affiliate recognized by the National Council on Problem Gambling an annual reconciliation of the amounts deposited under paragraph (c). The annual reconciliation under this paragraph must include the amount allocated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98, and the amount allocated to the state affiliate recognized by the National Council on Problem Gambling.

Sec. 10. Minnesota Statutes 2020, section 626.5571, subdivision 1, is amended to read:

Subdivision 1. **Establishment of team.** A county may establish a multidisciplinary adult protection team comprised of the director of the local welfare agency or designees, the county attorney or designees, the county sheriff or designees, and representatives of health care. In addition, representatives of mental health or other appropriate human service agencies, community corrections agencies, representatives from local tribal governments, local law enforcement agencies or designees thereof, and adult advocate groups may be added to the adult protection team.

Sec. 11. **[626.8477] MENTAL HEALTH AND HEALTH RECORDS; WRITTEN POLICY REQUIRED.**

The chief officer of every state and local law enforcement agency that seeks or uses mental health data under section 13.46, subdivision 7, paragraph (c), or health records under section 144.294, subdivision 2, must establish and enforce a written policy governing its use. At a minimum, the written policy must incorporate the requirements of sections 13.46, subdivision, 7, paragraph (c), and 144.294, subdivision 2, and access procedures, retention policies, and data security safeguards that, at a minimum, meet the requirements of chapter 13 and any other applicable law.

Sec. 12. **APPROPRIATION; ANOKA COUNTY SUBSTANCE USE DISORDER PROGRAM.**

\$125,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of human services for a grant to an existing program in Anoka County that provides services to help women with dependent children and struggling with substance abuse to remain sober, regain custody of children, achieve permanent housing, keep stable employment, and avoid new criminal convictions. The general fund base for this appropriation is \$125,000 in fiscal year 2024 and \$125,000 in fiscal year 2025.

Sec. 13. **APPROPRIATION; OLMSTEAD COUNTY RECOVERY COMMUNITY ORGANIZATION.**

\$100,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of human services for a grant to a recovery community organization in Olmsted County, located in the city of Rochester, that provides services in an 11-county region. The general fund base for this appropriation is \$100,000 in fiscal year 2024 and \$100,000 in fiscal year 2025.

Sec. 14. **APPROPRIATION; ROCHESTER NONPROFIT RECOVERY COMMUNITY ORGANIZATION.**

\$53,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of human services for a grant to a nonprofit recovery community organization located in Rochester, Minnesota, that provides pretreatment housing, post-treatment recovery housing, treatment coordination, and peer recovery support to individuals pursuing a life of recovery from substance use disorders, and that also offers a recovery coaching academy to individuals interested in becoming peer recovery specialists. The general fund base for this appropriation is \$55,000 in fiscal year 2024 and \$55,000 in fiscal year 2025.

Sec. 15. **APPROPRIATION; WELLNESS IN THE WOODS.**

\$100,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of human services for a grant to Wellness in the Woods for daily peer support and special sessions for individuals who are in substance use recovery, are transitioning out of incarceration, or have experienced trauma. The general fund base for this appropriation is \$100,000 in fiscal year 2024 and \$100,000 in fiscal year 2025.

Sec. 16. **APPROPRIATION; ADULT DAY TREATMENT SERVICES.**

\$261,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of human services for adult day treatment services covered under Minnesota Statutes, chapter 256B, to increase the reimbursement rate for adult day treatment under Minnesota Rules, part 9505.0372, subpart 8, by 50 percent over the reimbursement rate in effect as of December 31, 2022. The general fund base for this appropriation is \$658,000 in fiscal year 2024 and \$692,000 in fiscal year 2025.

EFFECTIVE DATE. This section is effective January 1, 2023, or 60 days following federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 17. **REVISOR INSTRUCTION.**

The revisor of statutes, in consultation with staff from the House Research Department; House Fiscal Analysis; the Office of Senate Counsel, Research, and Fiscal Analysis; and the respective departments shall prepare legislation for introduction in the 2023 legislative session proposing the statutory changes needed to implement the transfers of duties required by this act.

EFFECTIVE DATE. This section is effective July 1, 2022.

ARTICLE 5

CHILD WELFARE

Section 1. Minnesota Statutes 2020, section 256K.45, subdivision 6, is amended to read:

Subd. 6. **Funding.** Funds appropriated for this section may be expended on programs described under subdivisions 3 to 5 and 8, technical assistance, and capacity building to meet the greatest need on a statewide basis. The commissioner will provide outreach, technical assistance, and program

development support to increase capacity to new and existing service providers to better meet needs statewide, particularly in areas where services for homeless youth have not been established, especially in greater Minnesota.

Sec. 2. Minnesota Statutes 2020, section 256K.45, is amended by adding a subdivision to read:

Subd. 7. **Awarding of grants.** (a) Grants awarded under this section shall not be used for any activity other than the authorized activities under this section, and the commissioner shall not create additional eligibility criteria or restrictions on the grant money.

(b) Grants shall be awarded under this section only after a review of the grant recipient's application materials, including past performance and utilization of grant money. The commissioner shall not reduce an existing grant award amount unless the commissioner first determines that the grant recipient has failed to meet performance measures or has used grant money improperly.

(c) For grants awarded pursuant to a two-year grant contract, the commissioner shall permit grant recipients to carry over any unexpended amount from the first contract year to the second contract year.

Sec. 3. Minnesota Statutes 2020, section 256K.45, is amended by adding a subdivision to read:

Subd. 8. **Provider repair or improvement grants.** (a) Providers that serve homeless youth under this section may apply for a grant of up to \$100,000 under this subdivision to make minor or mechanical repairs or improvements to a facility providing services to homeless youth or youth at risk of homelessness.

(b) Grant applications under this subdivision must include a description of the repairs or improvements and the estimated cost of the repairs or improvements.

(c) Grantees under this subdivision cannot receive grant funds under this subdivision for two consecutive years.

Sec. 4. Laws 2021, First Special Session chapter 7, article 16, section 2, subdivision 24, is amended to read:

Subd. 24. Grant Programs; Children and Economic Support Grants	29,740,000	29,740,000
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(a) **Minnesota Food Assistance Program.** Unexpended funds for the Minnesota food assistance program for fiscal year 2022 do not cancel but are available in fiscal year 2023.

(b) **Provider Repair or Improvement Grants.** \$1,000,000 in fiscal year 2022 and \$1,000,000 in fiscal year 2023 are from the general fund for provider repair or improvement grants under Minnesota Statutes, section 256K.45, subdivision 8. The

amounts in this paragraph are available until June 30, 2025. This paragraph expires July 1, 2025.

Sec. 5. Laws 2021, First Special Session chapter 8, article 6, section 1, subdivision 7, is amended to read:

Subd. 7. **Report.** (a) No later than February 1, 2022, the task force shall submit an initial report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over housing and preventing homelessness on its findings and recommendations.

(b) No later than ~~August 31~~ December 15, 2022, the task force shall submit a final report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over housing and preventing homelessness on its findings and recommendations.

Sec. 6. **APPROPRIATION; QUALITY PARENTING INITIATIVE.**

(a) \$100,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of human services for a grant to Quality Parenting Initiative Minnesota, to implement Quality Parenting Initiative principles and practices and support children and families experiencing foster care placements. The grantee shall use grant funds to provide training and technical assistance to county and Tribal agencies, community-based agencies, and other stakeholders, on the following activities:

(1) conducting initial foster care phone calls under Minnesota Statutes, section 260C.219, subdivision 6;

(2) supporting practices that create birth family to foster family partnerships; and

(3) informing child welfare practices by supporting youth leadership and the participation of individuals with experience in the foster care system.

(b) The base for this appropriation is \$100,000 in fiscal year 2024 and \$100,000 in fiscal year 2025.

ARTICLE 6

ECONOMIC ASSISTANCE

Section 1. Minnesota Statutes 2020, section 256E.35, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The Minnesota family assets for independence initiative is established to provide incentives for low-income families to accrue assets for education, housing, vehicles, emergencies, and economic development purposes.

Sec. 2. Minnesota Statutes 2020, section 256E.35, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Eligible educational institution" means the following:

(1) an institution of higher education described in section 101 or 102 of the Higher Education Act of 1965; or

(2) an area vocational education school, as defined in subparagraph (C) or (D) of United States Code, title 20, chapter 44, section 2302 (3) (the Carl D. Perkins Vocational and Applied Technology Education Act), which is located within any state, as defined in United States Code, title 20, chapter 44, section 2302 (30). This clause is applicable only to the extent section 2302 is in effect on August 1, 2008.

(c) "Family asset account" means a savings account opened by a household participating in the Minnesota family assets for independence initiative.

(d) "Fiduciary organization" means:

(1) a community action agency that has obtained recognition under section 256E.31;

(2) a federal community development credit union ~~servicing the seven-county metropolitan area;~~
or

(3) a women-oriented economic development agency ~~servicing the seven-county metropolitan area;~~

(4) a federally recognized Tribal nation; or

(5) a nonprofit organization, as defined under section 501(c)(3) of the Internal Revenue Code.

(e) "Financial coach" means a person who:

(1) has completed an intensive financial literacy training workshop that includes curriculum on budgeting to increase savings, debt reduction and asset building, building a good credit rating, and consumer protection;

(2) participates in ongoing statewide family assets for independence in Minnesota (FAIM) network training meetings under FAIM program supervision; and

(3) provides financial coaching to program participants under subdivision 4a.

