FIFTY-EIGHTH DAY

St. Paul, Minnesota, Thursday, May 16, 2013

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Melvin G. Miller.

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

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

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

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Madam President:

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

S.F. No. 693: A bill for an act relating to civil actions; providing for the survival or continuation of an action after the death or disability of a party; proposing coding for new law in Minnesota Statutes, chapter 540; repealing Minnesota Statutes 2012, section 573.01.

Senate File No. 693 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2013

Senator Bakk, for Senator Dziedzic, moved that S.F. No. 693 be laid on the table. The motion prevailed.

Madam President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 661: A bill for an act relating to campaign finance; providing for additional disclosure; making various changes to campaign finance and public disclosure law; expanding jurisdiction of Campaign Finance and Public Disclosure Board; expanding definition of public official; amending Minnesota Statutes 2012, sections 10A.01, subdivisions 10, 11, 16, 27, 28, 35, by adding subdivisions; 10A.02, subdivisions 9, 10, 11, 12, 15; 10A.025, subdivisions 2, 3, 4; 10A.04, subdivision 5; 10A.071, subdivision 3; 10A.105, subdivision 1; 10A.12, subdivisions 1, 1a, 2; 10A.121; 10A.14, subdivision 1, by adding a subdivision; 10A.15, subdivisions 1, 3; 10A.16; 10A.20, subdivisions 1, 2, 3, 4, 5, 6, 7, 12, by adding a subdivision; 10A.241; 10A.242, subdivision 1; 10A.25, subdivisions 2, 2a, 3, 3a; 10A.257, subdivision 1; 10A.27, subdivisions 1, 2, 9, 10, 11, 13, 14, 15; 10A.273, subdivisions 1, 4; 10A.30; 10A.31, subdivisions 1, 4, 7; 10A.315; 10A.321, subdivision 1; 10A.322, subdivision 4; 10A.323; 10A.324, subdivision 1; 211B.32, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 10A; repealing Minnesota Statutes 2012, sections 10A.24; 10A.242; 10A.25, subdivision 6.

There has been appointed as such committee on the part of the House:

Winkler; Dehn R., and Daudt.

Senate File No. 661 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2013

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 745, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 745: A bill for an act relating to state government; classifying or modifying certain provisions concerning data practices; requiring informed consent; amending definitions; allowing disclosure of certain data; allowing access to certain records; making technical changes; modifying certain provisions regarding transportation and health data; modifying certain provisions regarding criminal history records, criminal background checks, and other criminal justice data provisions; extending for six years the sunset provision for the newborn screening advisory committee;

providing for accreditation of forensic laboratories; repealing the McGruff safe house program; amending Minnesota Statutes 2012, sections 13.37, subdivision 1; 13.386, subdivision 3; 13.43, subdivisions 2, 14; 13.64, subdivision 2; 13.72, subdivision 10, by adding subdivisions; 144.966, subdivisions 2, 3, 4, by adding subdivisions; 171.07, subdivision 1a; 171.12, subdivision 7; 241.065, subdivision 4; 268.19, subdivision 1; 299C.11, subdivision 1; 299C.46, subdivisions 1, 2, 2a, 3; 299F.035, subdivisions 1, 2; 299F.77; 340A.301, subdivision 2; 340A.402; 611.272; 626.556, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 13; 144; 299C; repealing Minnesota Statutes 2012, section 299A.28.

Senate File No. 745 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2013

Madam President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 894:

H.F. No. 894: A bill for an act relating to elections; making policy, technical, and clarifying changes to various provisions related to election law, including provisions related to absentee voting, redistricting, ballots, registration, voting, caucuses, campaigns, the loss and restoration of voting rights, vacancies in nomination, county government structure, and election administration; providing an electronic roster pilot project and task force; requiring reports; appropriating money; amending Minnesota Statutes 2012, sections 5B.06; 13.851, subdivision 10; 103C.225, subdivision 3; 103C.305, subdivision 3; 103C.311, subdivision 2; 123A.48, subdivision 14; 201.054, subdivision 2, by adding a subdivision; 201.061, subdivision 3; 201.071, subdivision 2; 201.091, subdivision 8; 201.12, subdivision 3; 201.13, subdivision 1a; 201.14; 201.157; 201.275; 202A.14, subdivision 1; 203B.02, subdivision 1; 203B.04, subdivisions 1, 5; 203B.05, subdivision 1; 203B.06, subdivisions 1, 3; 203B.08, subdivision 3; 203B.081; 203B.121, subdivisions 1, 2, 3, 4, 5; 203B.227; 203B.28; 204B.04, by adding a subdivision; 204B.13, subdivisions 1, 2, 5, by adding subdivisions; 204B.18, subdivision 2; 204B.22, subdivision 1; 204B.28, subdivision 1; 204B.32, subdivision 1; 204B.33; 204B.35, subdivision 4; 204B.36, subdivision 1; 204B.45, subdivisions 1, 2; 204B.46; 204C.14; 204C.15, subdivision 1; 204C.19, subdivision 2; 204C.25; 204C.27; 204C.35, subdivision 1, by adding a subdivision; 204C.36, subdivision 1; 204D.08, subdivision 6; 204D.09, subdivision 2; 204D.11, subdivisions 1, 4, 5, 6; 204D.13, subdivision 3; 204D.14, subdivisions 1, 3; 204D.15, subdivision 3; 204D.16; 204D.165; 204D.19, subdivision 2, by adding a subdivision; 205.02, subdivision 2; 205.10, subdivision 3; 205.13, subdivision 1a; 205.16, subdivisions 4, 5; 205.17, subdivisions 1, 3; 205A.04, by adding a subdivision; 205A.05, subdivisions 1, 2; 205A.07, subdivisions 3, 3a, 3b; 205A.08, subdivision 1; 206.57, by adding a subdivision; 206.61, subdivision 4; 206.89, subdivision 2, by adding a subdivision; 206.895; 206.90, subdivision 6; 208.04, subdivisions 1, 2; 211B.045; 211B.37; 241.065, subdivision 2; 340A.416, subdivisions 2, 3; 340A.602; 375.20; 447.32, subdivisions 2, 3, 4; Laws 1963, chapter 276, section 2, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapters 2; 204B; 244; repealing Minnesota Statutes 2012, sections 2.484; 203B.04, subdivision 6; 204B.12, subdivision 2a; 204B.13, subdivisions 4, 6; 204B.22, subdivision 2; 204B.42; 204D.11, subdivisions 2, 3; 205.17, subdivisions 2, 4; 205A.08, subdivision 4.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Simon, Halverson and Sanders have been appointed as such committee on the part of the House.

House File No. 894 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2013

Senator Sieben moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 894, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Madam President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1183:

H.F. No. 1183: A bill for an act relating to state government; appropriating money from constitutionally dedicated legacy funds; modifying provisions of Lessard-Sams Outdoor Heritage Council; establishing certain land acquisition requirements; providing for agricultural water quality certification; modifying provisions for restoration evaluations; requiring use of certain standards for public water access sites; establishing Greater Minnesota Regional Parks and Trails Commission; modifying certain metropolitan area regional park provisions; extending previous appropriation; modifying Clean Water Legacy Act; prohibiting sale and use of coal tar sealant; modifying Mississippi River corridor critical area program; modifying certain grant eligibility; requiring issuance of city license; authorizing certain expenditures; requiring recapture of certain funds previously appropriated; providing for reimbursement of certain costs; requiring reports; amending Minnesota Statutes 2012, sections 3.9741, subdivision 3; 10A.01, subdivision 35; 85.53, subdivision 2; 97A.056, subdivisions 3, 10, 11, by adding subdivisions; 114D.15, by adding a subdivision; 114D.50, subdivisions 4, 6, by adding subdivisions; 116G.15, subdivisions 2, 3, 4, 7; 129D.17, subdivision 2; 129D.19, subdivisions 1, 2; Laws 2001, chapter 193, section 10; Laws 2010, chapter 361, article 3, section 7; proposing coding for new law in Minnesota Statutes, chapters 17; 85; 114D; 116; repealing Minnesota Statutes 2012, section 116.201.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Kahn, Lillie, Freiberg, Bly and Wills have been appointed as such committee on the part of the House.

House File No. 1183 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2013

Senator Cohen moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1183, 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.

REPORTS OF COMMITTEES

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

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

H.F. No. 157 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	**S.F. No.**	**H.F. No.**	**S.F. No.**	**H.F. No.**	**S.F. No.**
157	382				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 157 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 157, the sixth engrossment; and insert the language after the enacting clause of S.F. No. 382, the third engrossment; further, delete the title of H.F. No. 157, the sixth engrossment; and insert the title of S.F. No. 382, the third engrossment.

And when so amended H.F. No. 157 will be identical to S.F. No. 382, and further recommends that H.F. No. 157 be given its second reading and substituted for S.F. No. 382, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 664 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	**S.F. No.**	**H.F. No.**	**S.F. No.**	**H.F. No.**	**S.F. No.**
664	496				

and that the above Senate File be indefinitely postponed.

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

SECOND READING OF HOUSE BILLS

H.F. Nos. 157 and 664 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Hoffman introduced–

S.F. No. 1662: A bill for an act relating to insurance; requiring premium impact disclosure for homeowner's insurance; proposing coding for new law in Minnesota Statutes, chapter 65A.

Referred to the Committee on Commerce.

Senator Hoffman introduced–

S.F. No. 1663: A bill for an act relating to elections; preventing rejection of ballots that carry identifying marks; amending Minnesota Statutes 2012, section 204C.18, subdivision 2; repealing Minnesota Statutes 2012, section 204C.22, subdivision 13.

Referred to the Committee on Rules and Administration.

Senators Latz and Limmer introduced–

S.F. No. 1664: A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2012, section 15.985.

Referred to the Committee on Rules and Administration.

Senators Hoffman, Eaton, Nienow and Eken introduced–

S.F. No. 1665: A bill for an act relating to health; modifying the scope of practice for chiropractors; amending Minnesota Statutes 2012, sections 148.01, subdivision 1, by adding a subdivision; 148.105, subdivision 1; repealing Minnesota Statutes 2012, section 148.01, subdivision 3; Minnesota Rules, parts 2500.0100, subparts 3, 4b, 9b; 2500.4000.

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

Senators Nienow, Westrom, Anderson, Metzen and Marty introduced–

S.F. No. 1666: A resolution memorializing Congress to enact legislation that would reinstate the separation of commercial and investment banking functions in effect under the Glass-Steagall Act (Banking Act of 1933).

Referred to the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Senator Eken moved that the name of Senator Schmit be added as a co-author to S.F. No. 533. The motion prevailed.

RECESS

Senator Bakk moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 671 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 671

A bill for an act relating to public safety; providing that funds received for out-of-state offenders incarcerated in Minnesota are appropriated to the Department of Corrections; modifying certificates of compliance for public contracts; appropriating money for public safety, judiciary, corrections, and human rights; amending Minnesota Statutes 2012, sections 243.51, subdivisions 1, 3; 363A.36, subdivisions 1, 2; Laws 2011, First Special Session chapter 1, article 1, section 3, subdivision 3; repealing Minnesota Statutes 2012, section 243.51, subdivision 5.

May 15, 2013

The Honorable Sandra L. Pappas
President of the Senate

The Honorable Paul Thissen
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 671 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 671 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		2014		2015		Total
Special Revenue	$	17,932,000	$	16,932,000	$	34,864,000
State Government Special Revenue		59,241,000		63,742,000		122,983,000
Environment		69,000		69,000		138,000
Trunk Highway Fund		2,266,000		2,266,000		4,532,000
General Fund		955,672,000		974,870,000		1,930,542,000
Total	**$**	**1,035,180,000**	**$**	**1,057,879,000**	**$**	**2,093,059,000**

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015. Appropriations for the fiscal year ending June 30, 2013, are effective the day following final enactment.

		APPROPRIATIONS Available for the Year Ending June 30 2014		2015
Sec. 3. **SUPREME COURT**				
Subdivision 1. **Total Appropriation**	**$**	**44,548,000**	**$**	**45,191,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.				
Subd. 2. **Supreme Court Operations**		32,282,000		32,925,000

(a) **Contingent Account**

$5,000 each year is for a contingent account for expenses necessary for the normal operation of the court for which no other reimbursement is provided.

(b) **Employer Pension Fund Contribution**

$22,000 each year is for a two percent increase in the employer pension fund contribution rate to the judge retirement plan. These appropriations take effect only if legislation to increase the employer pension fund contribution rate by two percent is enacted into law by July 1, 2013. If the appropriations do not take effect, this appropriation cancels to the general fund.

Subd. 3. **Civil Legal Services**		12,266,000		12,266,000

Legal Services to Low-Income Clients in Family Law Matters

$877,000 each year is to improve the access of low-income clients to legal representation in family law matters. This appropriation must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services program described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available in the second year.

Sec. 4. **COURT OF APPEALS**	**$**	**10,641,000**	**$**	**11,035,000**

(a) **Employer Pension Fund Contribution**

$55,000 the first year and $57,000 the second year are for a two percent increase in the employer pension fund contribution rate to the judge retirement plan. These appropriations take effect only if legislation to increase the employer pension fund contribution rate by two percent is enacted into law by July 1, 2013. If the appropriations do not take effect, this appropriation cancels to the general fund.

(b) **General Fund Base**

The court of appeals general fund base shall be increased by $69,000 in fiscal year 2016 and $89,000 in fiscal year 2017.

Sec. 5. **DISTRICT COURTS**	**$**	**247,459,000**	**$**	**256,622,000**

(a) **Specialty Courts**

$875,000 each year is to develop, expand, and maintain specialty courts.

(b) **Employer Pension Fund Contribution**

$778,000 the first year and $809,000 the second year are for a two percent increase in the employer pension fund contribution rate to the judge retirement plan. These appropriations take effect only if legislation to increase the employer pension fund contribution rate by two percent is enacted into law by July 1, 2013. If the appropriations do not take effect, this appropriation cancels to the general fund.

Sec. 6. **GUARDIAN AD LITEM BOARD**	**$**	**12,414,000**	**$**	**12,756,000**
Sec. 7. **TAX COURT**	**$**	**1,023,000**	**$**	**1,035,000**

(a) **Additional Resources**

$161,000 each year is for two law clerks, continuing legal education costs, and Westlaw costs.

(b) **Case Management System**

$25,000 each year is for the implementation and maintenance of a modern case management system.

Sec. 8. **UNIFORM LAWS COMMISSION**	**$**	**147,000**	**$**	**84,000**

Back Dues

$63,000 the first year is to pay back dues owing to the National Conference of Commissioners on Uniform State Laws.

Sec. 9. **BOARD ON JUDICIAL STANDARDS**	**$**	**756,000**	**$**	**456,000**

(a) **Deficiencies**

$300,000 the first year is for deficiencies occurring in fiscal year 2013. This appropriation is available for expenditure the day following final enactment.

(b) **Major Disciplinary Actions**

$125,000 each year is for special investigative and hearing costs for major disciplinary actions undertaken by the board. This appropriation does not cancel. Any encumbered and unspent balances remain available for these expenditures in subsequent fiscal years.

Sec. 10. **BOARD OF PUBLIC DEFENSE**	**$**	**70,698,000**	**$**	**73,612,000**

(a) **Transcripts**

From this appropriation, the board shall pay all outstanding billings as of June 30, 2013, for transcripts.

(b) **Report to the Legislature**

By January 15, 2014, and by January 15, 2015, the board shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over criminal justice and judiciary finance on how this appropriation was spent, including information on new attorney and staff hires, salary and benefit increases, caseload reductions, technology improvements, and transcript costs and billings.

Sec. 11. **SENTENCING GUIDELINES**	**$**	**886,000**	**$**	**586,000**

Electronic Sentencing Worksheet

$300,000 the first year is for a transfer to the Office of Enterprise Technology for an electronic sentencing worksheet system. This appropriation is available until expended. Any ongoing information technology support or costs for this application shall be incorporated into the service-level agreement and shall be paid to the Office of Enterprise Technology.

Sec. 12. **PUBLIC SAFETY**

Subdivision 1. **Total Appropriation**	**$**	**157,851,000**	**$**	**161,191,000**

Appropriations by Fund

	2014	2015
General	82,213,000	82,772,000
Special Revenue	14,062,000	13,062,000

State Government Special Revenue	59,241,000	63,742,000
Environmental	69,000	69,000
Trunk Highway	2,266,000	2,266,000

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

Subd. 2. **Emergency Management** 2,979,000 2,929,000

Appropriations by Fund		
General	2,306,000	2,256,000
Special Revenue	604,000	604,000
Environmental	69,000	69,000

(a) **Hazmat and Chemical Assessment Teams**

$604,000 each year is from the fire safety account in the special revenue fund. These amounts must be used to fund the hazardous materials and chemical assessment teams.

(b) **School Safety**

$455,000 the first year and $405,000 the second year from the general fund are to reinstate the school safety center and to provide for school safety. The commissioner of public safety shall work collaboratively with the School Climate Council and the school climate center established under Minnesota Statutes, sections 121A.07 and 127A.052.

By January 15, 2014, and by January 15, 2015, the commissioner of public safety shall report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over criminal justice and judiciary funding on how this appropriation was spent. The report shall specify the results achieved by the school safety center and the level of cooperation achieved between the commissioner and the School Climate Council and school climate center.

Subd. 3. **Criminal Apprehension** 47,588,000 47,197,000

Appropriations by Fund		
General	42,315,000	42,924,000
Special Revenue	3,000,000	2,000,000
State Government Special Revenue	7,000	7,000
Trunk Highway	2,266,000	2,266,000

(a) **DWI Lab Analysis; Trunk Highway Fund**

Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, $1,941,000 each year is from the trunk highway fund for laboratory analysis related to driving-while-impaired cases.

(b) **Criminal History System**

$50,000 the first year and $580,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section 299A.705, subdivision 4, $3,000,000 the first year and $2,000,000 the second year from the vehicle services account in the special revenue fund are to replace the state criminal history system. This is a onetime appropriation and is available until expended. Of this amount, $2,980,000 the first year and $2,580,000 the second year are for a onetime transfer to the Office of Enterprise Technology for start-up costs. Service level agreements must document all project-related transfers under this paragraph. Ongoing operating and support costs for this system shall be identified and incorporated into future service level agreements.

The commissioner is authorized to use funds appropriated under this paragraph for the purposes specified in paragraph (c).

(c) **Criminal Reporting System**

$1,360,000 the first year and $1,360,000 the second year from the general fund are to replace the state's crime reporting system.

This is a onetime appropriation and is available until expended. Of these amounts, $1,360,000 the first year and $1,360,000 the second year are for a onetime transfer to the Office of Enterprise Technology for start-up costs. Service level agreements must document all project-related transfers under this paragraph. Ongoing operating and support costs for this system shall be identified and incorporated into future service level agreements.

The commissioner is authorized to use funds appropriated under this paragraph for the purposes specified in paragraph (b).

(d) **Forensic Laboratory**

$125,000 the first year and $125,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section 161.20, subdivision 3, $125,000 the first year and $125,000 the second year from the trunk highway fund are to replace forensic laboratory equipment at the Bureau of Criminal Apprehension.

$200,000 the first year and $200,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section 161.20, subdivision 3, $200,000 the first year and $200,000 the second year from the trunk highway fund are to improve forensic laboratory staffing at the Bureau of Criminal Apprehension.

(e) **Livescan Fingerprinting**

$310,000 the first year and $389,000 the second year from the general fund are to maintain Livescan fingerprinting machines. This is a onetime appropriation.

(f) **General Fund Base**

The Bureau of Criminal Apprehension's general fund base is reduced by $1,720,000 in fiscal year 2014 and $2,329,000 in fiscal year 2015 to reflect onetime appropriations.

(g) **Report**

If the vehicle services special revenue account accrues an unallocated balance in excess of 50 percent of the previous fiscal year's expenditures, the commissioner of public safety shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation and public safety policy and finance. The report must contain specific policy and legislative recommendations for reducing the fund balance and avoiding future excessive fund balances. The report is due within three months of the fund balance exceeding the threshold established in this paragraph.

Subd. 4. **Fire Marshal**	9,555,000	9,555,000

This appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012.

Of this amount: (1) $7,187,000 each year is for activities under Minnesota Statutes, section 299F.012; and (2) $2,368,000 the first year and $2,368,000 the second year are for transfers to the general fund under Minnesota Statutes, section 297I.06, subdivision 3.

Subd. 5. **Alcohol and Gambling Enforcement**	2,485,000	2,485,000

Appropriations by Fund

General	1,582,000	1,582,000
Special Revenue	903,000	903,000

$653,000 each year is from the alcohol enforcement account in the special revenue fund. Of this appropriation, $500,000 each year shall be transferred to the general fund.

$250,000 each year is appropriated from the lawful gambling regulation account in the special revenue fund.

Subd. 6. **Office of Justice Programs**	36,106,000	36,106,000

Appropriations by Fund		
General	36,010,000	36,010,000
State Government Special Revenue	96,000	96,000

(a) **OJP Administration Costs**

Up to 2.5 percent of the grant funds appropriated in this subdivision may be used by the commissioner to administer the grant program.

(b) **Crime Victim Programs**

$1,500,000 each year must be distributed through an open and competitive grant process for existing crime victim programs. The funds must be used to meet the needs of underserved and unserved areas and populations.

(c) **Community Offender Reentry Program**

$100,000 each year is for a grant to the community offender reentry program for assisting individuals to transition from incarceration to the communities in and around Duluth, including assistance in finding housing, employment, educational opportunities, counseling, and other resources. This is a onetime appropriation.

(d) **Youth Intervention Programs**

$1,000,000 each year is for youth intervention programs under Minnesota Statutes, section 299A.73. The appropriations must be used to create new programs statewide in underserved areas and to help existing programs serve unmet needs in program communities. These appropriations are available until expended. This amount must be added to the department's base budget for grants to youth intervention programs.

(e) **Sexually Exploited Youth; Law Enforcement and Prosecution Training**

$350,000 each year is for a grant to Ramsey County to be used by the Ramsey County Attorney's Office to:

(1) develop a statewide model protocol for law enforcement, prosecutors, and others, who in their professional capacity encounter sexually exploited and trafficked youth, on identifying and intervening with sexually exploited and trafficked youth;

(2) conduct statewide training for law enforcement and prosecutors on the model protocol and the Safe Harbor Law described in Laws 2011, First Special Session chapter 1, article 4, as modified by Senate File No. 384, article 2, if enacted; and

(3) develop and disseminate to law enforcement, prosecutors, and others, who in their professional capacity encounter sexually exploited and trafficked youth, on investigative best practices to identify sex trafficked victims and traffickers.

The Ramsey County attorney may use the money appropriated in this paragraph to partner with other entities to implement clauses (1) to (3).

By January 15, 2015, the Ramsey County Attorney's Office shall report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding on how this appropriation was spent.

These appropriations are onetime.

(f) **Returning Veterans in Crisis**

$50,000 each year is for a grant to the Upper Midwest Community Policing Institute for use in training community safety personnel about the use of de-escalation strategies for handling returning veterans in crisis. This is a onetime appropriation, and the unencumbered balance in the first year does not cancel but is available for the second year. The commissioner shall consult with the Peace Officers Standards and Training (POST) Board regarding the design and content of the course, and must also ensure that the training opportunities are reasonably distributed throughout the state.

(g) **Juvenile Detention Alternative Initiative**

$50,000 each year is for a grant to the Juvenile Detention Alternative Initiative. This is a onetime appropriation, and funds unexpended in the first year are available in the second year.

Subd. 7. **Emergency Communication Networks**	59,138,000	63,639,000

This appropriation is from the state government special revenue fund for 911 emergency telecommunications services.

(a) **Public Safety Answering Points**

$13,664,000 each year is to be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2.

(b) **Medical Resource Communication Centers**

$683,000 each year is for grants to the Minnesota Emergency Medical Services Regulatory Board for the Metro East and Metro West Medical Resource Communication Centers that were in operation before January 1, 2000.

(c) **ARMER Debt Service**

$23,261,000 each year is to the commissioner of management and budget to pay debt service on revenue bonds issued under Minnesota Statutes, section 403.275.

Any portion of this appropriation not needed to pay debt service in a fiscal year may be used by the commissioner of public safety to pay cash for any of the capital improvements for which bond proceeds were appropriated by Laws 2005, chapter 136, article 1, section

9, subdivision 8; or Laws 2007, chapter 54, article 1, section 10, subdivision 8.

(d) **ARMER State Backbone Operating Costs**

$9,250,000 the first year and $9,650,00 the second year are to the commissioner of transportation for costs of maintaining and operating the first and third phases of the statewide radio system backbone.

(e) **ARMER Improvements**

$1,000,000 each year is to the Statewide Radio Board for costs of design, construction, and maintenance of, and improvements to, those elements of the statewide public safety radio and communication system that support mutual aid communications and emergency medical services or provide interim enhancement of public safety communication interoperability in those areas of the state where the statewide public safety radio and communication system is not yet implemented.

Sec. 13. **PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD**	**$ 3,870,000**	**$ 3,870,000**

(a) **Excess Amounts Transferred**

This appropriation is from the peace officer training account in the special revenue fund. Any new receipts credited to that account in the first year in excess of $3,870,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of $3,870,000 must be transferred and credited to the general fund.

(b) **Peace Officer Training Reimbursements**

$2,734,000 each year is for reimbursements to local governments for peace officer training costs.

(c) **Training; Sexually Exploited and Trafficked Youth**

Of the appropriation in paragraph (b), $100,000 the first year is for reimbursements to local governments for peace officer training costs on sexually exploited and trafficked youth, including effectively identifying sex trafficked victims and traffickers, investigation techniques, and assisting sexually exploited youth.

Reimbursement shall be provided on a flat fee basis of $100 per diem per officer.

Sec. 14. **PRIVATE DETECTIVE BOARD**	**$**	**120,000**	**$**	**120,000**
Sec. 15. **HUMAN RIGHTS**	**$**	**3,297,000**	**$**	**3,297,000**

Increased Compliance

$129,000 each year is for two additional contract compliance officers.

Sec. 16. **DEPARTMENT OF CORRECTIONS**

Subdivision 1. **Total Appropriation**	**$**	**481,470,000**	**$**	**487,304,000**

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

Subd. 2. **Correctional Institutions**	345,048,000	350,087,000

(a) **Program Base**

The general fund base for correctional institutions shall be $352,372,000 in fiscal year 2016 and $354,982,000 in fiscal year 2017.

(b) **Medical Release Planners**

$68,000 the first year and $136,000 the second year are for two medical release planners.

(c) **MINNCOR**

Notwithstanding Minnesota Statutes, section 241.27, the commissioner of management and budget shall transfer $1,300,000 each year from the Minnesota correctional industries revolving fund to the general fund. This is a onetime transfer.

(d) **Treatment Beds**

$1,500,000 each year is to fund additional sex offender and chemical dependency treatment beds and shall not be used for any other purpose. The commissioner shall report to the legislature on how this appropriation was spent.

Subd. 3. **Community Services**	114,178,000	114,704,000

(a) **Probation Supervision, CCA System**

$1,025,000 the first year and $1,025,000 the second year are added to the Community Corrections Act subsidy, as described in Minnesota Statutes, section 401.14.

(b) **Probation Supervision, CPO System**

$200,000 each year is for county probation officers reimbursement, as described in Minnesota Statutes, section 244.19, subdivision 6.

Subd. 4. **Operations Support**	22,244,000	22,513,000

ARTICLE 2

GUARDIANS AND CONSERVATORS

Section 1. Minnesota Statutes 2012, section 245C.32, subdivision 2, is amended to read:

Subd. 2. **Use.** (a) The commissioner may also use these systems and records to obtain and provide criminal history data from the Bureau of Criminal Apprehension, criminal history data held by the commissioner, and data about substantiated maltreatment under section 626.556 or 626.557, for other purposes, provided that:

(1) the background study is specifically authorized in statute; or

(2) the request is made with the informed consent of the subject of the study as provided in section 13.05, subdivision 4.

(b) An individual making a request under paragraph (a), clause (2), must agree in writing not to disclose the data to any other individual without the consent of the subject of the data.

(c) The commissioner may recover the cost of obtaining and providing background study data by charging the individual or entity requesting the study a fee of no more than $20 per study. The fees collected under this paragraph are appropriated to the commissioner for the purpose of conducting background studies.

(d) The commissioner shall recover the cost of obtaining background study data required under section 524.5-118 through a fee of $50 per study for an individual who has not lived outside

Minnesota for the past ten years, and a fee of $100 for an individual who has resided outside of Minnesota for any period during the ten years preceding the background study. The commissioner shall recover, from the individual, any additional fees charged by other states' licensing agencies that are associated with these data requests. Fees under subdivision 3 also apply when criminal history data from the National Criminal Records Repository is required.

Sec. 2. Minnesota Statutes 2012, section 524.5-118, subdivision 1, is amended to read:

Subdivision 1. **When required; exception.** (a) The court shall require a background study under this section:

(1) before the appointment of a guardian or conservator, unless a background study has been done on the person under this section within the previous ~~five~~ two years; and

(2) once every ~~five~~ two years after the appointment, if the person continues to serve as a guardian or conservator.

(b) The background study must include:

(1) criminal history data from the Bureau of Criminal Apprehension, other criminal history data held by the commissioner of human services, and data regarding whether the person has been a perpetrator of substantiated maltreatment of a vulnerable adult ~~and a~~ or minor~~.~~;

~~(c) The court shall request a search of the~~ (2) criminal history data from the National Criminal Records Repository if the proposed guardian or conservator has not resided in Minnesota for the previous ~~five~~ ten years or if the Bureau of Criminal Apprehension information received from the commissioner of human services under subdivision 2, paragraph (b), indicates that the subject is a multistate offender or that the individual's multistate offender status is undetermined~~.~~; and

(3) state licensing agency data if a search of the database or databases of the agencies listed in subdivision 2a shows that the proposed guardian or conservator has ever held a professional license directly related to the responsibilities of a professional fiduciary from an agency listed in subdivision 2a that was conditioned, suspended, revoked, or canceled.

~~(d)~~ (c) If the guardian or conservator is not an individual, the background study must be done on all individuals currently employed by the proposed guardian or conservator who will be responsible for exercising powers and duties under the guardianship or conservatorship.

~~(e)~~ (d) If the court determines that it would be in the best interests of the ward or protected person to appoint a guardian or conservator before the background study can be completed, the court may make the appointment pending the results of the study, however, the background study must then be completed as soon as reasonably possible after appointment, no later than 30 days after appointment.