(f) "Financial institution" means a bank, bank and trust, savings bank, savings association, or credit union, the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(g) "Household" means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

(h) "Permissible use" means:

(1) postsecondary educational expenses at an eligible educational institution as defined in paragraph (b), including books, supplies, and equipment required for courses of instruction;

(2) acquisition costs of acquiring, constructing, or reconstructing a residence, including any usual or reasonable settlement, financing, or other closing costs;

(3) business capitalization expenses for expenditures on capital, plant, equipment, working capital, and inventory expenses of a legitimate business pursuant to a business plan approved by the fiduciary organization;

(4) acquisition costs of a principal residence within the meaning of section 1034 of the Internal Revenue Code of 1986 which do not exceed 100 percent of the average area purchase price applicable to the residence determined according to section 143(e)(2) and (3) of the Internal Revenue Code of 1986; ~~and~~

(5) acquisition costs of a personal vehicle only if approved by the fiduciary organization;

(6) contribution to an emergency savings account; and

(7) contribution to a Minnesota 529 savings plan.

Sec. 3. Minnesota Statutes 2020, section 256E.35, subdivision 4a, is amended to read:

Subd. 4a. **Financial coaching.** A financial coach shall provide the following to program participants:

(1) financial education relating to budgeting, debt reduction, asset-specific training, credit building, and financial stability activities;

(2) asset-specific training related to buying a home or vehicle, acquiring postsecondary education, ~~or~~ starting or expanding a small business, saving for emergencies, or saving for a child's education; and

(3) financial stability education and training to improve and sustain financial security.

Sec. 4. Minnesota Statutes 2020, section 256E.35, subdivision 6, is amended to read:

Subd. 6. **Withdrawal; matching; permissible uses.** (a) To receive a match, a participating household must transfer funds withdrawn from a family asset account to its matching fund custodial account held by the fiscal agent, according to the family asset agreement. The fiscal agent must determine if the match request is for a permissible use consistent with the household's family asset agreement.

(b) The fiscal agent must ensure the household's custodial account contains the applicable matching funds to match the balance in the household's account, including interest, on at least a quarterly basis and at the time of an approved withdrawal. Matches must be a contribution of \$3 from state grant or TANF funds for every \$1 of funds withdrawn from the family asset account not to exceed a \$6,000 lifetime limit.

(c) Notwithstanding paragraph (b), if funds are appropriated for the Federal Assets for Independence Act of 1998, and a participating fiduciary organization is awarded a grant under that act, participating households with that fiduciary organization must be provided matches as follows:

(1) from state grant and TANF funds, a matching contribution of \$1.50 for every \$1 of funds withdrawn from the family asset account not to exceed a ~~\$3,000~~ \$4,500 lifetime limit; and

(2) from nonstate funds, a matching contribution of not less than \$1.50 for every \$1 of funds withdrawn from the family asset account not to exceed a ~~\$3,000~~ \$4,500 lifetime limit.

(d) Upon receipt of transferred custodial account funds, the fiscal agent must make a direct payment to the vendor of the goods or services for the permissible use.

Sec. 5. Minnesota Statutes 2020, section 256E.35, subdivision 7, is amended to read:

Subd. 7. **Program reporting.** The fiscal agent on behalf of each fiduciary organization participating in a family assets for independence initiative must report quarterly to the commissioner of human services identifying the participants with accounts, the number of accounts, the amount of savings and matches for each participant's account, the uses of the account, and the number of businesses, homes, vehicles, and educational services paid for with money from the account, and the amount of contributions to Minnesota 529 savings plans and emergency savings accounts, as well as other information that may be required for the commissioner to administer the program and meet federal TANF reporting requirements.

Sec. 6. Minnesota Statutes 2021 Supplement, section 256P.02, subdivision 1a, is amended to read:

Subd. 1a. **Exemption.** Participants who qualify for child care assistance programs under chapter 119B are exempt from this section, except that the personal property identified in subdivision 2 is counted toward the asset limit of the child care assistance program under chapter 119B. Vehicles under subdivision 3 and accounts under subdivision 4 are not counted toward the asset limit of the child care assistance program under chapter 119B.

Sec. 7. Minnesota Statutes 2021 Supplement, section 256P.02, subdivision 2, is amended to read:

Subd. 2. **Personal property limitations.** The equity value of an assistance unit's personal property listed in clauses (1) to (5) must not exceed \$10,000 for applicants and participants. For purposes of this subdivision, personal property is limited to:

- (1) cash;
- (2) bank accounts not excluded under subdivision 4;
- (3) liquid stocks and bonds that can be readily accessed without a financial penalty;
- (4) vehicles not excluded under subdivision 3; and
- (5) the full value of business accounts used to pay expenses not related to the business.

Sec. 8. Minnesota Statutes 2020, section 256P.02, is amended by adding a subdivision to read:

Subd. 4. **Account exception.** Family asset accounts under section 256E.35 and individual development accounts authorized under the Assets for Independence Act, Title IV of the Community

Opportunities, Accountability, and Training and Educational Services Human Services Reauthorization Act of 1998, Public Law 105-285, shall be excluded when determining the equity value of personal property.

Sec. 9. Minnesota Statutes 2020, section 256P.03, subdivision 2, is amended to read:

Subd. 2. **Earned income disregard.** The agency shall disregard the first \$65 of earned income plus ~~one-half~~ 60 percent of the remaining earned income per month.

Sec. 10. Laws 2021, First Special Session chapter 7, article 14, section 21, subdivision 4, is amended to read:

Subd. 4. **Grant awards.** (a) The commissioner shall award transition grants to all eligible programs on a noncompetitive basis through August 31, 2021.

(b) The commissioner shall award base grant amounts to all eligible programs on a noncompetitive basis beginning September 1, 2021, through June 30, 2023. The base grant amounts shall be:

(1) based on the full-time equivalent number of staff who regularly care for children in the program, including any employees, sole proprietors, or independent contractors. Effective July 1, 2022, one full-time equivalent is defined as an individual caring for children 32 hours per week. An individual may count as more or less than one full-time equivalent, but no more than two. No program shall receive less funding than they are projected to receive based on Table 4 in the Technical Assistance for Defining FTE Stabilization Base Grants document dated March 29, 2022;

(2) reduced between July 1, 2022, and June 30, 2023, with amounts for the final month being no more than 50 percent of the amounts awarded in September 2021; and

(3) enhanced in amounts determined by the commissioner for any providers receiving payments through the child care assistance program under sections 119B.03 and 119B.05 or early learning scholarships under section 124D.165.

(c) The commissioner may provide grant amounts in addition to any base grants received to eligible programs in extreme financial hardship until all money set aside for that purpose is awarded.

(d) The commissioner may pay any grants awarded to eligible programs under this section in the form and manner established by the commissioner, except that such payments must occur on a monthly basis.

Sec. 11. **APPROPRIATION; FAMILY ASSETS FOR INDEPENDENCE PROGRAM.**

\$100,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of human services for the purposes of the family assets for independence program in Minnesota Statutes, section 256E.35. The general fund base for this appropriation is \$100,000 in fiscal year 2024 and \$100,000 in fiscal year 2025.

ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 2020, section 245C.02, is amended by adding a subdivision to read:

Subd. 11f. **Health care worker platform.** "Health care worker platform" means any person, firm, corporation, partnership, or association that maintains a system or technology that provides a media or internet platform for a health care worker to be listed and identified as available for hire as an independent contractor by health care facilities seeking health care workers.

Sec. 2. Minnesota Statutes 2020, section 245C.02, subdivision 17a, is amended to read:

Subd. 17a. **Roster.** (a) "Roster" means the electronic method used to identify the entity or entities required to conduct background studies under this chapter with which a background subject is affiliated. There are three types of rosters: active roster, inactive roster, and master roster.

(b) "Active roster" means the list of individuals specific to an entity who have been determined eligible under this chapter to provide services for the entity and who the entity has identified as affiliated. An individual shall remain on the entity's active roster and is considered affiliated until the commissioner determines the individual is ineligible or the entity removes the individual from the entity's active roster.

(c) "Inactive roster" means the list maintained by the commissioner of individuals who are eligible under this chapter to provide services and are not on an active roster. Individuals shall remain on the inactive roster for no more than 180 consecutive days, unless:

(1) the individual submits a written request to the commissioner requesting to remain on the inactive roster for a longer period of time;

(2) the individual self-initiated a background study, in which case the individual shall remain on the inactive roster for one year; or -

(3) a health care worker platform initiated a background study on behalf of an individual, in which case the individual shall remain on the inactive roster for one year.

Upon the commissioner's receipt of information that may cause an individual on the inactive roster to be disqualified under this chapter, the commissioner shall remove the individual from the inactive roster, and if the individual again seeks a position requiring a background study, the individual shall be required to complete a new background study.

(d) "Master roster" means the list maintained by the commissioner of all individuals who, as a result of a background study under this chapter, and regardless of affiliation with an entity, are determined by the commissioner to be eligible to provide services for one or more entities. The master roster includes all background study subjects on rosters under paragraphs (b) and (c).

Sec. 3. Minnesota Statutes 2021 Supplement, section 245C.03, is amended by adding a subdivision to read:

Subd. 16. **Self-initiated background studies.** The commissioner shall conduct background studies according to this chapter when initiated by an individual who is not on the master roster. A subject under this subdivision who is not disqualified must be placed on the inactive roster.

Sec. 4. Minnesota Statutes 2021 Supplement, section 245C.03, is amended by adding a subdivision to read:

Subd. 17. **Health care worker platform.** The commissioner shall conduct background studies according to this chapter when initiated by a health care worker platform on behalf of an individual who is not on the master roster. A subject under this subdivision who is not disqualified must be placed on the inactive roster.