~~(f)~~ (e) The fee for conducting a background study for appointment of a professional guardian or conservator must be paid by the guardian or conservator. In other cases, the fee must be paid as follows:

(1) if the matter is proceeding in forma pauperis, the fee is an expense for purposes of section 524.5-502, paragraph (a);

(2) if there is an estate of the ward or protected person, the fee must be paid from the estate; or

(3) in the case of a guardianship or conservatorship of the person that is not proceeding in forma pauperis, the court may order that the fee be paid by the guardian or conservator or by the court.

~~(g)~~ (f) The requirements of this subdivision do not apply if the guardian or conservator is:

(1) a state agency or county;

(2) a parent or guardian of a proposed ward or protected person who has a developmental disability, if the parent or guardian has raised the proposed ward or protected person in the family home until the time the petition is filed, unless counsel appointed for the proposed ward or protected person under section 524.5-205, paragraph (d); 524.5-304, paragraph (b); 524.5-405, paragraph (a); or 524.5-406, paragraph (b), recommends a background study; or

(3) a bank with trust powers, bank and trust company, or trust company, organized under the laws of any state or of the United States and which is regulated by the commissioner of commerce or a federal regulator.

Sec. 3. Minnesota Statutes 2012, section 524.5-118, is amended by adding a subdivision to read:

Subd. 2a. **Procedure; state licensing agency data.** (a) The court shall request the commissioner of human services to provide the court within 25 working days of receipt of the request with licensing agency data for licenses directly related to the responsibilities of a professional fiduciary from the following agencies in Minnesota:

(1) Lawyers Responsibility Board;

(2) State Board of Accountancy;

(3) Board of Social Work;

(4) Board of Psychology;

(5) Board of Nursing;

(6) Board of Medical Practice;

(7) Department of Education;

(8) Department of Commerce;

(9) Board of Chiropractic Examiners;

(10) Board of Dentistry;

(11) Board of Marriage and Family Therapy;

(12) Department of Human Services; and

(13) Peace Officer Standards and Training (POST) Board.

(b) The commissioner shall enter into agreements with these agencies to provide for electronic access to the relevant licensing data by the commissioner.

(c) The commissioner shall provide to the court the electronically available data maintained in the agency's database, including whether the proposed guardian or conservator is or has been licensed by the agency, and if the licensing agency database indicates a disciplinary action or a sanction against the individual's license, including a condition, suspension, revocation, or cancellation.

(d) If the proposed guardian or conservator has resided in a state other than Minnesota in the previous ten years, licensing agency data under this section shall also include the licensing agency data from any other state where the proposed guardian or conservator reported to have resided during the previous ten years. If the proposed guardian or conservator has or has had a professional license in another state that is directly related to the responsibilities of a professional fiduciary from one of the agencies listed under paragraph (a), state licensing agency data shall also include data from the relevant licensing agency of that state.

(e) The commissioner is not required to repeat a search for Minnesota or out-of-state licensing data on an individual if the commissioner has provided this information to the court within the prior two years.

(f) If an individual has continuously resided in Minnesota since a previous background study under this section was completed, the commissioner is not required to repeat a search for records in another state.

Sec. 4. Minnesota Statutes 2012, section 524.5-303, is amended to read:

524.5-303 JUDICIAL APPOINTMENT OF GUARDIAN: PETITION.

(a) An individual or a person interested in the individual's welfare may petition for a determination of incapacity, in whole or in part, and for the appointment of a limited or unlimited guardian for the individual.

(b) The petition must set forth the petitioner's name, residence, current address if different, relationship to the respondent, and interest in the appointment and, to the extent known, state or contain the following with respect to the respondent and the relief requested:

(1) the respondent's name, age, principal residence, current street address, and, if different, the address of the dwelling in which it is proposed that the respondent will reside if the appointment is made;

(2) the name and address of the respondent's:

(i) spouse, or if the respondent has none, an adult with whom the respondent has resided for more than six months before the filing of the petition; and

(ii) adult children or, if the respondent has none, the respondent's parents and adult brothers and sisters, or if the respondent has none, at least one of the adults nearest in kinship to the respondent who can be found;

(3) the name of the administrative head and address of the institution where the respondent is a patient, resident, or client of any hospital, nursing home, home care agency, or other institution;

(4) the name and address of any legal representative for the respondent;

(5) the name, address, and telephone number of any person nominated as guardian by the respondent in any manner permitted by law, including a health care agent nominated in a health care directive;

(6) the name, address, and telephone number of any proposed guardian and the reason why the proposed guardian should be selected;

(7) the name and address of any health care agent or proxy appointed pursuant to a health care directive as defined in section 145C.01, a living will under chapter 145B, or other similar document executed in another state and enforceable under the laws of this state;

(8) the reason why guardianship is necessary, including a brief description of the nature and extent of the respondent's alleged incapacity;

(9) if an unlimited guardianship is requested, the reason why limited guardianship is inappropriate and, if a limited guardianship is requested, the powers to be granted to the limited guardian; and

(10) a general statement of the respondent's property with an estimate of its value, including any insurance or pension, and the source and amount of any other anticipated income or receipts.

(c) The petition must also set forth the following information regarding the proposed guardian or any employee of the guardian responsible for exercising powers and duties under the guardianship:

(1) whether the proposed guardian has ever been removed for cause from serving as a guardian or conservator and, if so, the case number and court location; ~~and~~

(2) if the proposed guardian is a professional guardian or conservator, a summary of the proposed guardian's educational background and relevant work and other experience~~.~~;

(3) whether the proposed guardian has ever applied for or held, at any time, any professional license from an agency listed under section 524.5-118, subdivision 2a, and if so, the name of the licensing agency, and as applicable, the license number and status; whether the license is active or has been denied, conditioned, suspended, revoked, or canceled; and the basis for the denial, condition, suspension, revocation, or cancellation of the license;

(4) whether the proposed guardian has ever been found civilly liable in an action that involved fraud, misrepresentation, material omission, misappropriation, theft, or conversion, and if so, the case number and court location;

(5) whether the proposed guardian has ever filed for or received protection under the bankruptcy laws, and if so, the case number and court location;

(6) whether the proposed guardian has any outstanding civil monetary judgments against the proposed guardian, and if so, the case number, court location, and outstanding amount owed;

(7) whether an order for protection or harassment restraining order has ever been issued against the proposed guardian, and if so, the case number and court location; and

(8) whether the proposed guardian has ever been convicted of a crime other than a petty misdemeanor or traffic offense, and if so, the case number and the crime of which the guardian was convicted.

Sec. 5. Minnesota Statutes 2012, section 524.5-316, is amended to read:

524.5-316 REPORTS; MONITORING OF GUARDIANSHIP; COURT ORDERS.

(a) A guardian shall report to the court in writing on the condition of the ward at least annually and whenever ordered by the court. A copy of the report must be provided to the ward and to interested persons of record with the court. A report must state or contain:

(1) the current mental, physical, and social condition of the ward;

(2) the living arrangements for all addresses of the ward during the reporting period;

(3) any restrictions placed on the ward's right to communication and visitation with persons of the ward's choice and the factual bases for those restrictions;

(4) the medical, educational, vocational, and other services provided to the ward and the guardian's opinion as to the adequacy of the ward's care;

(5) a recommendation as to the need for continued guardianship and any recommended changes in the scope of the guardianship;

(6) an address and telephone number where the guardian can be contacted; and

~~(7) whether the guardian has ever been removed for cause from serving as a guardian or conservator and, if so, the case number and court location;~~

~~(8) any changes occurring that would affect the accuracy of information contained in the most recent criminal background study of the guardian conducted under section 524.5-118; and~~

~~(9)~~ (7) if applicable, the amount of reimbursement for services rendered to the ward that the guardian received during the previous year that were not reimbursed by county contract.

(b) A guardian shall report to the court in writing within 30 days of the occurrence of any of the events listed in this paragraph. The guardian must report any of the occurrences in this paragraph and follow the same reporting requirements in this paragraph for any employee of the guardian responsible for exercising powers and duties under the guardianship. A copy of the report must be provided to the ward and to interested persons of record with the court. A guardian shall report when:

(1) the guardian is removed for cause from serving as a guardian or conservator, and if so, the case number and court location;

(2) the guardian has a professional license from an agency listed under section 524.5-118, subdivision 2a, denied, conditioned, suspended, revoked, or canceled, and if so, the licensing agency and license number, and the basis for denial, condition, suspension, revocation, or cancellation of the license;

(3) the guardian is found civilly liable in an action that involves fraud, misrepresentation, material omission, misappropriation, theft, or conversion, and if so, the case number and court location;

(4) the guardian files for or receives protection under the bankruptcy laws, and if so, the case number and court location;

(5) a civil monetary judgment is entered against the guardian, and if so, the case number, court location, and outstanding amount owed;

(6) the guardian is convicted of a crime other than a petty misdemeanor or traffic offense, and if so, the case number and court location; or

(7) an order for protection or harassment restraining order is issued against the guardian, and if so, the case number and court location.

~~(b)~~ (c) A ward or interested person of record with the court may submit to the court a written statement disputing statements or conclusions regarding the condition of the ward or addressing any disciplinary or legal action that ~~are~~ is contained in the ~~report~~ guardian's reports and may petition the court for an order that is in the best interests of the ward or for other appropriate relief.

~~(c)~~ (d) An interested person may notify the court in writing that the interested person does not wish to receive copies of reports required under this section.

~~(d)~~ (e) The court may appoint a visitor to review a report, interview the ward or guardian, and make any other investigation the court directs.

~~(e)~~ (f) The court shall establish a system for monitoring guardianships, including the filing and review of annual reports. If an annual report is not filed within 60 days of the required date, the court shall issue an order to show cause.

(g) If a guardian fails to comply with this section, the court may decline to appoint that person as a guardian or conservator, or may remove a person as guardian or conservator.

Sec. 6. Minnesota Statutes 2012, section 524.5-403, is amended to read:

524.5-403 ORIGINAL PETITION FOR APPOINTMENT OR PROTECTIVE ORDER.

(a) The following may petition for the appointment of a conservator or for any other appropriate protective order:

(1) the person to be protected;

(2) an individual interested in the estate, affairs, or welfare of the person to be protected; or

(3) a person who would be adversely affected by lack of effective management of the property and business affairs of the person to be protected.

(b) The petition must set forth the petitioner's name, residence, current address if different, relationship to the respondent, and interest in the appointment or other protective order, and, to the extent known, state or contain the following with respect to the respondent and the relief requested:

(1) the respondent's name, age, principal residence, current street address, and, if different, the address of the dwelling where it is proposed that the respondent will reside if the appointment is made;

(2) if the petition alleges impairment in the respondent's ability to receive and evaluate information, a brief description of the nature and extent of the respondent's alleged impairment;

(3) if the petition alleges that the respondent is missing, detained, or unable to return to the United States, a statement of the relevant circumstances, including the time and nature of the disappearance or detention and a description of any search or inquiry concerning the respondent's whereabouts;

(4) the name and address of the respondent's:

(i) spouse, or if the respondent has none, an adult with whom the respondent has resided for more than six months before the filing of the petition; and

(ii) adult children or, if the respondent has none, the respondent's parents and adult brothers and sisters or, if the respondent has none, at least one of the adults nearest in kinship to the respondent who can be found;

(5) the name of the administrative head and address of the institution where the respondent is a patient, resident, or client of any hospital, nursing home, home care agency, or other institution;

(6) the name and address of any legal representative for the respondent;

(7) the name and address of any health care agent or proxy appointed pursuant to a health care directive as defined in section 145C.01, a living will under chapter 145B, or other similar document executed in another state and enforceable under the laws of this state;

(8) a general statement of the respondent's property with an estimate of its value, including any insurance or pension, and the source and amount of other anticipated income or receipts; and

(9) the reason why a conservatorship or other protective order is in the best interest of the respondent.

(c) If a conservatorship is requested, the petition must also set forth to the extent known:

(1) the name, address, and telephone number of any proposed conservator and the reason why the proposed conservator should be selected;

(2) the name, address, and telephone number of any person nominated as conservator by the respondent if the respondent has attained 14 years of age; and

(3) the type of conservatorship requested and, if an unlimited conservatorship, the reason why limited conservatorship is inappropriate or, if a limited conservatorship, the property to be placed under the conservator's control and any limitation on the conservator's powers and duties.

(d) The petition must also set forth the following information regarding the proposed conservator or any employee of the conservator responsible for exercising powers and duties under the conservatorship:

(1) whether the proposed conservator has ever been removed for cause from serving as a guardian or conservator and, if so, the case number and court location; ~~and~~

(2) if the proposed conservator is a professional guardian or conservator, a summary of the proposed conservator's educational background and relevant work and other experience~~.~~;

(3) whether the proposed conservator has ever applied for or held, at any time, any professional license from an agency listed under section 524.5-118, subdivision 2a, and if so, the name of the licensing agency, and as applicable, the license number and status; whether the license is active or has been denied, conditioned, suspended, revoked, or canceled; and the basis for the denial, condition, suspension, revocation, or cancellation of the license;

(4) whether the proposed conservator has ever been found civilly liable in an action that involved fraud, misrepresentation, material omission, misappropriation, theft, or conversion, and if so, the case number and court location;

(5) whether the proposed conservator has ever filed for or received protection under the bankruptcy laws, and if so, the case number and court location;

(6) whether the proposed conservator has any outstanding civil monetary judgments against the proposed conservator, and if so, the case number, court location, and outstanding amount owed;

(7) whether an order for protection or harassment restraining order has ever been issued against the proposed conservator, and if so, the case number and court location; and

(8) whether the proposed conservator has ever been convicted of a crime other than a petty misdemeanor or traffic offense, and if so, the case number and the crime of which the conservator was convicted.

Sec. 7. Minnesota Statutes 2012, section 524.5-420, is amended to read:

524.5-420 REPORTS; APPOINTMENT OF VISITOR; MONITORING; COURT ORDERS.

(a) A conservator shall report to the court for administration of the estate annually unless the court otherwise directs, upon resignation or removal, upon termination of the conservatorship, and at other times as the court directs. An order, after notice and hearing, allowing an intermediate report of a conservator adjudicates liabilities concerning the matters adequately disclosed in the accounting. An order, after notice and hearing, allowing a final report adjudicates all previously unsettled liabilities relating to the conservatorship.

(b) A report must state or contain a listing of the assets of the estate under the conservator's control and a listing of the receipts, disbursements, and distributions during the reporting period.

(c) The report must also state~~:~~

~~(1)~~ an address and telephone number where the conservator can be contacted~~;~~.