Sec. 5. Minnesota Statutes 2020, section 245C.04, subdivision 4a, is amended to read:

Subd. 4a. Agency background studies; electronic criminal case information updates; rosters; and criteria for eliminating repeat background studies. (a) The commissioner shall develop and implement an electronic process as a part of NETStudy 2.0 for the regular transfer of new criminal case information that is added to the Minnesota court information system. The commissioner's system must include for review only information that relates to individuals who are on the master roster.

(b) The commissioner shall develop and implement an online system as a part of NETStudy 2.0 for agencies that initiate background studies under this chapter to access and maintain records of background studies initiated by that agency. The system must show all active background study subjects affiliated with that agency and the status of each individual's background study. Each agency that initiates background studies must use this system to notify the commissioner of discontinued affiliation for purposes of the processes required under paragraph (a).

(c) After an entity initiating a background study has paid the applicable fee for the study and has provided the individual with the privacy notice required under section 245C.05, subdivision 2c, NETStudy 2.0 shall immediately inform the entity whether the individual requires a background study or whether the individual is immediately eligible to provide services based on a previous background study. If the individual is immediately eligible, the entity initiating the background study shall be able to view the information previously supplied by the individual who is the subject of a background study as required under section 245C.05, subdivision 1, including the individual's photograph taken at the time the individual's fingerprints were recorded. The commissioner shall not provide any entity initiating a subsequent background study with information regarding the other entities that initiated background studies on the subject.

(d) Verification that an individual is eligible to provide services based on a previous background study is dependent on the individual voluntarily providing the individual's Social Security number to the commissioner at the time each background study is initiated. When an individual does not provide the individual's Social Security number for the background study, that study is not transferable and a repeat background study on that individual is required if the individual seeks a position requiring a background study under this chapter with another entity.

(e) Notwithstanding paragraphs (b) and (c), the commissioner must not provide a health care worker platform that initiates a background study on an individual's behalf under section 245C.03,

subdivision 17, with access to any information regarding the subject other than whether the individual is immediately eligible to provide services.

Sec. 6. Minnesota Statutes 2020, section 245C.04, is amended by adding a subdivision to read:

Subd. 12. **Individuals.** An individual who initiates a background study under section 245C.03, subdivision 16, must initiate the studies annually through NETStudy 2.0.

Sec. 7. Minnesota Statutes 2020, section 245C.04, is amended by adding a subdivision to read:

Subd. 13. **Health care worker platform.** A health care worker platform that initiates a background study on an individual's behalf under section 245C.03, subdivision 17, must initiate the studies annually through NETstudy 2.0.

Sec. 8. Minnesota Statutes 2020, section 245C.10, is amended by adding a subdivision to read:

Subd. 22. **Individuals.** The commissioner shall recover the cost of the background studies initiated by individuals under section 245C.03, subdivision 16, through a fee of no more than \$42 per study charged to the individual. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

Sec. 9. Minnesota Statutes 2020, section 245C.10, is amended by adding a subdivision to read:

Subd. 23. **Health care worker platform.** The commissioner shall recover the cost of the background studies initiated by health care worker platforms under section 245C.03, subdivision 17, through a fee of no more than \$42 per study charged to the individual. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

Sec. 10. **[256.4791] COMMUNITY ORGANIZATIONS GRANT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of human services shall establish the community organizations grant program to address violence prevention and provide street outreach services.

Subd. 2. **Applications.** Organizations seeking grants under this section shall apply to the commissioner. The grant applicant must include a description of the project that the applicant is proposing, the amount of money that the applicant is seeking, and a proposed budget describing how the applicant will spend the grant money.

Subd. 3. **Eligible applicants.** To be eligible for a grant under this section, applicants must address violence prevention, connect with youth and community members, and provide street outreach services. Applicants must also be focused on prevention, intervention, and restorative practices within the community, which may include:

(1) providing trauma-responsive care; and

(2) access to individual and group therapy services or community healing.

Subd. 4. **Use of grant money.** Grant recipients must use the funds to address violence prevention, connect with youth and community members, and provide street outreach services.

Subd. 5. **Reporting.** Grant recipients must provide an annual report to the commissioner in a manner specified by the commissioner on the activities and outcomes of the project funded by the grant program.

Sec. 11. EMPLOYMENT FOR PERSONS EXPERIENCING HOMELESSNESS OR SUBSTANCE USE DISORDER.

(a) Nonprofit organizations, licensed providers, and other entities that receive funding from the commissioner of human services to address homelessness or provide services to individuals experiencing homelessness must incorporate into their program the facilitation of full- or part-time employment and provide or make available employment services for each client to the extent appropriate for each client.

(b) Nonprofit organizations, licensed providers, and other entities that receive funding from the commissioner of human services to provide substance use disorder services or treatment must incorporate into their program the facilitation of full- or part-time employment and provide or make available employment services for each client to the extent appropriate for each client.

Sec. 12. APPROPRIATION; COMMUNITY ORGANIZATIONS GRANT PROGRAM.

\$100,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of human services for the community organizations grants under Minnesota Statutes, section 256.4791. The general fund base for this appropriation is \$100,000 in fiscal year 2024 and \$100,000 in fiscal year 2025."

Delete the title and insert:

"A bill for an act relating to state government; modifying provisions governing community supports, continuing care for older adults, health care, behavioral health, child welfare, economic assistance, and background studies; establishing a Department of Behavioral Health; establishing certain grants; appropriating money; amending Minnesota Statutes 2020, sections 13.46, subdivision 7; 15A.0815, subdivision 2; 144.294, subdivision 2; 144G.45, subdivision 7; 245C.02, subdivision 17a, by adding a subdivision; 245C.04, subdivision 4a, by adding subdivisions; 245C.10, by adding subdivisions; 252.275, subdivisions 4c, 8; 256B.057, subdivision 9; 256B.0625, subdivision 17a; 256B.0659, subdivisions 1, 12, 19, 24; 256B.4911, by adding a subdivision; 256B.4914, subdivisions 8, as amended, 9, as amended; 256B.5012, by adding subdivisions; 256B.85, by adding a subdivision; 256E.35, subdivisions 1, 2, 4a, 6, 7; 256I.05, by adding a subdivision; 256K.45, subdivision 6, by adding subdivisions; 256P.02, by adding a subdivision; 256P.03, subdivision 2; 256R.02, subdivisions 16, 24, 26, 29, 34, by adding subdivisions; 256R.23, subdivisions 2, 3; 256R.24, subdivision 1; 256R.25; 256S.16; 256S.201, subdivision 3; 256S.213, subdivision 1; 626.5571, subdivision 1; Minnesota Statutes 2021 Supplement, sections 15.01; 15.06, subdivision 1; 43A.08, subdivision 1a; 245C.03, by adding subdivisions; 256B.0625, subdivision 17; 256B.0659, subdivision 17a; 256B.49, subdivision 28; 256B.4914, subdivision 5, as amended; 256B.85, subdivisions 7, 7a; 256B.851, subdivision 5; 256P.02, subdivisions 1a, 2; 256S.205; 256S.21; 297E.02, subdivision 3; Laws 2014, chapter 312, article 27, section 75; Laws 2021, First Special Session chapter 7, article 14, section 21, subdivision 4; article 16, section 2, subdivisions 1, 24, 29; article 17, section 14; Laws 2021,

First Special Session chapter 8, article 6, section 1, subdivision 7; Laws 2022, chapter 33, section 1, subdivisions 3, 4, 5a, 5b, 5c, 5d, 5f, 10, 10a, 10c, 12, 14; by adding a subdivision; Laws 2022, chapter 40, sections 6; 7; proposing coding for new law in Minnesota Statutes, chapters 256; 256B; 626; proposing coding for new law as Minnesota Statutes, chapter 256T; repealing Minnesota Statutes 2021 Supplement, section 256S.2101; Laws 2022, chapter 33, section 1, subdivision 9."

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

Senator Chamberlain from the Committee on Education Finance and Policy, to which was referred

S.F. No. 4113: A bill for an act relating to education finance; providing for supplemental funding for prekindergarten through grade 12 education; modifying provisions for general education, education excellence, teachers, special education, facilities, nutrition and libraries, early childhood, community education, and state agencies; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 119A.52; 120A.20, subdivision 1; 120A.41; 120B.018, by adding a subdivision; 120B.02, by adding a subdivision; 120B.12; 121A.19; 122A.06, subdivision 4; 122A.187, by adding a subdivision; 122A.415, subdivision 4, by adding subdivisions; 123B.595, subdivisions 1, 2, 7; 124D.095, subdivisions 2, 7, 8; 124D.1158, subdivisions 1, 3, 4; 124D.151, as amended; 124D.165, subdivisions 2, 3; 124D.2211; 124D.231; 124D.4531, subdivisions 1, 1a, 1b; 124D.531, subdivision 1; 124D.55; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.68, subdivision 2; 124D.74, subdivision 3; 124D.81, subdivisions 1, 2, 2a; 124D.98, by adding a subdivision; 125A.03; 125A.76, subdivision 2e; 126C.05, subdivisions 17, 19; 126C.10, subdivisions 2a, 4; 126C.15, subdivisions 1, 2; 126C.44; 127A.45, subdivision 12a; Minnesota Statutes 2021 Supplement, sections 122A.73, subdivisions 2, 3, 5; 124D.111, subdivisions 1a, 4; 126C.05, subdivisions 1, 3; 126C.10, subdivisions 2, 2d, 2e; 245.4889, subdivision 1; Laws 2021, First Special Session chapter 13, article 1, sections 9; 10, subdivisions 2, 6, 7, 9, 11; article 2, section 4, subdivisions 2, 3, 4, 27; article 3, section 7, subdivisions 4, 7; article 5, section 3, subdivision 2; article 7, section 2, subdivision 3; article 8, section 3, subdivisions 2, 3; article 9, section 4, subdivisions 3, 5, 6; article 10, section 1, subdivision 9; article 11, sections 4, subdivision 2; 7, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 122A; 124D; 125A; repealing Minnesota Statutes 2020, section 124D.4531, subdivision 3a.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2020, section 120B.11, is amended by adding a subdivision to read:

Subd. 10. **Suspension.** Provisions under this section are suspended from the beginning of the 2023-2024 school year through the end of the 2028-2029 school year. A school district or school site must continue to fulfill federal reporting requirements under the provisions of this section.

Sec. 2. **[120B.111] READING PROFICIENCY GOAL.**

Subdivision 1. **Adopting plans and budgets.** (a) For the 2023-2024 school year through the 2028-2029 school year, a school board at a public meeting must adopt a comprehensive plan to support and improve teaching and learning that is aligned with the goal of having 90 percent of third grade students achieve grade-level reading proficiency. The plan must include:

(1) clearly defined district and school site goals and benchmarks for instruction and student achievement for all student subgroups identified in section 120B.35, subdivision 3, paragraph (b), clause (2);

(2) a process to assess and evaluate each student's progress toward meeting state reading standards; and

(3) strategies for improving instruction, curriculum, and student achievement in reading.

(b) For the purposes of this section, the following terms have the meanings given:

(1) "instruction" means methods of providing learning experiences that enable a student to meet state reading standards;

(2) "curriculum" means programs and written plans adopted by a district or school for providing students with learning experiences that lead to expected knowledge and skills and career and college readiness; and

(3) "reading proficiency goal" means to have 90 percent of third grade students achieve grade-level reading proficiency and to close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty.

Subd. 2. **Performance measures.** Student performance on the third grade reading proficiency assessment as measured by a statewide or locally adopted reading assessment is the performance measure to determine school district or school site progress toward the goal of 90 percent of third grade students achieving grade-level reading proficiency.

Subd. 3. **Report.** (a) The school board must hold an annual public meeting to review and revise, where appropriate, student achievement goals, local assessment outcomes, plans, strategies, and practices. The school board must review district success in achieving the previously adopted grade-level reading proficiency goals, related benchmarks, and improvement plans for achieving grade-level reading proficiency goals. The school board must transmit an electronic summary of its report to the commissioner of education in the form and manner determined by the commissioner.

(b) By January 25 of each year that this section is effective, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education:

(1) a list of school districts that have not submitted the required report to the commissioner under paragraph (a); and

(2) a list of school districts that have not met the performance goal of 90 percent of third grade students achieving grade-level reading proficiency, as established in the plan under subdivision 1.

Subd. 4. **Annual evaluation.** The commissioner must identify effective strategies, practices, and resources available to schools and districts to achieve the goal of 90 percent of third grade students achieving grade-level reading proficiency. The commissioner must assist schools and districts throughout the state in implementing effective strategies, practices, and use of resources.

Sec. 3. Minnesota Statutes 2020, section 120B.115, is amended to read:

120B.115 REGIONAL CENTERS OF EXCELLENCE.

Subdivision 1. Establishment. (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.

Subd. 2. **Reading focus.** Regional centers of excellence must prioritize reading using scientifically based research that includes fluency, phonemic awareness, phonics, reading comprehension, vocabulary development, and Language Essentials for Teachers of Reading and Spelling (LETRS) training.

Subd. 3. **Leadership.** Regional centers of excellence must be led by LETRS-certified reading professionals, including at least: (1) two literacy specialists; and (2) a dyslexia specialist under section 120B.122 who is employed by the Department of Education.

Subd. 4. **Regional literacy support directors.** Regional centers of excellence must work with LETRS-certified regional literacy support directors to assist schools with improving low reading scores. A director is an independent contractor and not an employee of the Department of Education. A regional literacy support director must:

(1) effectively monitor student reading growth and achievement data;

(2) assist with districtwide and schoolwide professional development and planning to establish scientifically based practices among school administrators and instructional personnel; and

(3) evaluate implementation of scientifically based practices.

Sec. 4. Minnesota Statutes 2020, section 120B.122, is amended by adding a subdivision to read:

Subd. 4. **Leadership.** A dyslexia specialist must help provide leadership for the regional centers of excellence under section 120B.115.

Sec. 5. Minnesota Statutes 2020, section 121A.21, is amended to read:

121A.21 SCHOOL HEALTH SERVICES.

Subdivision 1. **School health services required.** (a) Every school board must provide services to promote the health of its pupils.

(b) The board of a district with 1,000 pupils or more in average daily membership in early childhood family education, preschool disabled, elementary, and secondary programs must comply with the requirements of this paragraph. It may use one or a combination of the following methods:

(1) employ personnel, including at least one full-time equivalent licensed school nurse;

(2) contract with a public or private health organization or another public agency for personnel during the regular school year, determined appropriate by the board, who are currently licensed under chapter 148 and who are certified public health nurses; or

(3) enter into another arrangement approved by the commissioner.

Subd. 2. Access to menstrual products. A school district or charter school must provide students access to menstrual products at no charge. The products must be available in restrooms used by students in grades 4 to 12. For purposes of this section, "menstrual products" means pads, tampons, or other similar products used in connection with the menstrual cycle.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 6. Minnesota Statutes 2020, section 122A.06, subdivision 4, is amended to read:

Subd. 4. **Comprehensive, scientifically based reading instruction.** (a) "Comprehensive, scientifically based reading instruction" includes a program or collection of instructional practices that is based on valid, replicable evidence showing that when these programs or practices are used, students can be expected to achieve, at a minimum, satisfactory reading progress. The program or collection of practices must include, at a minimum, effective, ~~balanced~~ instruction in all five areas of reading: phonemic awareness, phonics, fluency, vocabulary development, and reading comprehension.

Comprehensive, scientifically based reading instruction also includes and integrates instructional strategies for continuously assessing, evaluating, and communicating the student's reading progress and needs in order to design and implement ongoing interventions so that students of all ages and proficiency levels can read and comprehend text, write, and apply higher level thinking skills. For English learners developing literacy skills, districts are encouraged to use strategies that teach reading and writing in the students' native language and English at the same time.

(b) "Fluency" is the ability of students to read text with speed, accuracy, and proper expression.

(c) "Phonemic awareness" is the ability of students to notice, think about, and manipulate individual sounds in spoken syllables and words.

(d) "Phonics" is the understanding that there are systematic and predictable relationships between written letters and spoken words. Phonics instruction is a way of teaching reading that stresses learning how letters correspond to sounds and how to apply this knowledge in reading and spelling.

(e) "Reading comprehension" is an active process that requires intentional thinking during which meaning is constructed through interactions between text and reader. Comprehension skills are taught explicitly by demonstrating, explaining, modeling, and implementing specific cognitive strategies to help beginning readers derive meaning through intentional, problem-solving thinking processes.

(f) "Vocabulary development" is the process of teaching vocabulary both directly and indirectly, with repetition and multiple exposures to vocabulary items. Learning in rich contexts, incidental learning, and use of computer technology enhance the acquiring of vocabulary.

(g) Nothing in this subdivision limits the authority of a school district to select a school's reading program or curriculum.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 7. Minnesota Statutes 2020, section 122A.092, subdivision 5, is amended to read:

Subd. 5. **Reading strategies.** (a) A teacher preparation provider approved by the Professional Educator Licensing and Standards Board to prepare persons for classroom teacher licensure must include in its teacher preparation programs research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enable the licensure candidate to teach reading in the candidate's content areas. Teacher candidates must be instructed in using students' native languages as a resource in creating effective differentiated instructional strategies for English learners developing literacy skills. A teacher preparation provider also must prepare early childhood and elementary teacher candidates for Tier 3 and Tier 4 teaching licenses under sections 122A.183 and 122A.184, respectively, for the portion of the examination under section 122A.185, subdivision 1, paragraph (c), covering assessment of reading instruction.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in applying comprehensive, scientifically based or evidence-based, and structured reading instruction programs that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students achieve continuous progress in reading; ~~and~~

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers; and

(3) beginning February 1, 2026, require teacher candidates to receive instruction using the Language Essentials for Teachers of Reading and Spelling program.

(c) Board-approved teacher preparation programs for teachers of elementary education, early childhood education, special education, and reading intervention must include instruction on dyslexia, as defined in section 125A.01, subdivision 2. Teacher preparation programs may consult with the Department of Education, including the dyslexia specialist under section 120B.122, to develop instruction under this paragraph. Instruction on dyslexia must be modeled on practice standards of the International Dyslexia Association, and must address:

(1) the nature and symptoms of dyslexia;

(2) resources available for students who show characteristics of dyslexia;

(3) evidence-based instructional strategies for students who show characteristics of dyslexia, including the structured literacy approach; and

(4) outcomes of intervention and lack of intervention for students who show characteristics of dyslexia.

(d) Nothing in this section limits the authority of a school district to select a school's reading program or curriculum.

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

Sec. 8. Minnesota Statutes 2020, section 124E.03, subdivision 2, is amended to read:

Subd. 2. **Certain federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A charter school must comply with the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(d) A charter school is a district for the purposes of tort liability under chapter 466.

(e) A charter school must comply with the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(f) A charter school and charter school board of directors must comply with chapter 181 governing requirements for employment.