~~(2) whether the conservator has ever been removed for cause from serving as a guardian or conservator and, if so, the case number and court locations; and~~

~~(3) any changes occurring that would affect the accuracy of information contained in the most recent criminal background study of the conservator conducted under section 524.5-118.~~

(d) A conservator shall report to the court in writing within 30 days of the occurrence of any of the events listed in this paragraph. The conservator must report any of the occurrences in this paragraph and follow the same reporting requirements in this paragraph for any employee of the conservator responsible for exercising powers and duties under the conservatorship. A copy of the report must be provided to the protected person and to interested persons of record with the court. A conservator shall report when:

(1) the conservator is removed for cause from serving as a guardian or conservator, and if so, the case number and court location;

(2) the conservator has a professional license from an agency listed under section 524.5-118, subdivision 2a, denied, conditioned, suspended, revoked, or canceled, and if so, the licensing agency

and license number, and the basis for denial, condition, suspension, revocation, or cancellation of the license;

(3) the conservator is found civilly liable in an action that involves fraud, misrepresentation, material omission, misappropriation, theft, or conversion, and if so, the case number and court location;

(4) the conservator files for or receives protection under the bankruptcy laws, and if so, the case number and court location;

(5) a civil monetary judgment is entered against the conservator, and if so, the case number, court location, and outstanding amount owed;

(6) the conservator is convicted of a crime other than a petty misdemeanor or traffic offense, and if so, the case number and court location; or

(7) an order for protection or harassment restraining order is issued against the conservator, and if so, the case number and court location.

~~(d)~~ (e) A protected person or an interested person of record with the court may submit to the court a written statement disputing account statements regarding the administration of the estate or addressing any disciplinary or legal action that ~~are~~ is contained in the ~~report~~ reports and may petition the court for any order that is in the best interests of the protected person and the estate or for other appropriate relief.

~~(e)~~ (f) An interested person may notify the court in writing that the interested person does not wish to receive copies of reports required under this section.

~~(f)~~ (g) The court may appoint a visitor to review a report or plan, interview the protected person or conservator, and make any other investigation the court directs. In connection with a report, the court may order a conservator to submit the assets of the estate to an appropriate examination to be made in a manner the court directs.

~~(g)~~ (h) The court shall establish a system for monitoring of conservatorships, including the filing and review of conservators' reports and plans. If an annual report is not filed within 60 days of the required date, the court shall issue an order to show cause.

(i) If a conservator fails to comply with this section, the court may decline to appoint that person as a guardian or conservator, or may remove a person as guardian or conservator.

ARTICLE 3

JUDICIARY AND PUBLIC SAFETY

Section 1. Minnesota Statutes 2012, section 243.51, subdivision 1, is amended to read:

Subdivision 1. **Contracting with other states and federal government.** The commissioner of corrections is hereby authorized to contract with agencies and bureaus of the United States and with the proper officials of other states or a county of this state for the custody, care, subsistence, education, treatment and training of persons convicted of criminal offenses constituting felonies in the courts of this state, the United States, or other states of the United States. ~~Such~~ The contracts shall provide for reimbursing the state of Minnesota for all costs or other expenses involved, and, to the extent possible, require payment to the Department of Corrections of a per diem amount that is substantially equal to or greater than the per diem for the cost of housing Minnesota inmates at the same facility. This per diem cost shall be based on the assumption that the facility is at or near capacity. Funds received under the contracts shall be deposited in the state treasury and are appropriated to the commissioner of corrections for correctional purposes. Any prisoner transferred to the state of Minnesota pursuant to this subdivision shall be subject to the terms and conditions of the prisoner's original sentence as if the prisoner were serving the same within the confines of the state in which the conviction and sentence was had or in the custody of the United States. Nothing herein shall deprive ~~such~~ the inmate of the right to parole or the rights to legal process in the courts of this state.

Sec. 2. Minnesota Statutes 2012, section 243.51, subdivision 3, is amended to read:

Subd. 3. **Temporary detention.** The commissioner of corrections is authorized to contract with agencies and bureaus of the United States and with the appropriate officials of any other state or county of this state for the temporary detention of any person in custody pursuant to any process issued under the authority of the United States, other states of the United States, or the district courts of this state. The contract shall provide for reimbursement to the state of Minnesota for all costs and expenses involved, and, to the extent possible, require payment to the Department of Corrections of a per diem amount that is substantially equal to or greater than the per diem for the cost of housing Minnesota inmates at the same facility. This per diem cost shall be based on the assumption that the facility is at or near capacity. Funds received under the contracts shall be deposited in the state treasury and are appropriated to the commissioner of corrections for correctional purposes.

Sec. 3. **[244.0551] CONDITIONAL RELEASE OF NONVIOLENT CONTROLLED SUBSTANCE OFFENDERS; TREATMENT.**

Subdivision 1. **Conditional release authority.** The commissioner of corrections has the authority to release offenders committed to the commissioner's custody who meet the requirements of this section and of any rules adopted by the commissioner.

Subd. 2. **Conditional release of certain nonviolent controlled substance offenders.** An offender who has been committed to the commissioner's custody may petition the commissioner for conditional release from prison before the offender's scheduled supervised release date or target release date if:

(1) the offender is serving a sentence for violating section 152.021, subdivision 2 or 2a; 152.022, subdivision 2; 152.023, subdivision 2; 152.024, subdivision 2; or 152.025, subdivision 2;

(2) the offender committed the crime as a result of a controlled substance addiction;

(3) the offender has served at least 36 months or one-half of the offender's term of imprisonment, whichever is less;

(4) the offender successfully completed a chemical dependency treatment program of the type described in this section while in prison;

(5) the offender has not previously been conditionally released under this section; and

(6) the offender has not within the past ten years been convicted or adjudicated delinquent for a violent crime as defined in section 609.1095 other than the current conviction for the controlled substance offense.

Subd. 3. **Offer of chemical dependency treatment.** The commissioner shall offer all offenders meeting the criteria described in subdivision 2, clauses (1), (2), (5), and (6), the opportunity to begin a suitable chemical dependency treatment program of the type described in this section within 160 days after the offender's term of imprisonment begins or as soon after 160 days as possible.

Subd. 4. **Chemical dependency treatment program components.** (a) The chemical dependency treatment program described in subdivisions 2 and 3 must:

(1) contain a highly structured daily schedule for the offender;

(2) contain individualized educational programs designed to improve the basic educational skills of the offender and to provide vocational training, if appropriate;

(3) contain programs designed to promote the offender's self-worth and the offender's acceptance of responsibility for the consequences of the offender's own decisions;

(4) be licensed by the Department of Human Services and designed to serve the inmate population; and

(5) require that each offender submit to a chemical use assessment and that the offender receive the appropriate level of treatment as indicated by the assessment.

(b) The commissioner shall expel from the chemical dependency treatment program any offender who:

(1) commits a material violation of or repeatedly fails to follow the rules of the program;

(2) commits any criminal offense while in the program; or

(3) presents any risk to other inmates based on the offender's behavior or attitude.

Subd. 5. **Additional requirements.** To be eligible for release under this section, an offender shall sign a written contract with the commissioner agreeing to comply with the requirements of this section and the conditions imposed by the commissioner. In addition to other items, the contract must specifically refer to the term of imprisonment extension in subdivision 6. In addition, the offender shall agree to submit to random drug and alcohol tests and electronic or home monitoring as determined by the commissioner or the offender's supervising agent. The commissioner may impose additional requirements on the offender that are necessary to carry out the goals of this section.

Subd. 6. **Extension of term of imprisonment for offenders who fail in treatment.** When an offender fails to successfully complete the chemical dependency treatment program under this section, the commissioner shall add the time that the offender was participating in the program to the offender's term of imprisonment. However, the offender's term of imprisonment may not be extended beyond the offender's executed sentence.

Subd. 7. **Release procedures.** The commissioner may deny conditional release to an offender under this section if the commissioner determines that the offender's release may reasonably pose a danger to the public or an individual. In making this determination, the commissioner shall follow the procedures in section 244.05, subdivision 5, and the rules adopted by the commissioner under that subdivision. The commissioner shall consider whether the offender was involved in criminal gang activity during the offender's prison term. The commissioner shall also consider the offender's custody classification and level of risk of violence and the availability of appropriate community supervision for the offender. Conditional release granted under this section continues until the offender's sentence expires, unless release is rescinded under subdivision 8. The commissioner may not grant conditional release unless a release plan is in place for the offender that addresses, at a minimum, plans for aftercare, community-based chemical dependency treatment, gaining employment, and securing housing.

Subd. 8. **Conditional release.** The conditions of release granted under this section are governed by the statutes and rules governing supervised release under this chapter, except that release may be rescinded without hearing by the commissioner if the commissioner determines that continuation of the conditional release poses a danger to the public or to an individual. If the commissioner rescinds an offender's conditional release, the offender shall be returned to prison and shall serve the remaining portion of the offender's sentence.

Subd. 9. **Offenders serving other sentences.** An offender who is serving both a sentence for an offense described in subdivision 2 and an offense not described in subdivision 2 is not eligible for release under this section unless the offender has completed the offender's full term of imprisonment for the other offense.

Subd. 10. **Notice.** Upon receiving an offender's petition for release under subdivision 2, the commissioner shall notify the prosecuting authority responsible for the offender's conviction and the sentencing court. The commissioner shall give the authority and court a reasonable opportunity to comment on the offender's potential release. If the authority or court elects to comment, the comments must specify the reasons for the authority or court's position.

EFFECTIVE DATE. This section is effective July 1, 2013, and applies to persons in prison on or after that date.

Sec. 4. Minnesota Statutes 2012, section 299A.705, is amended by adding a subdivision to read:

Subd. 4. **Prohibited expenditures.** The commissioner is prohibited from expending money from driver and vehicle services accounts created in the special revenue fund for any purpose that is not specifically authorized in this section or in the chapters specified in this section.

Sec. 5. Minnesota Statutes 2012, section 299A.73, subdivision 3, is amended to read:

Subd. 3. **Grant allocation formula.** Up to ~~one~~ five percent of the appropriations to the grants-in-aid to the youth intervention program may be used for a grant to the Minnesota Youth Intervention Programs Association for expenses in providing ~~collaborative~~ collaboration, program development, professional development training ~~and~~, technical assistance ~~to~~, tracking, and analyzing and reporting outcome data for the community-based grantees of the program. The Minnesota Youth Intervention Programs Association is not required to meet the match obligation under subdivision 2.

Sec. 6. Minnesota Statutes 2012, section 357.021, is amended by adding a subdivision to read:

Subd. 2b. **Court technology fund.** (a) In addition to any other filing fee under this chapter, the court administrator shall collect a $2 technology fee on filings made under subdivision 2, clauses (1) to (13). The court administrator shall transmit the fee monthly to the commissioner of management and budget for deposit in the court technology account in the special revenue fund.

(b) A court technology account is established as a special account in the state treasury and funds deposited in the account are appropriated to the Supreme Court for distribution of technology funds as provided in paragraph (d). Technology funds may be used for the following purposes:

acquisition, development, support, maintenance, and upgrades to computer systems, equipment and devices, network systems, electronic records, filings and payment systems, interactive video teleconferencing, and online services, to be used by the state courts and their justice partners.

(c) The Judicial Council may establish a board consisting of members from the judicial branch, prosecutors, public defenders, corrections, and civil legal services to distribute funds collected under paragraph (a). The Judicial Council may adopt policies and procedures for the operation of the board, including but not limited to policies and procedures governing membership terms, removal of members, and the filling of membership vacancies.

(d) Applications for the expenditure of technology funds shall be accepted from the judicial branch, county and city attorney offices, the Board of Public Defense, qualified legal services programs as defined under section 480.24, corrections agencies, and part-time public defender offices. The applications shall be reviewed by the Judicial Council and, if established, the board. In accordance with any recommendations from the board, the Judicial Council shall distribute the funds available for this expenditure to selected recipients.

(e) By January 15, 2015, and by January 15, 2017, the Judicial Council shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over judiciary finance providing an accounting on the amounts collected and expended in the previous biennium, including a list of fund recipients, the amounts awarded to each recipient, and the technology purpose funded.

(f) This subdivision expires June 30, 2018.

EFFECTIVE DATE. This section is effective July 1, 2013, and applies to filings made on or after that date.

Sec. 7. Minnesota Statutes 2012, section 363A.36, subdivision 1, is amended to read:

Subdivision 1. **Scope of application.** (a) For all contracts for goods and services in excess of $100,000, no department or agency of the state shall accept any bid or proposal for a contract or agreement from any business having more than 40 full-time employees within this state on a single working day during the previous 12 months, unless the commissioner is in receipt of the business' affirmative action plan for the employment of minority persons, women, and qualified disabled individuals. No department or agency of the state shall execute any such contract or agreement until the affirmative action plan has been approved by the commissioner. Receipt of a certificate of compliance issued by the commissioner shall signify that a firm or business has an affirmative action plan that has been approved by the commissioner. A certificate shall be valid for a period of ~~two~~ four years. A municipality as defined in section 466.01, subdivision 1, that receives state money for any reason is encouraged to prepare and implement an affirmative action plan for the employment of minority persons, women, and the qualified disabled and submit the plan to the commissioner.

(b) This paragraph applies to a contract for goods or services in excess of $100,000 to be entered into between a department or agency of the state and a business that is not subject to paragraph (a), but that has more than 40 full-time employees on a single working day during the previous 12 months in the state where the business has its primary place of business. A department or agency of the state may not execute a contract or agreement with a business covered by this paragraph unless the business has a certificate of compliance issued by the commissioner under paragraph (a) or the business certifies that it is in compliance with federal affirmative action requirements.

(c) This section does not apply to contracts entered into by the State Board of Investment for investment options under section 352.965, subdivision 4.

Sec. 8. Minnesota Statutes 2012, section 363A.36, subdivision 2, is amended to read:

Subd. 2. **Filing fee; account; appropriation.** The commissioner shall collect a ~~$75~~ $150 fee for each certificate of compliance issued by the commissioner or the commissioner's designated agent. The proceeds of the fee must be deposited in a human rights fee special revenue account. Money in the account is appropriated to the commissioner to fund the cost of issuing certificates and investigating grievances.

Sec. 9. Minnesota Statutes 2012, section 480A.02, subdivision 7, is amended to read:

Subd. 7. **Compensation; travel expenses.** (a) The salary of a judge of the Court of Appeals shall be as provided by section 15A.082. Except as provided in paragraph (b), travel expenses shall be paid by the state in the same manner and amount as provided for judges of the district court in section 484.54.

(b) For any judge of the Court of Appeals whose permanent place of residence is more than 50 miles from the judge's permanent chambers in St. Paul, in addition to travel expenses provided in paragraph (a), the judge shall be reimbursed for the following expenses during the judge's term of service on the Court of Appeals:

(1) housing expenses in an amount prescribed by judicial council policy, but not less than $1,000 per month; and

(2) mileage for travel from the judge's permanent place of residence to and from the judge's permanent chambers charged at the current United States Internal Revenue Service reimbursement rate.

Reimbursable expenses under this paragraph shall be paid by the state in the same manner as provided for judges of the district court in section 484.54, subdivision 3.

(c) Paragraph (b) expires June 30, 2019.

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

Sec. 10. Minnesota Statutes 2012, section 609.3455, is amended by adding a subdivision to read:

Subd. 10. **Presumptive executed sentence for repeat sex offenders.** Except as provided in subdivision 2, 3, 3a, or 4, if a person is convicted under sections 609.342 to 609.345 or 609.3453 within 15 years of a previous sex offense conviction, the court shall commit the defendant to the commissioner of corrections for not less than three years, nor more than the maximum sentence provided by law for the offense for which convicted, notwithstanding sections 242.19, 243.05, 609.11, 609.12, and 609.135. The court may stay the execution of the sentence imposed under this subdivision only if it finds that a professional assessment indicates the offender is accepted by and can respond to treatment at a long-term inpatient program exclusively treating sex offenders and approved by the commissioner of corrections. If the court stays the execution of a sentence, it shall include the following as conditions of probation:

(1) incarceration in a local jail or workhouse; and

(2) a requirement that the offender successfully complete the treatment program and aftercare as directed by the court.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to crimes committed on or after that date.