(g) A charter school must comply with continuing truant notification under section 260A.03.

(h) A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (13), and place students in classrooms in accordance with section 122A.40, subdivision 8, paragraph (d). The teacher evaluation process in this paragraph does not create any additional employment rights for teachers.

(i) A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce. For the 2023-2024 school year through the end of the 2028-2029 school year, a charter school must adopt a policy, plan, budget, and process consistent with section 120B.111 to review curriculum, instruction, and student achievement that is aligned with the goal of having 90 percent of third grade students achieve grade-level reading proficiency.

(j) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56.

Sec. 9. Minnesota Statutes 2020, section 126C.10, subdivision 13, is amended to read:

Subd. 13. **Total operating capital revenue.** (a) Total operating capital revenue for a district equals the ~~amount determined under paragraph (b) or (c), plus~~ sum of:

(1) \$79 times the adjusted pupil units for the school year;

(2) the product of \$109, the district's maintenance cost index, and its adjusted pupil units for the school year plus the amount computed under paragraph (c); and

(3) \$2 times the adjusted pupil units for the school year for the purposes of supplying menstrual products under subdivision 14, clause (26).

(b) The revenue under this subdivision must be placed in a reserved account in the general fund and may only be used according to subdivision 14.

~~(b) Capital revenue for a district equals \$109 times the district's maintenance cost index times its adjusted pupil units for the school year.~~

(c) The revenue under paragraph (a), clause (2), for a district that operates a program under section 124D.128, is increased by an amount equal to \$31 times the number of adjusted pupil units served at the site where the program is implemented.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 10. Minnesota Statutes 2020, 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 ~~\$23,902 for fiscal year 2020, \$23,885 for fiscal year 2021, and \$22,912 for fiscal year 2022 and~~ \$23,145 for fiscal year 2023 and later.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2023 and later.

Sec. 11. Minnesota Statutes 2020, section 126C.10, subdivision 14, is amended to read:

Subd. 14. **Uses of total operating capital revenue.** Total operating capital revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the State Fire Code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123B.51, subdivision 4;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust Fund Act according to sections 298.292 to ~~298.298~~ 298.297;

(15) to purchase or lease interactive telecommunications equipment;

(16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;

(17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related hardware, software, and annual licensing fees, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks as defined in section 123B.41, subdivision 2;

(21) to purchase new and replacement library media resources or technology;

(22) to lease or purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individualized education programs; and

(iii) other classroom information management needs;

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software; ~~and~~

(25) to pay the costs directly associated with closing a school facility, including moving and storage costs; and

(26) to pay the costs of supplies and equipment necessary to provide access to menstrual products at no charge to students in restrooms and as otherwise needed in school facilities.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 12. Laws 2021, First Special Session chapter 13, article 11, section 4, is amended to read:

Sec. 4. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated. Any balance in the first year does not cancel but is available in the second year.

Subd. 2. **Department.** (a) For the Department of Education:

\$	30,837,000	2022
	26,287,000		
\$	<u>26,987,000</u>	2023

Of these amounts:

(1) \$319,000 each year is for the Board of School Administrators;

(2) \$1,000,000 ~~each~~ in fiscal year ~~is~~ 2022 and \$1,700,000 in fiscal year 2023 are for regional centers of excellence under Minnesota Statutes, section 120B.115; Of the amount in fiscal year 2023, \$700,000 is for providing grants to each regional center of excellence to contract with one full-time equivalent regional literacy support director;

(3) \$250,000 each year is for the School Finance Division to enhance financial data analysis;

(4) \$720,000 each year is for implementing Minnesota's Learning for English Academic Proficiency and Success Act under Laws 2014, chapter 272, article 1, as amended;

(5) \$123,000 each year is for a dyslexia specialist;

(6) \$480,000 each year is for the Department of Education's mainframe update;

(7) \$4,500,000 in fiscal year 2022 only is for legal fees and costs associated with litigation; and

(8) \$340,000 in fiscal years 2022 and 2023 only are for voluntary prekindergarten programs.

(b) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

(c) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and must be spent as indicated.

(d) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.21. 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 mechanisms specified in that agreement.

(e) To account for the base adjustments provided in Laws 2018, chapter 211, article 21, section 1, paragraph (a), and section 3, paragraph (a), the base for fiscal year 2024 and later is ~~\$25,965,000~~ \$26,665,000.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 13. APPROPRIATION; LANGUAGE ESSENTIALS FOR TEACHERS OF READING AND SPELLING.

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. **Language Essentials for Teachers of Reading and Spelling.** (a) To provide the Language Essentials for Teachers of Reading and Spelling (LETRS) program to licensed teachers who teach in kindergarten through grade five:

 \$ 30,000,000 2023

(b) The commissioner may partner with the regional centers of excellence to administer the program.

(c) This appropriation is available until June 30, 2025.

(d) The base for fiscal year 2024 and later is \$0.

Sec. 14. APPROPRIATION; ADDITIONAL GENERAL EDUCATION AID FOR MENSTRUAL PRODUCTS.

\$1,737,000 in fiscal year 2023 is appropriated from the general fund to the Department of Education for additional general education aid for the amounts required under section 9.

EFFECTIVE DATE. This section is effective July 1, 2022."

Delete the title and insert:

"A bill for an act relating to education finance; promoting literacy; providing for a statewide reading proficiency goal; requiring access to menstrual products in schools; providing for operating capital revenue to fund school district purchases of menstrual products; reorganizing the regional centers of excellence; requiring elementary education teacher candidates to receive instruction in the Language Essentials for Teachers of Reading and Spelling program; requiring a report; appropriating money; amending Minnesota Statutes 2020, sections 120B.11, by adding a subdivision; 120B.115; 120B.122, by adding a subdivision; 121A.21; 122A.06, subdivision 4; 122A.092, subdivision 5; 124E.03, subdivision 2; 126C.10, subdivisions 13, 13a, 14; Laws 2021, First Special Session chapter 13, article 11, section 4; proposing coding for new law in Minnesota Statutes, chapter 120B."

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

SECOND READING OF SENATE BILLS

S.F. No. 3975 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Duckworth introduced--

S.F. No. 4478: A bill for an act relating to education finance; authorizing a onetime adjustment to a school district's American Indian education aid; appropriating money.

Referred to the Committee on Education Finance and Policy.

Senator Duckworth introduced--

S.F. No. 4479: A bill for an act relating to combative sports; modifying regulation and licensing provisions; amending Minnesota Statutes 2020, sections 341.21, subdivision 7; 341.221; 341.25; 341.28; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 341.33; 341.355; proposing coding for new law in Minnesota Statutes, chapter 341.

Referred to the Committee on Labor and Industry Policy.

Senators Dibble and Kent introduced--

S.F. No. 4480: A bill for an act relating to transportation; providing for local match funds and technical assistance on federal grants; requiring a report; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 174.

Referred to the Committee on Transportation Finance and Policy.

Senators Senjem, Bakk, Pappas, and Putnam introduced--

S.F. No. 4481: A bill for an act relating to capital investment; appropriating money for veteran housing developed by Contained Solutions in certain cities.

Referred to the Committee on Housing Finance and Policy.

Senators Senjem, Bakk, Pappas, and Abeler introduced--

S.F. No. 4482: A bill for an act relating to capital investment; authorizing housing infrastructure bonds to be issued for veterans housing; appropriating money; amending Minnesota Statutes 2020, section 462A.37, subdivision 2, by adding a subdivision; Minnesota Statutes 2021 Supplement, section 462A.37, subdivision 5.

Referred to the Committee on Housing Finance and Policy.

Senators Senjem, Bakk, Duckworth, and Pappas introduced--

S.F. No. 4483: A bill for an act relating to capital investment; expanding the homeownership education, counseling, and training program to include specialized homeownership education for veterans; amending Minnesota Statutes 2020, section 462A.209, subdivisions 1, 3, by adding a subdivision.

Referred to the Committee on Housing Finance and Policy.

Senator Senjem introduced--

S.F. No. 4484: A bill for an act relating to education; providing for grants for closing educational achievement gaps; requiring a report; appropriating money.

Referred to the Committee on Education Finance and Policy.

Senator Kunesh introduced--

S.F. No. 4485: A bill for an act relating to capital investment; appropriating money for a Leech Lake Area Health and Wellness Center in the city of Cass Lake.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senator Westrom introduced--

S.F. No. 4486: A bill for an act relating to agriculture; appropriating money for transfer to the agricultural emergency account.

Referred to the Committee on Agriculture and Rural Development Finance and Policy.

Senator Klein introduced--

S.F. No. 4487: A bill for an act relating to taxation; property tax refunds; increasing maximum refunds and expanding eligibility for refunds; expanding the exemption amount for senior claimants and claimants with a disability; amending Minnesota Statutes 2020, section 290A.04, subdivisions 2, 4; Minnesota Statutes 2021 Supplement, section 290A.03, subdivision 3.

Referred to the Committee on Taxes.

Senator Rest introduced--

S.F. No. 4488: A bill for an act relating to capital investment; appropriating money for the Blue Line light rail extension; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Pratt and Utke introduced--

S.F. No. 4489: A bill for an act relating to health; prohibiting the establishment of vaccine requirements; providing certain exceptions; proposing coding for new law in Minnesota Statutes, chapter 145.

Referred to the Committee on Health and Human Services Finance and Policy.

MOTIONS AND RESOLUTIONS

Senator Chamberlain moved that the name of Senator Bigham be added as a co-author to S.F. No. 1856. The motion prevailed.