Sec. 11. Laws 2011, First Special Session chapter 1, article 1, section 3, subdivision 3, is amended to read:

Subd. 3. **Civil Legal Services**	11,016,000	11,016,000

~~(a)~~ **Legal Services to Low-Income Clients in Family Law Matters.** Of this appropriation, $877,000 each year is to improve the access of low-income clients to legal representation in family law matters. This appropriation must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services programs described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available in the second year.

~~(b) **Case Priorities.** For legal services funded by state funds, priority must be given to clients with civil matters within the jurisdiction of the state courts or agencies.~~

Sec. 12. **JUDICIAL SALARY INCREASE.**

(a) The salaries of Supreme Court justices, Court of Appeals judges, and district court judges are increased by three percent on July 1, 2013, and by three percent on July 1, 2014.

(b) In addition to the increases specified in paragraph (a), the salaries of Supreme Court justices, Court of Appeals judges, and district court judges are increased by one percent on July 1, 2013, if legislation to increase pension fund contribution rates by judges by one percent has been enacted into law by July 1, 2013. If the salary increases described in this paragraph do not take effect, the amount necessary to fund this portion of the salary increase is canceled to the general fund from the appropriations in article 1, sections 3 to 5.

Sec. 13. **INTERAGENCY AGREEMENT.**

The commissioner of corrections shall execute an interagency agreement with the commissioner of human services to pay the medical assistance cost attributable to medical assistance eligibility for inmates of public institutions admitted to hospitals on an inpatient basis. The amount that must be paid by the Department of Corrections shall include all state medical assistance costs, including administrative costs, attributable to inmates under state and county jurisdiction admitted to hospitals on an inpatient basis.

Sec. 14. **JUVENILE JUSTICE SYSTEM REPORT.**

(a) The following shall appoint representatives to discuss issues specified in paragraph (b) with representatives of the National Alliance on Mental Illness (NAMI) and others designated by NAMI: the commissioners of human services, corrections, and education; a district court judge designated by the Supreme Court; the Minnesota County Attorneys Association; the state public defender; the Indian Affairs Council; the Minnesota County Probation Officers Association; and the Minnesota Association of Community Corrections Act Counties.

(b) The issues to be discussed are:

(1) shared statewide outcome goals for children in the juvenile justice system and their families, such as academic success, successful transitions to adulthood, and lower recidivism rates;

(2) the continuum of service necessary to ensure quality care that meets the complex needs of children in the juvenile justice system and their families;

(3) strategies for early identification of and response to needs related to juvenile justice outcomes, including in the areas of trauma, mental and physical health, chemical dependency, traumatic brain injury, developmental disabilities, education, family needs, housing, employment, and any other areas identified by the work group;

(4) changes needed to ensure coordinated delivery of quality services to meet the individual needs of each child in the system, particularly in the areas of information-sharing, service shortages, and cost pressures;

(5) changes needed to ensure coordination between delinquency and CHIPS cases, schools, the children's mental health system, and any other relevant entities for children involved in multiple systems;

(6) changes to any rules and statutes that create barriers to achieving the shared outcomes agreed upon by the work group;

(7) an implementation plan to achieve integrated service delivery across systems and across the public, private, and nonprofit sectors;

(8) an implementation plan to accomplish the shared outcomes agreed upon by the work group; and

(9) financing mechanisms that include all possible revenue sources to maximize federal, state, and local funding and promote cost efficiencies and sustainability.

(c) The National Alliance on Mental Illness shall report to the legislature on results of discussions under this section by February 15, 2014, after consulting with the commissioners of human services, corrections, and education.

Sec. 15. **REPEALER.**

Minnesota Statutes 2012, section 243.51, subdivision 5, is repealed.

ARTICLE 4

DATA INTEGRATION PROJECT

Section 1. Minnesota Statutes 2012, section 241.301, is amended to read:

241.301 FINGERPRINTS OF INMATES, PAROLEES, AND PROBATIONERS FROM OTHER STATES.

The commissioner of corrections shall establish procedures so that whenever this state receives an inmate, parolee, or probationer from another state under sections 241.28 to 241.30 or 243.1605, fingerprints and thumbprints of the inmate, parolee, or probationer are obtained and forwarded ~~to the Bureau of Criminal Apprehension.~~ by electronic entry into a Bureau of Criminal Apprehension-managed searchable database within 24 hours of receipt. The bureau shall convert the fingerprints and thumbprints into an electronic format for entry into the searchable database within three business days of receipt if the data is not entered by the commissioner.

Sec. 2. Minnesota Statutes 2012, section 253B.24, is amended to read:

253B.24 TRANSMITTAL OF DATA TO NATIONAL INSTANT CRIMINAL BACKGROUND CHECK SYSTEM.

When a court:

(1) commits a person under this chapter as being mentally ill, developmentally disabled, mentally ill and dangerous, or chemically dependent;

(2) determines in a criminal case that a person is incompetent to stand trial or not guilty by reason of mental illness; or

(3) restores a person's ability to possess a firearm under section 609.165, subdivision 1d, or 624.713, subdivision 4,

the court shall ensure that this information is electronically transmitted ~~as soon as practicable~~ within three business days to the National Instant Criminal Background Check System.

Sec. 3. Minnesota Statutes 2012, section 299C.10, subdivision 1, is amended to read:

Subdivision 1. **Required fingerprinting.** (a) Sheriffs, peace officers, and community corrections agencies operating secure juvenile detention facilities shall take or cause to be taken immediately finger and thumb prints, photographs, distinctive physical mark identification data, information on any known aliases or street names, and other identification data requested or required by the superintendent of the bureau, of the following:

(1) persons arrested for, appearing in court on a charge of, or convicted of a felony, gross misdemeanor, or targeted misdemeanor;

(2) juveniles arrested for, appearing in court on a charge of, adjudicated delinquent for, or alleged to have committed felonies or gross misdemeanors as distinguished from those committed by adult offenders;

(3) adults and juveniles admitted to jails or detention facilities;

(4) persons reasonably believed by the arresting officer to be fugitives from justice;

(5) persons in whose possession, when arrested, are found concealed firearms or other dangerous weapons, burglar tools or outfits, high-power explosives, or articles, machines, or appliances usable for an unlawful purpose and reasonably believed by the arresting officer to be intended for such purposes;

(6) juveniles referred by a law enforcement agency to a diversion program for a felony or gross misdemeanor offense; and

(7) persons currently involved in the criminal justice process, on probation, on parole, or in custody for any offense whom the superintendent of the bureau identifies as being the subject of a court disposition record which cannot be linked to an arrest record, and whose fingerprints are necessary to reduce the number of suspense files, or to comply with the mandates of section 299C.111, relating to the reduction of the number of suspense files. This duty to obtain fingerprints for the offenses in suspense at the request of the bureau shall include the requirement that fingerprints be taken in post-arrest interviews, while making court appearances, while in custody, or while on any form of probation, diversion, or supervised release.

(b) Unless the superintendent of the bureau requires a shorter period, within 24 hours of taking the fingerprints and data, the fingerprint records and other identification data specified under paragraph (a) must be ~~forwarded to the bureau on such forms and in such~~ electronically entered into a bureau-managed searchable database in a manner as may be prescribed by the superintendent.

(c) Prosecutors, courts, and probation officers and their agents, employees, and subordinates shall attempt to ensure that the required identification data is taken on a person described in paragraph (a). Law enforcement may take fingerprints of an individual who is presently on probation.

(d) Finger and thumb prints must be obtained no later than:

(1) release from booking; or

(2) if not booked prior to acceptance of a plea of guilty or not guilty.

Prior to acceptance of a plea of guilty or not guilty, an individual's finger and thumb prints must be submitted to the Bureau of Criminal Apprehension for the offense. If finger and thumb prints have not been successfully received by the bureau, an individual may, upon order of the court, be taken into custody for no more than eight hours so that the taking of prints can be completed. Upon notice and motion of the prosecuting attorney, this time period may be extended upon a showing that additional time in custody is essential for the successful taking of prints.

(e) For purposes of this section, a targeted misdemeanor is a misdemeanor violation of section 169A.20 (driving while impaired), 518B.01 (order for protection violation), 609.224 (fifth-degree assault), 609.2242 (domestic assault), 609.746 (interference with privacy), 609.748 (harassment or restraining order violation), 617.23 (indecent exposure), or 629.75 (domestic abuse no contact order).

Sec. 4. Minnesota Statutes 2012, section 299C.10, subdivision 3, is amended to read:

Subd. 3. **Bureau duty.** The bureau must ~~enter~~ convert into an electronic format for entry in the criminal records system ~~finger and thumb prints~~ fingerprints, thumbprints, and other identification data within ~~five working days~~ three business days after they are received under this section if the fingerprints, thumbprints, and other identification data were not electronically entered by a criminal justice agency.

Sec. 5. Minnesota Statutes 2012, section 299C.11, subdivision 1, is amended to read:

Subdivision 1. **Identification data other than DNA.** (a) Each sheriff and chief of police shall furnish the bureau, upon such form as the superintendent shall prescribe, with such finger and thumb prints, photographs, distinctive physical mark identification data, information on known aliases and street names, and other identification data as may be requested or required by the superintendent of the bureau, which must be taken under the provisions of section 299C.10. In addition, sheriffs and chiefs of police shall furnish this identification data to the bureau for individuals found to have been convicted of a felony, gross misdemeanor, or targeted misdemeanor, within the ten years immediately preceding their arrest. When the bureau learns that an individual who is the subject of a background check has used, or is using, identifying information, including, but not limited to, name and date of birth, other than those listed on the criminal history, the bureau ~~may add~~ shall convert into an electronic format, if necessary, and enter into a bureau-managed searchable database the new identifying information ~~to the criminal history~~ when supported by fingerprints within three business days of learning the information if the information is not entered by a law enforcement agency.

(b) No petition under chapter 609A is required if the person has not been convicted of any felony or gross misdemeanor, either within or without the state, within the period of ten years immediately preceding the determination of all pending criminal actions or proceedings in favor of the arrested person, and either of the following occurred:

(1) all charges were dismissed prior to a determination of probable cause; or

(2) the prosecuting authority declined to file any charges and a grand jury did not return an indictment.

Where these conditions are met, the bureau or agency shall, upon demand, return to the arrested person finger and thumb prints, photographs, distinctive physical mark identification data, information on known aliases and street names, and other identification data, and all copies and duplicates of them.

(c) Except as otherwise provided in paragraph (b), upon the determination of all pending criminal actions or proceedings in favor of the arrested person, and the granting of the petition of the arrested person under chapter 609A, the bureau shall seal finger and thumb prints, photographs, distinctive physical mark identification data, information on known aliases and street names, and other identification data, and all copies and duplicates of them if the arrested person has not been convicted of any felony or gross misdemeanor, either within or without the state, within the period of ten years immediately preceding such determination.

Sec. 6. Minnesota Statutes 2012, section 299C.14, is amended to read:

299C.14 INFORMATION ON RELEASED PRISONER.

It shall be the duty of the officials having charge of the penal institutions of the state or the release of prisoners therefrom to furnish to the bureau, as the superintendent may require, finger and thumb prints, photographs, distinctive physical mark identification data, other identification data, modus operandi reports, and criminal records of prisoners heretofore, now, or hereafter confined in such penal institutions, together with the period of their service and the time, terms, and conditions of their discharge. This duty to furnish information includes, but is not limited to, requests for fingerprints as the superintendent of the bureau deems necessary to maintain and ensure the accuracy of the bureau's criminal history files, to reduce the number of suspense files, or to comply with the mandates of section 299C.111 relating to the reduction of the number of suspense files where a disposition record is received that cannot be linked to an arrest record. The officials shall electronically enter the information in a bureau-managed searchable database within 24 hours of a prisoner's date of release or discharge. The bureau shall convert the information into an electronic format and enter it into the searchable database within three business days of the date of receipt, if the information is not entered by the officials.

Sec. 7. Minnesota Statutes 2012, section 299C.17, is amended to read:

299C.17 REPORT BY COURT ADMINISTRATOR.

The superintendent shall ~~have power to~~ require the court administrator ~~of any county~~ of every court which sentences a defendant for a felony, gross misdemeanor, or targeted misdemeanor to ~~file with the department, at such time as the superintendent may designate,~~ electronically transmit within 24 hours of the disposition of the case a report, ~~upon such~~ in a form ~~as~~ prescribed by the superintendent ~~may prescribe, furnishing such~~ providing information ~~as the~~ required by the superintendent ~~may require~~ with regard to the prosecution and disposition of criminal cases. A copy of the report shall be kept on file in the office of the court administrator.

Sec. 8. Minnesota Statutes 2012, section 624.713, subdivision 3, is amended to read:

Subd. 3. **Notice.** (a) When a person is convicted of, or adjudicated delinquent or convicted as an extended jurisdiction juvenile for committing, a crime of violence as defined in section 624.712, subdivision 5, the court shall inform the defendant that the defendant is prohibited from possessing a pistol or semiautomatic military-style assault weapon for the remainder of the person's lifetime, and that it is a felony offense to violate this prohibition. The failure of the court to provide this information to a defendant does not affect the applicability of the pistol or semiautomatic military-style assault weapon possession prohibition or the felony penalty to that defendant.

(b) When a person, including a person under the jurisdiction of the juvenile court, is charged with committing a crime of violence and is placed in a pretrial diversion program by the court before disposition, the court shall inform the defendant that: (1) the defendant is prohibited from possessing a pistol or semiautomatic military-style assault weapon until the person has completed the diversion program and the charge of committing a crime of violence has been dismissed; (2) it is a gross misdemeanor offense to violate this prohibition; and (3) if the defendant violates this condition of participation in the diversion program, the charge of committing a crime of violence may be prosecuted. The failure of the court to provide this information to a defendant does not affect the applicability of the pistol or semiautomatic military-style assault weapon possession prohibition or the gross misdemeanor penalty to that defendant.

(c) A court shall notify a person subject to subdivision 1, clause (3), of the prohibitions described in that clause and those described in United States Code, title 18, sections 922(d)(4) and 922(g)(4).

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 9. Minnesota Statutes 2012, section 624.713, is amended by adding a subdivision to read:

Subd. 5. **Provision of firearms background check information.** (a) When a court places a person, including a person under the jurisdiction of the juvenile court, who is charged with committing a crime of violence into a pretrial diversion program before disposition, the court must ensure that information regarding the person's placement in that program and the ordered expiration date of that placement is transmitted as soon as practicable to the National Instant Criminal Background Check System. When a person successfully completes or discontinues the program, the prosecuting attorney must also report that fact within 24 hours of receipt to the National Instant Criminal Background Check System.

(b) The court must report the conviction and duration of the firearms disqualification imposed as soon as practicable to the National Instant Criminal Background Check System when a person is convicted of a gross misdemeanor that disqualifies the person from possessing firearms under the following sections:

(1) 518B.01, subdivision 14;

(2) 609.224, subdivision 3;

(3) 609.2242, subdivision 3;

(4) 609.749, subdivision 8;

(5) 624.713, subdivision 1, clause (11); or

(6) 629.715, subdivision 2.

(c) If the court reports a firearms disqualification based on a charge of violating an offense listed in paragraph (b), the court must provide notice of the disposition of the charge to the National Instant Criminal Background Check System within three business days.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 10. **PRIOR CIVIL COMMITMENTS AND FELONY CONVICTIONS.**

(a) By July 1, 2014, a court shall electronically enter into the National Instant Criminal Background Check System information on all persons civilly committed during the period from January 1, 1994, to September 28, 2010, that has not already been entered in the system. The information provided under this paragraph must include civil commitment orders and orders restoring firearms eligibility under Minnesota Statutes, section 624.713, subdivision 4.

(b) By September 1, 2013, courts and law enforcement agencies shall electronically enter into a Bureau of Criminal Apprehension-managed database information on all persons convicted in a Minnesota court of a felony during the years 2008 to 2012 that has not already been entered in a searchable database. The bureau shall convert into an electronic format and enter into the searchable database, within three business days of receipt of the data, all data received from a court or law enforcement agency that is not entered by the court or agency into a bureau-managed searchable database.

(c) The governor or commissioner of public safety may extend the time for entering information of prior civil commitments and felony convictions under paragraphs (a) and (b) for a period not to exceed 60 days for good cause shown.

Sec. 11. **CRIMINAL AND JUVENILE JUSTICE INFORMATION POLICY GROUP.**

The Criminal and Juvenile Justice Information Policy Group shall report to the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over criminal justice policy and funding by January 1, 2014, on the search capabilities of the Bureau of Criminal Apprehension-managed databases and recommend how the search capabilities of the databases may be improved with, among other proposals, an increase in the number of identification data for each person included in the databases. The group shall also report on the progress made on reducing the number of bureau suspense files and recommendations to facilitate the reduction of these files. The group, in consultation with the revisor of statutes, shall review existing law relating to the timely transmittal and entry of data and propose legislation for the 2014 legislative session that clarifies, conforms, implements, and resolves any conflicts with this act."

Delete the title and insert:

"A bill for an act relating to criminal justice; modifying certain provisions relating to public safety, courts, guardians and conservators, corrections, offenders, and data integration; requiring reports; providing for penalties; appropriating money for courts, Guardian Ad Litem Board, Uniform Laws Commission, Board on Judicial Standards, Board of Public Defense, sentencing guidelines, public safety, Peace Officer Standards and Training (POST) Board, Private Detective Board, human rights, and corrections; amending Minnesota Statutes 2012, sections 241.301; 243.51, subdivisions 1, 3; 245C.32, subdivision 2; 253B.24; 299A.705, by adding a subdivision; 299A.73, subdivision 3; 299C.10, subdivisions 1, 3; 299C.11, subdivision 1; 299C.14; 299C.17; 357.021, by adding a subdivision; 363A.36, subdivisions 1, 2; 480A.02, subdivision 7; 524.5-118, subdivision 1, by adding a subdivision; 524.5-303; 524.5-316; 524.5-403; 524.5-420; 609.3455, by adding a subdivision; 624.713, subdivision 3, by adding a subdivision; Laws 2011, First Special Session chapter 1, article 1, section 3, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 244; repealing Minnesota Statutes 2012, section 243.51, subdivision 5."

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

Senate Conferees: Ron Latz, D. Scott Dibble, Barb Goodwin, Kari Dziedzic, Warren Limmer

House Conferees: Michael Paymar, Debra Hilstrom, John Lesch, Carly Melin, Tony Cornish

Senator Latz moved that the foregoing recommendations and Conference Committee Report on S.F. No. 671 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 671 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Champion	Eaton	Hann	Johnson
Bakk	Clausen	Eken	Hawj	Kent
Benson	Cohen	Fischbach	Hayden	Kiffmeyer
Bonoff	Dahle	Franzen	Hoffman	Koenen
Brown	Dahms	Gazelka	Housley	Latz
Carlson	Dibble	Goodwin	Ingebrigtsen	Limmer
Chamberlain	Dziedzic	Hall	Jensen	Lourey

Marty	Ortman	Rosen	Sheran	Tomassoni
Metzen	Osmek	Ruud	Sieben	Weber
Miller	Pappas	Saxhaug	Skoe	Westrom
Nelson	Pederson, J.	Scalze	Sparks	Wiger
Newman	Reinert	Schmit	Stumpf	Wiklund
Nienow	Rest	Senjem	Thompson	

Those who voted in the negative were:

Petersen, B.

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

RECESS

Senator Bakk moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Senator Bakk 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. 1183: Senators Cohen, Saxhaug, Tomassoni, Sieben and Ingebrigtsen.

H.F. No. 894: Senators Sieben, Newman and Eken.

Senator Bakk moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 840 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 840

A bill for an act relating to employment; modifying use of personal sick leave benefits; amending Minnesota Statutes 2012, section 181.9413.

May 15, 2013

The Honorable Sandra L. Pappas
President of the Senate

The Honorable Paul Thissen
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 840 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 840 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 181.9413, is amended to read:

181.9413 SICK ~~OR INJURED CHILD CARE~~ LEAVE BENEFITS; CARE OF RELATIVES.

(a) An employee may use personal sick leave benefits provided by the employer for absences due to an illness of or injury to the employee's child, as defined in section 181.940, subdivision 4, adult child, spouse, sibling, parent, grandparent, or stepparent, for ~~such~~ reasonable periods of time as the employee's attendance ~~with the child~~ may be necessary, on the same terms upon which the employee is able to use sick leave benefits for the employee's own illness or injury. This section applies only to personal sick leave benefits payable to the employee from the employer's general assets.

(b) An employer may limit the use of personal sick leave benefits provided by the employer for absences due to an illness of or injury to the employee's adult child, spouse, sibling, parent, grandparent, or stepparent to no less than 160 hours in any 12-month period. This paragraph does not apply to absences due to the illness or injury of a child, as defined in section 181.940, subdivision 4.

(c) For purposes of this section, "personal sick leave benefits" means time accrued and available to an employee to be used as a result of absence from work due to personal illness or injury, but does not include short-term or long-term disability or other salary continuation benefits.

(d) For the purpose of this section, "child" includes a stepchild and a biological, adopted, and foster child.

(e) This section does not prevent an employer from providing greater sick leave benefits than are provided for under this section.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to sick leave used on or after that date.

Sec. 2. **REPORT.**

By August 1, 2014, the commissioner of management and budget shall analyze and report to the standing committees of the house of representatives and senate with jurisdiction over labor and workplace issues on the impact on the usage of sick leave by employees of the executive branch of the state as a result of the amendments in section 1."

Delete the title and insert:

"A bill for an act relating to employment; modifying use of personal sick leave benefits; requiring a report; amending Minnesota Statutes 2012, section 181.9413."

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

Senate Conferees: Bobby Joe Champion, Jeff Hayden, Carla J. Nelson

House Conferees: Rick Hansen, Carly Melin, Andrea Kieffer

Senator Champion moved that the foregoing recommendations and Conference Committee Report on S.F. No. 840 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 840 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 41 and nays 25, as follows:

Those who voted in the affirmative were:

Bakk	Eaton	Johnson	Pappas	Skoe
Bonoff	Eken	Kent	Pederson, J.	Stumpf
Carlson	Fischbach	Koenen	Rest	Tomassoni
Champion	Franzen	Latz	Rosen	Torres Ray
Clausen	Goodwin	Lourey	Saxhaug	Wiklund
Cohen	Hawj	Marty	Scalze	
Dahle	Hayden	Metzen	Schmit	
Dibble	Hoffman	Miller	Sheran	
Dziedzic	Jensen	Nelson	Sieben	

Those who voted in the negative were:

Anderson	Gazelka	Kiffmeyer	Osmek	Senjem
Benson	Hall	Limmer	Petersen, B.	Sparks
Brown	Hann	Newman	Pratt	Thompson
Chamberlain	Housley	Nienow	Reinert	Weber
Dahms	Ingebrigtsen	Ortman	Ruud	Westrom

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12.5, Senator Rest moved that the following members be excused for a Conference Committee on S.F. No. 661 from 3:00 to 5:30 p.m.:

Senators Rest, Seiben and Schmit. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12.5, Senator Dibble moved that the following members be excused for a Conference Committee on H.F. No. 1444 from 3:30 to 8:00 p.m.:

Senators Dibble, Jensen, Kent, Champion and Carlson. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12.5, Senator Lourey moved that the following members be excused for a Conference Committee on H.F. No. 1233 at 5:00 p.m.:

Senators Lourey, Sheran, Hayden, Franzen and Wiklund. 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

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 729, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 729 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2013

CONFERENCE COMMITTEE REPORT ON H. F. NO. 729

A bill for an act relating to state government; appropriating money for jobs and economic development, commerce and consumer protection, and housing; making changes to labor and industry provisions; modifying and providing for certain fees; modifying employment, economic development, and workforce development provisions; making unemployment insurance changes; reducing the unemployment insurance tax; establishing notice for contracts for deed involving residential property; providing remedies; establishing the Office of Broadband Development in the Department of Commerce and assigning it duties; requiring the Department of Transportation to post a database on its Web site; appropriating money to various boards, departments, and the Housing Finance Agency; requiring reports; amending Minnesota Statutes 2012, sections 60A.14, subdivision 1; 116J.70, subdivision 2a; 116J.8731, subdivisions 2, 3, 8, 9; 116L.17, subdivision 4, by adding a subdivision; 116U.26; 136F.37; 154.001, by adding a subdivision; 154.003; 154.02; 154.05; 154.06; 154.065, subdivision 2; 154.07, subdivision 1; 154.08; 154.09; 154.10, subdivision 1; 154.11, subdivision 1; 154.12; 154.14; 154.15, subdivision 2; 154.26; 155A.23, subdivisions 3, 8, 11; 155A.25, subdivisions 1a, 4; 155A.27, subdivisions 4, 10; 155A.29, subdivision 2; 155A.30, by adding a subdivision; 177.27, subdivision 4; 237.012, subdivision 3; 239.101, subdivision 3; 245.4712, subdivision 1; 268.051, subdivision 5; 268.07, subdivision 3b; 268.125, subdivisions 1, 3, 4, 5; 268.136, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 268.199; 268.23; 268A.13; 268A.14, subdivision 1; 326.02, subdivision 5; 326A.04, subdivisions 2, 3, 5, 7; 326A.10; 326B.081, subdivision 3; 326B.082, subdivision 11; 326B.093, subdivision 4; 326B.101; 326B.103, subdivision 11; 326B.121, subdivision 1; 326B.163, by adding subdivisions; 326B.184, subdivisions 1, 2, by adding a subdivision; 326B.187; 326B.31, by adding a subdivision; 326B.33, subdivisions 19, 21; 326B.36, subdivision 7; 326B.37, by adding a subdivision; 326B.43, subdivision 2; 326B.49, subdivisions 2, 3; 326B.89, subdivision 1; 327B.04, subdivision 4; 341.21, subdivision 3a; 341.221; 341.27; 341.29; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 507.235, subdivision 2; 559.211, subdivision 2; Laws 2011, First Special Session chapter 2, article 2, section 3, subdivision 4; Laws 2012, chapter 201, article 1, section 3; proposing coding for new law in Minnesota Statutes, chapters 116J; 116L; 154; 155A; 161; 179; 237; 268; 326B; 383D; 559; proposing coding for new law as Minnesota Statutes, chapter 80G; repealing Minnesota Statutes 2012, sections 116W.01; 116W.02; 116W.03; 116W.035; 116W.04; 116W.05; 116W.06; 116W.20; 116W.21; 116W.23; 116W.24; 116W.25; 116W.26; 116W.27; 116W.28; 116W.29; 116W.30; 116W.31; 116W.32; 116W.33; 116W.34; 155A.25, subdivision 1; 326A.03, subdivisions 2, 5, 8; 326B.31, subdivisions 18, 19, 22; 326B.978, subdivision 4; 507.235, subdivision 4; Minnesota

Rules, parts 1105.0600; 1105.2550; 1105.2700; 1307.0032; 3800.3520, subpart 5, items C, D; 3800.3602, subpart 2, item B.

May 15, 2013

The Honorable Paul Thissen
Speaker of the House of Representatives

The Honorable Sandra L. Pappas
President of the Senate

We, the undersigned conferees for H. F. No. 729 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 729 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. **JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		2014		2015		Total
General	$	197,787,000	$	170,068,000	$	367,855,000
Workforce Development		21,469,000		20,951,000		42,420,000
Remediation		700,000		700,000		1,400,000
Workers' Compensation		23,535,000		23,325,000		46,860,000
Special Revenue		940,000		1,240,000		2,180,000
Petroleum Tank Release		1,052,000		1,052,000		2,104,000
Total	**$**	**245,483,000**	**$**	**217,336,000**	**$**	**462,819,000**

Sec. 2. **JOBS AND ECONOMIC DEVELOPMENT.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

APPROPRIATIONS
Available for the Year
Ending June 30

			2014	2015
Sec. 3. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**				
Subdivision 1. **Total Appropriation**		**$**	**107,134,000** **$**	**97,364,000**

Appropriations by Fund		
	2014	2015
General	85,994,000	76,742,000
Remediation	700,000	700,000
Workforce Development	20,440,000	19,922,000

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

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

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

(a)(1) $15,000,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. This appropriation is available until spent.

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

(3) Of the amount available under clause (1), up to $2,000,000 is available for subsequent investment in the biopharmaceutical facility

project in clause (2). The amount under this clause is available until expended. Loan thresholds under clause (2) must be achieved and maintained to receive funding. Loans are not subject to the loan limitations under Minnesota Statutes, section 116J.8731, and shall be forgiven by the commissioner of employment and economic development upon verification of meeting performance goals. Purchases related to and for the purposes of loan awards must be made during the biennium the loan was received.

(4) Notwithstanding any law to the contrary, the biopharmaceutical manufacturing facility in this paragraph shall be deemed eligible for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748, by having at least $25,000,000 in capital investment and 190 retained employees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(p) $250,000 the first year is from the general fund for a onetime grant to the St. Paul Planning and Economic Development Department for neighborhood stabilization use in NSP3.

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

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

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

Subd. 3. **Workforce Development** 16,386,000 14,881,000

Appropriations by Fund		
General	2,776,000	1,789,000
Workforce Development	13,610,000	13,092,000

(a) $1,039,000 each year from the general fund and $2,244,000 each year from the workforce development fund are for the adult workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the adult workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(b) $3,500,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(c) $1,000,000 each year is from the workforce development fund and $250,000 each year is from the general fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366. Of this appropriation and notwithstanding any law to the contrary, $250,000 each year is for the Little Earth youthbuild program and is available until expended. The appropriation from the general fund and the appropriation to Little Earth youthbuild program are onetime.

(d) $200,000 each year is from the workforce development fund for a grant to Minnesota Diversified Industries, Inc., to provide progressive development and employment opportunities for people with disabilities.

(e) $2,848,000 each year is from the workforce development fund for the youth workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(f) $1,500,000 each year is from the workforce development fund for a grant to FastTRAC - Minnesota Adult Careers Pathways Program. Up to ten percent of this appropriation may be used to provide leadership, oversight, and technical assistance services for low-skilled, low-income adults.