Senator Bigham moved that her name be stricken as chief author, shown as a co-author, and the name of Senator Mathews be shown as chief author to S.F. No. 2307. The motion prevailed.

Senator Housley moved that the name of Senator Chamberlain be added as a co-author to S.F. No. 2971. The motion prevailed.

Senator Mathews moved that the name of Senator Nelson be added as a co-author to S.F. No. 3585. The motion prevailed.

Senator Westrom moved that the name of Senator Draheim be added as a co-author to S.F. No. 4019. The motion prevailed.

Senator Dibble moved that the names of Senators Dziejdzic and Champion be added as co-authors to S.F. No. 4477. The motion prevailed.

SPECIAL ORDERS

Pursuant to Rule 26, Senator Miller, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

H.F. Nos. 3620, 3217, and S.F. No. 3692.

SPECIAL ORDER

H.F. No. 3620: A bill for an act relating to labor and industry; allowing a licensed residential building contractor to receive an installation seal for the installation of used manufactured homes; clarifying that a used manufactured home may bear a label or data plate; amending Minnesota Statutes 2020, section 327.32, subdivisions 1a, 1e.

H.F. No. 3620 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Draheim	Ingebrigtsen	Marty	Rosen
Anderson	Duckworth	Isaacson	Mathews	Ruud
Bakk	Dziedzic	Jasinski	McEwen	Senjem
Benson	Eaton	Johnson	Miller	Tomassoni
Bigham	Eichorn	Johnson Stewart	Murphy	Torres Ray
Carlson	Eken	Kent	Nelson	Utke
Chamberlain	Fateh	Kiffmeyer	Newman	Weber
Champion	Frentz	Klein	Newton	Westrom
Clausen	Gazelka	Koran	Osmek	Wiger
Coleman	Goggin	Kunesh	Port	Wiklund
Cwodzinski	Hawj	Lang	Pratt	
Dahms	Hoffman	Latz	Putnam	
Dibble	Housley	Limmer	Rarick	
Dornink	Howe	López Franzen	Rest	

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Johnson and Tomassoni.

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Eaton, Eken, Fateh, and Latz.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 3217: A bill for an act relating to agriculture; protecting data about individuals who seek mental or behavioral health assistance or who contact the Minnesota Farm and Rural Helpline; amending Minnesota Statutes 2020, section 13.643, by adding a subdivision.

Senator Westrom moved to amend H.F. No. 3217 as follows:

Page 1, after line 19, insert:

"Sec. 2. **APPROPRIATION; AGRICULTURAL EMERGENCY ACCOUNT.**

(a) \$1,000,000 in fiscal year 2022 is transferred from the general fund to the agricultural emergency account in the agricultural fund under Minnesota Statutes, section 17.041. This is a onetime transfer.

(b) Notwithstanding Minnesota Statutes, section 17.041, the commissioner may spend money from the agricultural emergency account for the purposes of responding to highly pathogenic avian influenza, including but not limited to testing supplies. The commissioner may transfer funds from this account to the Minnesota Board of Animal Health for emergency response activities related to highly pathogenic avian influenza, including surveillance. This paragraph expires on December 31, 2022.

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

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 3217 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Draheim	Ingebrigtsen	Marty	Rosen
Anderson	Duckworth	Isaacson	Mathews	Ruud
Bakk	Dziedzic	Jasinski	McEwen	Senjem
Benson	Eaton	Johnson	Miller	Tomassoni
Bigham	Eichorn	Johnson Stewart	Murphy	Torres Ray
Carlson	Eken	Kent	Nelson	Utke
Chamberlain	Fateh	Kiffmeyer	Newman	Weber
Champion	Frentz	Klein	Newton	Westrom
Clausen	Gazelka	Koran	Osmek	Wiger
Coleman	Goggin	Kunesh	Port	Wiklund
Cwodzinski	Hawj	Lang	Pratt	
Dahms	Hoffman	Latz	Putnam	
Dibble	Housley	Limmer	Rarick	
Dornink	Howe	López Franzen	Rest	

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Johnson, Rosen, and Tomassoni.

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Eaton, Eken, Fateh, and Latz.

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

SPECIAL ORDER

S.F. No. 3692: A bill for an act relating to taxation; modifying individual income, corporate franchise, and estate taxes; proposing certain federal conformity for individual income and corporate franchise taxes; proposing changes to income tax rates, a full subtraction of Social Security benefits, and portability of the estate tax exclusion; amending Minnesota Statutes 2020, sections 289A.02, subdivision 7; 289A.10, subdivision 1, by adding a subdivision; 289A.12, by adding a subdivision; 290.0123, subdivision 3; 290.0131, by adding subdivisions; 290.0132, subdivisions 18, 26, by adding subdivisions; 290.0133, by adding subdivisions; 290.0134, by adding subdivisions; 290.06, subdivision 2d; 290.0671, subdivision 1a; 290.0675, subdivision 1; 290.091, subdivision 2; 290.095, subdivision 11; 290A.03, subdivision 15; 291.005, subdivision 1; 291.016, subdivision 3; 291.03, subdivision 1; Minnesota Statutes 2021 Supplement, sections 289A.08, subdivision 7; 290.01, subdivisions 19, 31; 290.06, subdivision 2c; 290.993.

Senator Rest moved to amend S.F. No. 3692 as follows:

Page 22, delete section 5

Page 24, delete section 6

Page 26, after line 32, insert:

"ARTICLE 3**MISCELLANEOUS**Section 1. **DIRECT PAYMENT; APPROPRIATION.**

(a) The following individuals are eligible for a direct payment:

(1) an individual who was a resident of Minnesota, as defined in Minnesota Statutes, section 290.01, subdivision 7, for any part of 2020, and filed a 2020 Minnesota individual income tax return by October 15, 2021; and

(2) an individual who was eligible for and who filed a claim for refund by December 31, 2021, under Minnesota Statutes, chapter 290A.04, subdivision 2, for property taxes payable in 2021 or subdivision 3, for rent constituting property taxes paid in 2020.

(b) An individual is not eligible for a direct payment if the individual's taxable net income, as defined in Minnesota Statutes, section 290.01, subdivision 22, as reported on the individual's original 2020 Minnesota individual income tax return exceeded:

(1) \$164,400 in the case of a single individual filer;

(2) \$273,470 in the case of a married individual who filed a joint return;

(3) \$218,540 in the case of an individual who filed as head of household; or

(4) \$136,735 in the case of a married individual who filed a separate return.

(c) The direct payment is equal to:

(1) \$500 for a single filer or a married individual who filed a separate return; and

(2) \$1,000 for a married couple who filed a joint return or an individual who filed as head of household.

(d) For an individual who was a resident of Minnesota for less than the entire year, the direct payment equals the direct payment under paragraph (c) for their filing status multiplied by the percentage determined pursuant to Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), as calculated on their original 2020 individual income tax return.

(e) A direct payment under this section shall be paid by the commissioner of revenue based on information available in the commissioner's records. A person eligible for a direct payment does not have to file a claim to receive the payment.

(f) The commissioner of revenue shall pay individuals who filed a joint income tax return or joint property tax refund return for 2020 a joint direct payment.

(g) The direct payment is a "Minnesota tax law" for purpose of Minnesota Statutes, section 270B.01, subdivision 8.

(h) The commissioner of revenue must not apply, and must not certify to another agency to apply, a payment under this section to any unpaid tax or nontax debt owed by an individual who is paid a direct payment.

(i) A payment under this section is not considered income of a recipient in determining their Minnesota individual income tax, any Minnesota individual income tax credits, the Minnesota property tax refund, or the Minnesota senior citizen property tax deferral. A direct payment must not be counted as income or as an asset, personal property, or resource when determining eligibility for any program administered by the Department of Human Services. A direct payment is not assistance based on need for purposes of Minnesota Statutes, section 550.37, subdivision 14.

(j) If an individual eligible to receive a direct payment dies prior to the issuance of the direct payment the right to the payment lapses.

(k) If the commissioner of revenue cannot locate an individual entitled to a direct payment within two years of the date that the original check or warrant was issued, or if an individual to whom a direct payment was made has not cashed the check or warrant within two years of the date that the original check or warrant was issued, the right to the payment lapses. If an individual to whom a direct payment was made by debit card has not withdrawn from the card the total amount of the direct payment within two years of the date of issuance of the original debit card, the right to any remaining balance lapses to the state general fund.

(l) The commissioner of revenue may recover a previously made direct payment if the commissioner determines after the direct payment has been made that the individual or married couple had taxable net income for 2020 that exceeded a threshold in paragraph (b). The recovery may be made using the same procedures used in assessing additional tax under Minnesota Statutes, section 270C.33. The recovery must be made within the period of limitation for assessing additional tax for 2020 for the person who was paid the direct payment. The assessment may be made on the same order of assessment that adjusts the income tax liability of the direct payment recipient. If a direct payment check or warrant is cashed by someone other than the payee or payees of the check or warrant, and the commissioner of revenue determines that the check has been forged or improperly endorsed, the commissioner may recover the amount of the check or warrant from the endorsee or forger. The recovery may be made using the same procedures used in assessing additional tax under Minnesota Statutes, section 270C.33. The assessment must be made within two years after the check or warrant is cashed. If a direct payment was made through a debit card and the commissioner determines that the card was activated and accessed by an unauthorized person, the commissioner may recover from the unauthorized person the amount of any unauthorized withdrawals. The recovery may be made using the same procedures used in assessing additional tax under Minnesota Statutes, section 270C.33. The assessment must be made within two years after the last unauthorized withdrawal.