(g) $987,000 in fiscal year 2014 is a onetime appropriation from the general fund for the pilot customized training program for manufacturing industries under article 3. Of this amount:

(1) $240,000 is for the commissioner for coordination, oversight, and reporting responsibilities related to the customized training program;

(2) $187,000 is for a grant to Alexandria Technical College for the customized training center;

(3) $380,000 is for a grant to Century College for the purposes of this paragraph;

(4) $90,000 is for Hennepin Technical College for the purposes of this paragraph; and

(5) $90,000 is for Central Lakes College for the purposes of this paragraph.

(h) $425,000 the first year and $425,000 the second year are from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college and university students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in the seven-county metropolitan area, with fewer than 150 total employees, or at small or medium, for-profit companies located outside of the seven-county metropolitan area, with fewer than 250 total employees. At least 100 students must be matched in the first year and at least 125 students must be matched in the second year. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at $2,500 per intern. The program must work toward increasing the participation among women or other underserved populations. This is a onetime appropriation and is available until expended.

(i) $500,000 each year is from the workforce development fund for the Opportunities Industrialization Center programs. This appropriation shall be divided equally among the eligible centers.

(j) $450,000 the first year is from the workforce development fund for the foreign-trained health care professionals grant program modeled after the pilot program conducted under Laws 2006, chapter 282, article 11, section 2, subdivision 12, to encourage state licensure of foreign-trained health care professionals, including: physicians, with preference given to primary care physicians who commit to practicing for at least five years after licensure in underserved areas of the state; nurses; dentists; pharmacists; mental health professionals; and other allied health care professionals. The commissioner must collaborate with health-related licensing boards and Minnesota workforce centers to award grants to foreign-trained health care professionals sufficient to cover the actual costs of taking a course to prepare health care professionals for required licensing examinations and the fee for the state licensing examinations. When awarding grants, the commissioner must consider the following factors:

(1) whether the recipient's training involves a medical specialty that is in high demand in one or more communities in the state;

(2) whether the recipient commits to practicing in a designated rural area or an underserved urban community, as defined in Minnesota Statutes, section 144.1501;

(3) whether the recipient's language skills provide an opportunity for needed health care access for underserved Minnesotans; and

(4) any additional criteria established by the commissioner. This is a onetime appropriation and is available until expended.

(k) $68,000 the first year from the workforce development fund is for a grant to Olmsted County for employment supports and independent living services to county residents diagnosed with high-functioning autism, Asperger's syndrome, nonverbal learning disorders, and pervasive development disorder, not otherwise specified, and for education, outreach, and support services to area employers to encourage the hiring and promotion of workers with high-functioning autism, Asperger's syndrome, nonverbal learning disorders, and pervasive development disorder, not otherwise specified. This is a onetime appropriation and is available until expended.

(l) $750,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth jobs skills development. This project, which may have career guidance components, including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job-site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

(m) $500,000 the first year and $500,000 the second year are appropriated from the general fund for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.4011, and for pilot programs in the workforce service areas specified in this act, to combine career and higher education advising.

(n) $125,000 each year is from the workforce development fund for a grant to Big Brothers, Big Sisters of the Greater Twin Cities for workforce readiness, employment exploration, and skills development for youth ages 12 to 21. The grant must serve youth in the Twin Cities, Central Minnesota and Southern Minnesota Big Brothers, Big Sisters chapters.

Subd. 4. **General Support Services**	1,168,000	1,168,000

$150,000 each year is from the general fund for the cost-of-living study required under Minnesota Statutes, section 116J.013.

Subd. 5. **Minnesota Trade Office**	2,322,000	2,292,000

(a) $330,000 in fiscal year 2014 and $300,000 in fiscal year 2015 are for the STEP grants in Minnesota Statutes, section 116J.979. Of the fiscal year 2014 appropriation, $30,000 is for establishing trade, export, and cultural exchange relations between the state of Minnesota and east African nations.

(b) $180,000 in fiscal year 2014 and $180,000 in fiscal year 2015 are for the Invest Minnesota marketing initiative in Minnesota Statutes, section 116J.9801. Notwithstanding any other law, this provision does not expire.

(c) $270,000 each year is from the general fund for the expansion of Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

(d) $50,000 each year is from the general fund for the trade policy advisory group under Minnesota Statutes, section 116J.9661.

(e) The commissioner of employment and economic development, in consultation with the commissioner of agriculture, shall identify and increase export opportunities for Minnesota agricultural products.

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

Appropriations by Fund		
General	20,861,000	20,861,000
Workforce Development	6,830,000	6,830,000

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

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

(c) $5,745,000 each year from the general fund and $6,830,000 each year from the workforce development fund is for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. The allocation of extended employment funds to Courage Center from July 1, 2012 to June 30, 2013 must be contracted to Allina Health systems from July 1, 2013 to June 30, 2014 to provide extended employment services in accordance with Minnesota Rules, parts 3300.2005 to 3300.2055.

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

Subd. 7. **Services for the Blind**		5,925,000		5,925,000

Sec. 4. **HOUSING FINANCE AGENCY**

Subdivision 1. **Total Appropriation**	**$**	**58,748,000**	**$**	**42,748,000**

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

Unless otherwise specified, this appropriation is for transfer to the housing development fund for the programs specified in this section. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

Subd. 2. **Challenge Program**		19,203,000		9,203,000

(a) This appropriation is for the economic development and housing challenge program under Minnesota Statutes, section 462A.33. The agency must continue to strengthen its efforts to address the disparity rate between white households and indigenous American Indians and communities of color. Of this amount, $1,208,000 each year shall be made available during the first 11 months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first 11 months of the fiscal year shall be available for any eligible activity under Minnesota Statues, section 462A.33.

(b) Of this amount, $10,000,000 is a onetime appropriation and is targeted for housing in communities and regions that have:

(1)(i) low housing vacancy rates; and

(ii) cooperatively developed a plan that identifies current and future housing needs; and

(2)(i) experienced job growth since 2005 and have at least 2,000 jobs within the commuter shed;

(ii) evidence of anticipated job expansion; or

(iii) a significant portion of area employees who commute more than 30 miles between their residence and their employment.

(c) Priority shall be given to programs and projects that are land trust programs and programs that work in coordination with a land trust program.

(d) The base funding for this program in the 2016-2017 biennium is $12,925,000 each year.

Subd. 3. **Housing Trust Fund**	13,276,000	10,276,000

(a) This appropriation is for deposit in the housing trust fund account created under Minnesota Statutes, section 462A.201, and may be used for the purposes provided in that section. To the extent that these funds are used for the acquisition of housing, the agency shall give priority among comparable projects to projects that focus on creating safe and stable housing for homeless youth or projects that provide housing to trafficked women and children.

(b) $2,000,000 in the first year is a onetime appropriation for temporary rental assistance for families with school-age children who have changed school or home at least once in the last school year. The agency, in consultation with the Department of Education, may establish additional targeting criteria.

(c) Of this amount, $500,000 the first year is a onetime appropriation for temporary rental assistance for adults who are in the process of being released from state correctional facilities or on supervised release in the community who are homeless or at risk of becoming homeless. The agency, in consultation with the Department of Corrections, may establish additional targeting criteria to identify those adults most at risk of reentering state correctional facilities.

(d) Of this amount, $500,000 the first year is a onetime appropriation for a grant to the nonprofit organization selected to administer the state demonstration project for high-risk adults established under Laws 2007, chapter 54, article 1, section 19.

(e) The base funding for this program in fiscal years 2016 and 2017 is $11,471,000 each year.

Subd. 4. **Rental Assistance for Mentally Ill**	2,838,000	2,838,000

This appropriation is for the rental housing assistance program under Minnesota Statutes, section 462A.2097.

Subd. 5. **Family Homeless Prevention**	7,862,000	7,862,000

This appropriation is for the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204. The base funding for this program in the 2016-2017 biennium is $8,519,000 each year.

Subd. 6. **Home Ownership Assistance Fund**	830,000	830,000

This appropriation is for the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. The agency shall continue to strengthen its efforts to address the disparity gap in the homeownership rate between white households and indigenous American Indians and communities of color.

The base funding for this program in fiscal years 2016 and 2017 is $885,000 each year.

Subd. 7. **Affordable Rental Investment Fund**	4,218,000	4,218,000

(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

(c) The appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties. For purposes of this subdivision, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

Subd. 8. **Housing Rehabilitation**	2,772,000	2,772,000

This appropriation is for housing assistance for the rehabilitation of single-family homes under the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14.

Subd. 9. **Homeownership Education, Counseling, and Training**	791,000	791,000

This appropriation is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209. Priority may be given to funding programs that are aimed at culturally specific groups who are providing services to members of their communities.

The base funding for this program in fiscal years 2016 and 2017 is $857,000 each year.

Subd. 10. **Capacity Building Grants**	375,000	375,000

This appropriation is for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b.

Subd. 11. **Grants**	445,000	445,000

(a) This appropriation is for the grants in paragraphs (b) to (d) and is available until expended. This appropriation is added to the agency's base.

(b) $70,000 each year is for a grant to Open Access Connection to provide free voice mail services for homeless and low-income people so that they have a reliable and consistent communication tool to aid in their search for affordable housing and their search for and maintenance of jobs so that they have income to maintain affordable housing. This service is provided in the metropolitan area and through a toll-free number in greater Minnesota.

(c) $200,000 each year is for a grant to HOME Line for the tenant's rights advocacy and services program.

(d) $175,000 each year is for a grant to the Voice of East African Women Organization to provide safe housing for victims of domestic abuse and trafficking. The program shall provide shelter to East African women and children in Minnesota and other victims of domestic violence. This appropriation is available in either year.

Subd. 12. **Rental Rehabilitation**	3,138,000	3,138,000

This appropriation is for the rental housing rehabilitation loan program under Minnesota Statutes, section 462A.05, subdivision 14. The base funding for this program in fiscal years 2016 and 2017 is $3,743,000 each year.

Subd. 13. **Transfers and Appropriations**

(a) The remaining balance of appropriations in Laws 2012, First Special Session chapter 1, article 1, section 7, for the economic development and housing challenge program that is unobligated to loans to homeowners or rental property owners as of June 30, 2013, estimated to be $3,000,000 is canceled to the general fund. By August 1, 2013, the commissioner of the Housing Finance Agency shall provide the commissioner of management and budget with the information necessary to determine the amount that is uncommitted and available for transfer.

(b) The amount canceled to the general fund under paragraph (a) is appropriated to the Housing Finance Agency from the general fund for transfer to the housing development fund for the rehabilitation loan program under Minnesota Statutes, section 462A.05, subdivision 14. Until August 1, 2014, priority in the use of these funds shall be given to assistance for eligible homeowners residing in the area included in DR-4069 whose homes were damaged as a result of the storms and flooding that occurred June 14 to June 21, 2012.

Sec. 5. **EXPLORE MINNESOTA TOURISM**	**$**	**13,988,000**	**$**	**13,988,000**

To develop maximum private sector involvement in tourism, $500,000 in fiscal year 2014 and $500,000 in fiscal year 2015 must be matched by Explore Minnesota Tourism from nonstate sources. Each $1 of state incentive must be matched with $6 of private sector funding. Cash match is defined as revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in fiscal year 2014 shall be based on fiscal year 2013 private sector contributions. The incentive in fiscal year 2015 shall be based on fiscal year 2014 private sector contributions. This incentive is ongoing.

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

Sec. 6. **DEPARTMENT OF LABOR AND INDUSTRY**

Subdivision 1. **Total Appropriation**	**$**	**22,966,000**	**$**	**22,966,000**

Appropriations by Fund

	2014	2015
General	1,066,000	1,066,000
Workers' Compensation	20,871,000	20,871,000
Workforce Development	1,029,000	1,029,000

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

Subd. 2. **Workers' Compensation**	10,678,000	10,678,000

This appropriation is from the workers' compensation fund.

$200,000 each year is for grants to the Vinland Center for rehabilitation services. Grants shall be distributed as the department refers injured workers to the Vinland Center for rehabilitation services.

Subd. 3. **Labor Standards and Apprenticeship**	2,095,000	2,095,000

Appropriations by Fund

General	1,066,000	1,066,000

Workforce Development	1,029,000	1,029,000		

(a) $816,000 each year is from the general fund for the labor standards and apprenticeship program.

(b) $150,000 each year is from the general fund for a child labor initiative for expanding education and outreach to high schools and targeted industries to ensure minors entering the workforce are safe.

(c) $879,000 each year is appropriated from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178, and includes $100,000 each year for labor education and advancement program grants and to expand and promote registered apprenticeship training in nonconstruction trade programs.

(d) $150,000 each year is appropriated from the workforce development fund for prevailing wage enforcement.

(e) $70,000 each year is from the general fund for implementing and administering a minimum wage inflation adjustment. This appropriation is available only if a law is enacted in 2013 that includes an automatic inflation adjustment to the state minimum wage. The availability of this appropriation is effective in the same fiscal year that the inflation adjustment is first effective.

(f) $100,000 each year is from the general fund for wage enforcement.

Subd. 4. **Workplace Safety**	4,154,000	4,154,000

This appropriation is from the workers' compensation fund.

Subd. 5. **General Support**	6,039,000	6,039,000

This appropriation is from the workers' compensation fund.

Sec. 7. **BUREAU OF MEDIATION SERVICES**	**$ 2,129,000**	**$ 2,033,000**

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

(b) $100,000 in fiscal year 2014 is appropriated from the general fund to the Bureau of Mediation Services for transfer to the Office of Enterprise Technology to develop a new business management system for case and document management. This is a onetime appropriation and is available for spending until June 30, 2015. Any ongoing information technology support or costs for this application will be incorporated into the service level agreement and will be paid to the Office of Enterprise Technology by the Bureau of Mediation Services under the rates and mechanism specified in that agreement. Of this amount, $25,000 each year is added to the Bureau of Mediation Services base budget to cover the information technology support costs for this application.

(c) $256,000 each year is from the general fund for the Office of Collaboration and Dispute Resolution under Minnesota Statutes, section 179.90. Of this amount, $160,000 each year is for grants under Minnesota Statutes, section 179.91, and $96,000 each year is for intergovernmental and public policy collaboration and operation of the office.

(d) The bureau's general fund base is $2,058,000 in fiscal year 2016 and $2,058,000 in fiscal year 2017.

Sec. 8. **BOARD OF ACCOUNTANCY**	**$**	**705,000**	**$**	**618,000**
Sec. 9. **BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN**	**$**	**774,000**	**$**	**774,000**
Sec. 10. **BOARD OF COSMETOLOGIST EXAMINERS**	**$**	**1,346,000**	**$**	**1,346,000**

Sec. 11. **BOARD OF BARBER EXAMINERS**	**$**	**317,000**	**$**	**317,000**
Sec. 12. **WORKERS' COMPENSATION COURT OF APPEALS**	**$**	**1,913,000**	**$**	**1,703,000**

This appropriation is from the workers' compensation fund.

Of this appropriation, $210,000 is a onetime appropriation and is available for spending until June 30, 2015. $100,000 in fiscal year 2014 is appropriated from the workers' compensation fund to the Workers' Compensation Court of Appeals for transfer to the Office of Enterprise Technology to develop a paperless case management system and to ensure that services and hardware are accessible and compatible with systems with which the Workers' Compensation Court of Appeals must interact. This is a onetime appropriation and is available for spending until June 30, 2015. Any ongoing information technology support or costs for this application will be incorporated into the service level agreement and will be paid to the Office of Enterprise Technology by the Workers' Compensation Court of Appeals under the rates and mechanism specified in that agreement.