(m) Notwithstanding Minnesota Statutes, sections 9.031, 16B.49, chapter 16C, and any other law to the contrary, the commissioner of revenue may take whatever actions the commissioner deems necessary to pay the direct payment required by this section, and may, in consultation with the commissioner of management and budget, contract with a private vendor or vendors to process, print, mail, or deliver the checks, warrants, or debit cards required under this section and receive and disburse state funds to make the direct payments by check, warrant, electronic funds transfer, or debit card.

(n) The amount necessary to make the direct payments provided in this section is appropriated from the general fund to the commissioner of revenue in fiscal year 2022 and is available until June 30, 2023.

(o) The commissioner shall make direct payments provided in this section as soon as practicable after determining an individual's eligibility under paragraph (a). All payments to eligible individuals must be made before June 30, 2023.

(p) \$7,752,000 in fiscal year 2022 and \$215,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of revenue to administer this section. Any unencumbered balance remaining on June 30, 2022, does not cancel but is available for expenditure by the commissioner of revenue until June 30, 2023. These are onetime appropriations that are not added to the agency's budget base.

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

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 41, as follows:

Those who voted in the affirmative were:

Carlson	Dziedzic	Hoffman	Latz	Port
Champion	Eaton	Johnson Stewart	López Franzen	Rest
Clausen	Eken	Kent	Marty	Torres Ray
Cwodzinski	Frentz	Klein	McEwen	Wiger
Dibble	Hawj	Kunesh	Murphy	Wicklund

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Eaton and Eken.

Those who voted in the negative were:

Abeler	Draheim	Isaacson	Nelson	Senjem
Anderson	Duckworth	Jasinski	Newman	Tomassoni
Bakk	Eichorn	Johnson	Newton	Utke
Benson	Fateh	Kiffmeyer	Osmek	Weber
Bigham	Gazelka	Koran	Pratt	Westrom
Chamberlain	Goggin	Lang	Putnam	
Coleman	Housley	Limmer	Rarick	
Dahms	Howe	Mathews	Rosen	
Dornink	Ingebrigtsen	Miller	Ruud	

Pursuant to Rule 40, Senator Lang cast the negative vote on behalf of the following Senators: Goggin, Jasinski, Johnson, Rosen, and Tomassoni.

Pursuant to Rule 40, Senator Hawj cast the negative vote on behalf of the following Senator: Fateh.

The motion did not prevail. So the amendment was not adopted.

Senator Murphy moved to amend S.F. No. 3692 as follows:

Page 21, line 27, reinstate the stricken language and delete the new language

Page 21, lines 28 to 30, reinstate the stricken language

Page 22, line 1, reinstate the stricken language

Page 22, line 2, reinstate the stricken language and strike "\$5,150" and insert "\$11,000" and strike "20" and insert "25"

Page 22, line 3, reinstate the stricken language and strike "\$78,180" and insert "\$82,720"

Page 22, line 4, reinstate the stricken language and strike "\$4,020" and insert "\$8,590"

Page 22, line 5, reinstate the stricken language and strike "20" and insert "25" and strike "\$61,080" and insert "\$64,670"

Page 22, lines 6 to 8, reinstate the stricken language

Page 22, line 9, reinstate the stricken language and strike "20" and insert "25"

Page 22, lines 10 to 16, reinstate the stricken language

Page 22, line 17, reinstate the stricken language and strike "2019" and insert "2022"

Page 22, lines 18 and 19, reinstate the stricken language

Senator Murphy moved to amend the Murphy amendment to S.F. No. 3692 as follows:

Page 1, after line 1, insert:

"Page 21, after line 25, insert:

"Sec. 4. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision to read:

Subd. 20. **Dependent flexible spending accounts.** For a taxpayer who claims the credit under section 290.067, or for a married taxpayer filing a separate return whose spouse claims the credit under that section, the amount of dependent care assistance that is excluded from gross income under section 129 of the Internal Revenue Code is an addition.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2021."

Page 1, after line 15, insert:

"Page 25, after line 2, insert:

"Sec. 8. Minnesota Statutes 2020, section 290.067, is amended to read:

290.067 DEPENDENT GREAT START CHILD CARE AND DEPENDENT CARE CREDIT.

Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to ~~the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer~~ the taxpayer's eligible dependent care expenses, as determined under subdivisions 1a and 1b, multiplied by the taxpayer's credit percentage, as determined under subdivision 1c.

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

(c) If a married couple:

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

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

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

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

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

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

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

(e) (b) In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter including earned income excluded pursuant to section 290.0132,

~~subdivision 10; the credit determined under section 21 of the Internal Revenue Code~~ this section must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

(c) For the purposes of this section, the following terms have the meanings given:

(1) "employment-related expenses" has the meaning given in section 21(b)(2) of the Internal Revenue Code;

(2) "qualifying individual" has the meaning given in section 21(b)(1) of the Internal Revenue Code, except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer; and

(3) "young child" means a qualifying individual who had not attained the age of five by December 31 of the taxable year.

~~(f) For residents of Minnesota, the subtractions for military pay under section 290.0132, subdivisions 11 and 12, are not considered "earned income not subject to tax under this chapter."~~

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

~~(h) For taxpayers with federal adjusted gross income in excess of \$52,230, the credit is equal to the lesser of the credit otherwise calculated under this subdivision, or the amount equal to \$600 minus five percent of federal adjusted gross income in excess of \$52,230 for taxpayers with one qualified individual, or \$1,200 minus five percent of federal adjusted gross income in excess of \$52,230 for taxpayers with two or more qualified individuals, but in no case is the credit less than zero.~~

Subd. 1a. **Eligible dependent care expenses.** (a) A taxpayer's eligible dependent care expenses equals the amount of employment-related expenses incurred by the taxable year, subject to the limitations in paragraphs (b) and (c).

(b) Except as provided in subdivision 1b, a taxpayer's eligible dependent care expenses are limited to:

(1) \$3,000 if there was one qualifying individual with respect to the taxpayer; or

(2) \$6,000 if there were two or more qualifying individuals with respect to the taxpayer.

Subd. 1b. **Special rules for tax years 2022 to 2028.** For taxable years beginning after December 31, 2021, and before January 1, 2029, for a taxpayer with a young child, the limit in paragraph (b) is increased as follows:

(1) for a taxpayer with one young child with respect to the taxpayer, the limit is increased by \$3,000;

(2) for a taxpayer with two young children with respect to the taxpayer, the limit is increased by \$6,000; or

(3) for a taxpayer with three or more young children with respect to the taxpayer, the limit is increased by \$9,000.

Subd. 1c. **Credit percentage.** (a) The credit percentage equals 50 percent, subject to the reductions in paragraphs (b) and (c).

(b) A taxpayer's credit percentage is reduced by one percentage point for each \$2,000, or fraction thereof, by which the taxpayer's adjusted gross income exceeds \$125,000, until the credit percentage equals 20 percent.

(c) For a taxpayer with adjusted gross income in excess of \$400,000, the credit percentage equals 20 percent, reduced by one percentage point for each \$2,000, or fraction thereof, by which the taxpayer's adjusted gross income exceeds \$400,000.

Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar amount of the income threshold at which the ~~maximum~~ credit percentage begins to be reduced under subdivision 1b as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2022.

Subd. 2c. **Deemed expenses.** (a) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. The amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.

(b) If a married couple:

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

(2) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code; then in lieu of the actual employment-related expenses paid for that child under or the deemed amount under paragraph (a), the amount deemed to be the employment-related expense paid for that child equals the lesser of:

(i) the combined earned income of the couple; or

(ii) the amount of the maximum limit for one qualified individual under subdivision 1a, as increased by subdivision 1b.

The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

Subd. 2d. **Taxpayers not filing a federal return.** If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

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

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

Subd. 3. **Credit to be refundable.** If the amount of credit which a claimant would be eligible to receive pursuant to this subdivision exceeds the claimant's tax liability under chapter 290, the excess amount of the credit shall be refunded to the claimant by the commissioner of revenue. An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 4. **Right to file claim.** The right to file a claim under this section shall be personal to the claimant and shall not survive death, but such right may be exercised on behalf of a claimant by the claimant's legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim the amount thereof shall be disbursed to another member of the household as determined by the commissioner of revenue. If the claimant was the only member of a household, the claim may be paid to the claimant's personal representative, but if neither is appointed and qualified within two years of the filing of the claim, the amount of the claim shall escheat to the state.

Subd. 5. **Employment-related expenses.** For the purposes of determining employment-related expenses, the provisions of the Internal Revenue Code, section 21(d) apply.

Subd. 6. **Rules for married couples filing separate returns.** For a married couple filing separate returns, only one spouse may claim the credit allowed under this section.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2021.

Sec. 9. Minnesota Statutes 2020, section 290.0674, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed; definitions.** An individual is allowed a credit against the tax imposed by this chapter in an amount equal to 75 percent of the amount paid for education-related expenses for a qualifying child in kindergarten through grade 12. For purposes of this section, "education-related expenses" means:

(1) fees or tuition for instruction by an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers Association, and who is not a lineal ancestor or sibling of the dependent for instruction outside the regular school day or school year, including tutoring, driver's education offered as part of school curriculum, regardless of whether it is taken from a public or private entity or summer camps, in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year, that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the required academic standards under section 120B.021, subdivision 1, and the world languages standards under section 120B.022, subdivision 1, and that do not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

(2) expenses for textbooks, including books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(3) a maximum expense of ~~\$200~~ \$300 per family for expenses listed in items (i) to (iii) that are purchased for use in the taxpayer's home and not used in a trade or business regardless of whether the computer is required by the dependent's school:

(i) personal computer hardware, excluding single purpose processors; ~~and;~~

(ii) educational software that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the required academic standards under section 120B.021, subdivision 1, and the elective standard under section 120B.022, subdivision 1, clause (2), ~~purchased for use in the taxpayer's home and not used in a trade or business regardless of whether the computer is required by the dependent's school;~~ and

(iii) monthly charges to an Internet service provider for Internet access; and

(4) the amount paid to others for transportation of a qualifying child attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. Amounts under this clause exclude any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle.

For purposes of this section, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2021.

Sec. 10. Minnesota Statutes 2020, section 290.0674, subdivision 2, is amended to read:

Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than ~~\$33,500~~ \$70,000, the maximum credit allowed for a family is \$1,000 multiplied by the number of qualifying children in kindergarten through grade 12 in the family. The maximum credit for families with one qualifying child in kindergarten through grade 12 is reduced by \$1 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$70,000, and the maximum credit for families with two or more qualifying children in kindergarten through grade 12 is reduced by \$2 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$70,000, but in no case is the credit less than zero. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) In the case of a married claimant, a credit is not allowed unless a joint income tax return is filed.

(c) For a nonresident or part-year resident, the credit determined under subdivision 1 and the maximum credit amount in paragraph (a) must be allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

(d) The commissioner shall annually adjust the household income limitation in paragraph (a) as provided in section 270C.22. The statutory year is 2022.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2021."

Page 26, after line 32, insert:

"Sec. 13. **REPEALER.**

Minnesota Statutes 2020, section 290.0674, subdivision 2a, is repealed."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly"

The question was taken on the adoption of the Murphy amendment to the Murphy amendment.

The roll was called, and there were yeas 32 and nays 34, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Isaacson	Marty	Senjem
Bigham	Eaton	Johnson Stewart	McEwen	Torres Ray
Carlson	Eken	Kent	Murphy	Wiger
Champion	Fateh	Klein	Newton	Wiklund
Clausen	Frentz	Kunesh	Port	
Cwodzinski	Hawj	Latz	Putnam	
Dibble	Hoffman	López Franzen	Rest	

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Eaton, Eken, and Fateh.

Those who voted in the negative were:

Anderson	Draheim	Ingebrigtsen	Mathews	Rosen
Bakk	Duckworth	Jasinski	Miller	Ruud
Benson	Eichorn	Johnson	Nelson	Tomassoni
Chamberlain	Gazelka	Kiffmeyer	Newman	Utke
Coleman	Goggin	Koran	Osmek	Weber
Dahms	Housley	Lang	Pratt	Westrom
Dornink	Howe	Limmer	Rarick	

Pursuant to Rule 40, Senator Lang cast the negative vote on behalf of the following Senators: Goggin, Jasinski, Johnson, Rosen, and Tomassoni.

The motion did not prevail. So the amendment to the amendment was not adopted.

Senator Dzedzic moved to amend the first Murphy amendment to S.F. No. 3692 as follows:

Page 1, after line 15, insert:

"Page 25, after line 2, insert:

"Sec. 7. Minnesota Statutes 2021 Supplement, section 290.0682, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax due under this chapter.

(b) The credit for an eligible individual equals the least of:

(1) eligible loan payments minus ten percent of an amount equal to adjusted gross income in excess of ~~\$10,000~~ \$100,000, but in no case less than zero;

(2) the earned income for the taxable year of the eligible individual, if any;

(3) the sum of:

(i) the interest portion of eligible loan payments made during the taxable year; and

(ii) ten percent of the original loan amount of all qualified education loans of the eligible individual; or

(4) ~~\$500~~ \$5,000.

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

(d) In the case of a married couple, each spouse is eligible for the credit in this section. For the purposes of paragraph (b), for married taxpayers filing joint returns, each spouse's adjusted gross income equals the spouse's percentage share of the couple's earned income, multiplied by the couple's combined adjusted gross income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2021."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly"

The question was taken on the adoption of the Dzedzic amendment to the first Murphy amendment.

The roll was called, and there were yeas 32 and nays 34, as follows:

Those who voted in the affirmative were:

Abeler
Bigham

Carlson
Champion

Clausen
Cwodzinski

Dibble
Dzedzic

Eaton
Eken

Fateh	Johnson Stewart	Limmer	Newton	Wiger
Frentz	Kent	López Franzen	Port	Wiklund
Hawj	Klein	Marty	Putnam	
Hoffman	Kunesh	McEwen	Rest	
Isaacson	Latz	Murphy	Torres Ray	

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Eaton, Eken, and Fateh.

Those who voted in the negative were:

Anderson	Draheim	Ingebrigtsen	Miller	Ruud
Bakk	Duckworth	Jasinski	Nelson	Senjem
Benson	Eichorn	Johnson	Newman	Tomassoni
Chamberlain	Gazelka	Kiffmeyer	Osmek	Utke
Coleman	Goggin	Koran	Pratt	Weber
Dahms	Housley	Lang	Rarick	Westrom
Dornink	Howe	Mathews	Rosen	

Pursuant to Rule 40, Senator Lang cast the negative vote on behalf of the following Senators: Goggin, Jasinski, Johnson, Rosen, and Tomassoni.

The motion did not prevail. So the amendment to the amendment was not adopted.

Senator Murphy withdrew her first amendment.

Senator Frentz moved to amend S.F. No. 3692 as follows:

Page 22, lines 30 and 31, delete "\$284,810" and insert "\$232,470"

Page 23, lines 8 and 9, delete "\$171,220" and insert "\$135,430"

Page 23, lines 15 and 16, delete "\$227,600" and insert "\$183,530"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Bigham	Dziedzic	Isaacson	López Franzen	Putnam
Carlson	Eaton	Johnson Stewart	Marty	Rest
Champion	Eken	Kent	McEwen	Torres Ray
Clausen	Fateh	Klein	Murphy	Wiger
Cwodzinski	Frentz	Kunesh	Newton	Wiklund
Dibble	Hawj	Latz	Port	

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senators: Eaton, Eken, and Fateh.

Those who voted in the negative were:

Abeler	Dahms	Goggin	Johnson	Miller
Anderson	Dornink	Hoffman	Kiffmeyer	Nelson
Bakk	Draheim	Housley	Koran	Newman
Benson	Duckworth	Howe	Lang	Osmek
Chamberlain	Eichorn	Ingebrigtsen	Limmer	Pratt
Coleman	Gazelka	Jasinski	Mathews	Rarick

Rosen	Senjem	Utke	Westrom
Ruud	Tomassoni	Weber	

Pursuant to Rule 40, Senator Lang cast the negative vote on behalf of the following Senators: Goggin, Jasinski, Johnson, Rosen, and Tomassoni.

The motion did not prevail. So the amendment was not adopted.

S.F. No. 3692 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 42 and nays 24, as follows:

Those who voted in the affirmative were:

Abeler	Draheim	Ingebrigtsen	Nelson	Ruud
Anderson	Duckworth	Jasinski	Newman	Senjem
Bakk	Eichorn	Johnson	Newton	Tomassoni
Benson	Eken	Kiffmeyer	Osmek	Utke
Bigham	Gazelka	Koran	Pratt	Weber
Chamberlain	Goggin	Lang	Putnam	Westrom
Coleman	Hoffman	Limmer	Rarick	
Dahms	Housley	Mathews	Rest	
Dornink	Howe	Miller	Rosen	

Pursuant to Rule 40, Senator Lang cast the affirmative vote on behalf of the following Senators: Goggin, Johnson, Kiffmeyer, Rosen, and Tomassoni.

Pursuant to Rule 40, Senator Hawj cast the affirmative vote on behalf of the following Senator: Eken.

Those who voted in the negative were:

Carlson	Dziedzic	Isaacson	Latz	Port
Champion	Eaton	Johnson Stewart	López Franzen	Torres Ray
Clausen	Fateh	Kent	Marty	Wiger
Cwodzinski	Frentz	Klein	McEwen	Wicklund
Dibble	Hawj	Kunesh	Murphy	

Pursuant to Rule 40, Senator Hawj cast the negative vote on behalf of the following Senators: Eaton and Fateh.

So the bill passed and its title was agreed to.

Senator Nelson moved that S.F. No. 3692 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the adoption by the House of the following Senate Concurrent Resolution, herewith returned:

Senate Concurrent Resolution No. 16: A Senate concurrent resolution relating to adjournment for more than three days.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned April 7, 2022

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 3420:

H.F. No. 3420: A bill for an act relating to drought relief; modifying the disaster recovery loan program; increasing funding for agricultural drought relief loans; appropriating money for drought relief grants and other financial assistance for eligible farmers; providing financial assistance to municipalities, townships, and Tribal governments for increasing water efficiency in public water supplies; providing grants for planting shade trees and purchasing tree-watering equipment; providing financial assistance to replace drought-killed seedlings; appropriating money; amending Minnesota Statutes 2020, section 41B.047, subdivision 3.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Sundin; Vang; Hansen, R.; Ecklund and Anderson have been appointed as such committee on the part of the House.

House File No. 3420 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted April 7, 2022

Senator Westrom moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 3420, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

RECESS

Senator Miller moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Senator Miller from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 3420: Senators Westrom, Weber, Lang, Dahms, and Eken.

Senator Miller moved that the foregoing appointments be approved. The motion prevailed.

MEMBERS EXCUSED

Senator Pappas was excused from the Session of today.

ADJOURNMENT

Senator Miller moved that the Senate do now adjourn until 12:00 noon, Tuesday, April 19, 2022. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