Sec. 13. **DEPARTMENT OF COMMERCE**

Subdivision 1. **Total Appropriation**	**$**	**29,006,000**	**$**	**27,038,000**

Appropriations by Fund

	2014	2015
General	26,263,000	23,995,000
Special Revenue	940,000	1,240,000
Petroleum Tank	1,052,000	1,052,000
Workers' Compensation	751,000	751,000

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

Subd. 2. **Financial Institutions**	4,885,000	4,885,000

$142,000 each year is for the regulation of mortgage originators and servicers under Minnesota Statutes, chapters 58 and 58A.

Subd. 3. **Petroleum Tank Release Compensation Board**	1,052,000	1,052,000

This appropriation is from the petroleum tank fund.

Subd. 4. **Administrative Services**	6,615,000	6,615,000

$375,000 each year is for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

$25,000 each year is for newspaper advertising directed at persons who own or may own unclaimed property. By June 30 of each year, the commissioner shall submit a report to the house and senate committees with jurisdiction over the department of the results of the newspaper advertisements in returning property to the owners. This appropriation for newspaper advertising and the requirement of a report is for fiscal years 2014 and 2015 only.

$100,000 each year is for the support of broadband development.

Fees for the Weights and Measures Unit are increased by 30 percent during fiscal year 2014. All fees are deposited to the general fund as nondedicated revenue.

Subd. 5. **Telecommunications**	1,949,000	2,249,000

	Appropriations by Fund	
General	1,009,000	1,009,000
Special Revenue	940,000	1,240,000

$940,000 in fiscal year 2014 and $1,240,000 in fiscal year 2015 are appropriated to the commissioner from the telecommunication access fund for the following transfers. This appropriation is added to the department's base.

(1) $500,000 in fiscal year 2014 and $800,000 in fiscal year 2015 to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans;

(2) $290,000 in fiscal year 2014 and $290,000 in fiscal year 2015 to the chief information officer for the purpose of coordinating technology accessibility and usability; and

(3) $150,000 in fiscal year 2014 and $150,000 in fiscal year 2015 to the Legislative Coordinating Commission for captioning of legislative coverage.

Subd. 6. **Enforcement**			4,824,000	4,820,000
Appropriations by Fund				
General	4,626,000	4,622,000		
Workers' Compensation	198,000	198,000		

Of the general fund amount, $646,000 in fiscal year 2014 and $642,000 in fiscal year 2015 is to establish the regulation of gold bullion dealers. This appropriation is only available if a law is enacted in 2013 to establish the regulation of gold bullion dealers.

Subd. 7. **Energy Resources**	5,766,000	3,502,000

$2,000,000 the first year is for the weatherization assistance program. This is a onetime appropriation and is available until June 30, 2015.

$150,000 each year is for grants to providers of low-income weatherization services to install renewable energy equipment in households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan as provided for in Minnesota Statutes, section 239.101.

The general fund base budget for energy resources is $3,424,000 in fiscal year 2016 and $3,415,000 in fiscal year 2017.

Subd. 8. **Insurance**			3,915,000	3,915,000
	Appropriations by Fund			
General	3,362,000	3,362,000		
Workers' Compensation	553,000	553,000		
Sec. 14. **PUBLIC UTILITIES COMMISSION**		**$**	**6,457,000 $**	**6,441,000**

The general fund base for the Public Utilities Commission is $6,241,000 in fiscal year 2016 and $6,205,000 in fiscal year 2017.

Sec. 15. **TRANSFERS.**

(a) The deposits in each year of the biennium into the contingent account created under Minnesota Statutes, section 268.199, estimated to be $7,500,000 each year, shall be transferred before the closing of each fiscal year to the general fund.

(b) By June 30, 2014, the commissioner of management and budget shall transfer $10,000,000 in assets of the workers' compensation assigned risk plan created under Minnesota Statutes, section 79.252, to the general fund.

ARTICLE 2

LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2012, section 116J.70, subdivision 2a, is amended to read:

Subd. 2a. **License; exceptions.** "Business license" or "license" does not include the following:

(1) any occupational license or registration issued by a licensing board listed in section 214.01 or any occupational registration issued by the commissioner of health pursuant to section 214.13;

(2) any license issued by a county, home rule charter city, statutory city, township, or other political subdivision;

(3) any license required to practice the following occupation regulated by the following sections:

(i) abstracters regulated pursuant to chapter 386;

(ii) accountants regulated pursuant to chapter 326A;

(iii) adjusters regulated pursuant to chapter 72B;

(iv) architects regulated pursuant to chapter 326;

(v) assessors regulated pursuant to chapter 270;

(vi) athletic trainers regulated pursuant to chapter 148;

(vii) attorneys regulated pursuant to chapter 481;

(viii) auctioneers regulated pursuant to chapter 330;

(ix) barbers and cosmetologists regulated pursuant to chapter 154;

(x) boiler operators regulated pursuant to chapter ~~183~~ 326B;

(xi) chiropractors regulated pursuant to chapter 148;

(xii) collection agencies regulated pursuant to chapter 332;

(xiii) dentists, registered dental assistants, and dental hygienists regulated pursuant to chapter 150A;

(xiv) detectives regulated pursuant to chapter 326;

(xv) electricians regulated pursuant to chapter ~~326~~ 326B;

(xvi) mortuary science practitioners regulated pursuant to chapter 149A;

(xvii) engineers regulated pursuant to chapter 326;

(xviii) insurance brokers and salespersons regulated pursuant to chapter 60A;

(xix) certified interior designers regulated pursuant to chapter 326;

(xx) midwives regulated pursuant to chapter 147D;

(xxi) nursing home administrators regulated pursuant to chapter 144A;

(xxii) optometrists regulated pursuant to chapter 148;

(xxiii) osteopathic physicians regulated pursuant to chapter 147;

(xxiv) pharmacists regulated pursuant to chapter 151;

(xxv) physical therapists regulated pursuant to chapter 148;

(xxvi) physician assistants regulated pursuant to chapter 147A;

(xxvii) physicians and surgeons regulated pursuant to chapter 147;

(xxviii) plumbers regulated pursuant to chapter ~~326~~ 326B;

(xxix) podiatrists regulated pursuant to chapter 153;

(xxx) practical nurses regulated pursuant to chapter 148;

(xxxi) professional fund-raisers regulated pursuant to chapter 309;

(xxxii) psychologists regulated pursuant to chapter 148;

(xxxiii) real estate brokers, salespersons, and others regulated pursuant to chapters 82 and 83;

(xxxiv) registered nurses regulated pursuant to chapter 148;

(xxxv) securities brokers, dealers, agents, and investment advisers regulated pursuant to chapter 80A;

(xxxvi) steamfitters regulated pursuant to chapter ~~326~~ 326B;

(xxxvii) teachers and supervisory and support personnel regulated pursuant to chapter 125;

(xxxviii) veterinarians regulated pursuant to chapter 156;

(xxxix) water conditioning contractors and installers regulated pursuant to chapter ~~326~~ 326B;

(xl) water well contractors regulated pursuant to chapter 103I;

(xli) water and waste treatment operators regulated pursuant to chapter 115;

(xlii) motor carriers regulated pursuant to chapter 221;

(xliii) professional firms regulated under chapter 319B;

(xliv) real estate appraisers regulated pursuant to chapter 82B;

(xlv) residential building contractors, residential remodelers, residential roofers, manufactured home installers, and specialty contractors regulated pursuant to chapter ~~326~~ 326B;

(xlvi) licensed professional counselors regulated pursuant to chapter 148B;

(4) any driver's license required pursuant to chapter 171;

(5) any aircraft license required pursuant to chapter 360;

(6) any watercraft license required pursuant to chapter 86B;

(7) any license, permit, registration, certification, or other approval pertaining to a regulatory or management program related to the protection, conservation, or use of or interference with the resources of land, air, or water, which is required to be obtained from a state agency or instrumentality; and

(8) any pollution control rule or standard established by the Pollution Control Agency or any health rule or standard established by the commissioner of health or any licensing rule or standard established by the commissioner of human services.

Sec. 2. Minnesota Statutes 2012, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.12, 181.13, 181.14, 181.145, 181.15, 181.275, subdivision 2a, 181.722, and 181.79, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 3. Minnesota Statutes 2012, section 326.02, subdivision 5, is amended to read:

Subd. 5. **Limitation.** The provisions of sections 326.02 to 326.15 shall not apply to the preparation of plans and specifications for the erection, enlargement, or alteration of any building or other structure by any person, for that person's exclusive occupancy or use, unless such occupancy or use involves the public health or safety or the health or safety of the employees of said person, or of the buildings listed in section 326.03, subdivision 2, nor to any detailed or shop plans required to be furnished by a contractor to a registered engineer, landscape architect, architect, or certified interior designer, nor to any standardized manufactured product, nor to any construction superintendent supervising the execution of work designed by an architect, landscape architect, engineer, or certified interior designer licensed or certified in accordance with section 326.03, nor to the planning for and supervision of the construction and installation of work by an electrical or elevator contractor or master plumber as defined in and licensed pursuant to chapter 326B, where such work is within the scope of such licensed activity and not within the practice of professional engineering, or architecture, or where the person does not claim to be a certified interior designer as defined in subdivision 2, 3, or 4b.

Sec. 4. Minnesota Statutes 2012, section 326B.081, subdivision 3, is amended to read:

Subd. 3. **Applicable law.** "Applicable law" means the provisions of sections 181.723, 325E.66, 327.31 to 327.36, ~~and~~ this chapter, and chapter 341, and all rules, orders, stipulation agreements, settlements, compliance agreements, licenses, registrations, certificates, and permits adopted, issued, or enforced by the department under sections 181.723, 325E.66, 327.31 to 327.36, ~~or~~ this chapter, or chapter 341.

Sec. 5. Minnesota Statutes 2012, section 326B.082, subdivision 11, is amended to read:

Subd. 11. **Licensing orders; grounds; reapplication.** (a) The commissioner may deny an application for a permit, license, registration, or certificate if the applicant does not meet or fails to maintain the minimum qualifications for holding the permit, license, registration, or certificate, or has any unresolved violations or unpaid fees or monetary penalties related to the activity for which the permit, license, registration, or certificate has been applied for or was issued.

(b) The commissioner may deny, suspend, limit, place conditions on, or revoke a person's permit, license, registration, or certificate, or censure the person holding the permit, license, registration, or certificate, if the commissioner finds that the person:

(1) committed one or more violations of the applicable law;

(2) submitted false or misleading information to the state in connection with activities for which the permit, license, registration, or certificate was issued, or in connection with the application for the permit, license, registration, or certificate;

(3) allowed the alteration or use of the person's own permit, license, registration, or certificate by another person;

(4) within the previous five years, was convicted of a crime in connection with activities for which the permit, license, registration, or certificate was issued;

(5) violated: (i) a final administrative order issued under subdivision 7 ~~or~~, (ii) a final stop order issued under subdivision 10, ~~or~~ (iii) injunctive relief issued under subdivision 9, or (iv) a consent order or final order of the commissioner;

(6) failed to cooperate with a commissioner's request to give testimony, to produce documents, things, apparatus, devices, equipment, or materials, or to access property under subdivision 2;

(7) retaliated in any manner against any employee or person who is questioned by, cooperates with, or provides information to the commissioner or an employee or agent authorized by the commissioner who seeks access to property or things under subdivision 2;

(8) engaged in any fraudulent, deceptive, or dishonest act or practice; or

(9) performed work in connection with the permit, license, registration, or certificate or conducted the person's affairs in a manner that demonstrates incompetence, untrustworthiness, or financial irresponsibility.

(c) If the commissioner revokes or denies a person's permit, license, registration, or certificate under paragraph (b), the person is prohibited from reapplying for the same type of permit, license, registration, or certificate for at least two years after the effective date of the revocation or denial. The commissioner may, as a condition of reapplication, require the person to obtain a bond or comply with additional reasonable conditions the commissioner considers necessary to protect the public.

(d) If a permit, license, registration, or certificate expires, or is surrendered, withdrawn, or terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within two years after the permit, license, registration, or certificate was last effective and enter a revocation or suspension order as of the last date on which the permit, license, registration, or certificate was in effect.

Sec. 6. Minnesota Statutes 2012, section 326B.093, subdivision 4, is amended to read:

Subd. 4. **Examination results.** If the applicant receives a passing score on the examination and meets all other requirements for licensure, the commissioner must approve the application and notify the applicant of the approval within 60 days of the date of the passing score. The applicant must, within ~~90~~ 180 days after the notification of approval, pay the license fee. Upon receipt of the license fee, the commissioner must issue the license. If the applicant does not pay the license fee within ~~90~~ 180 days after the notification of approval, the commissioner will rescind the approval and must deny the application. If the applicant does not receive a passing score on the examination, the commissioner must deny the application. If the application is denied because of the applicant's failure to receive a passing score on the examination, then the applicant cannot submit a new application for the license until at least 30 days after the notification of denial.

Sec. 7. Minnesota Statutes 2012, section 326B.101, is amended to read:

326B.101 POLICY AND PURPOSE.

The State Building Code governs the construction, reconstruction, alteration, ~~and~~ repair, and use of buildings and other structures to which the code is applicable. The commissioner shall administer and amend a state code of building construction which will provide basic and uniform performance standards, establish reasonable safeguards for health, safety, welfare, comfort, and security of the residents of this state and provide for the use of modern methods, devices, materials, and techniques which will in part tend to lower construction costs. The construction of buildings should be permitted at the least possible cost consistent with recognized standards of health and safety.

Sec. 8. Minnesota Statutes 2012, section 326B.103, subdivision 11, is amended to read:

Subd. 11. **Public building.** "Public building" means a building and its grounds the cost of which is paid for by the state or a state agency regardless of its cost, and a school district building project or charter school building project the cost of which is $100,000 or more.

Sec. 9. Minnesota Statutes 2012, section 326B.121, subdivision 1, is amended to read:

Subdivision 1. **Application.** (a) The State Building Code is the standard that applies statewide for the construction, reconstruction, alteration, ~~and~~ repair, and use of buildings and other structures of the type governed by the code.

(b) The State Building Code supersedes the building code of any municipality.

(c) The State Building Code does not apply to agricultural buildings except:

(1) with respect to state inspections required or rulemaking authorized by sections 103F.141; 216C.19, subdivision 9; and 326B.36; and

(2) translucent panels or other skylights without raised curbs shall be supported to have equivalent load-bearing capacity as the surrounding roof.

Sec. 10. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 9. **Direct supervision.** "Direct supervision" means:

(1) an unlicensed individual is being directly supervised by an individual licensed to perform the elevator work being supervised during the entire time the unlicensed individual is performing elevator work;

(2) the licensed individual is physically present at the location where the unlicensed individual is performing elevator work and immediately available to the unlicensed individual at all times for assistance and direction;

(3) the licensed individual shall review the elevator work performed by the unlicensed individual before the elevator work is operated; and

(4) the licensed individual is able to and does determine that all elevator work performed by the unlicensed individual is performed in compliance with the elevator code.

Sec. 11. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 10. **Elevator contractor.** "Elevator contractor" means a licensed contractor whose responsible licensed individual is a master elevator constructor. An elevator contractor license does not itself qualify its holder to perform or supervise elevator work authorized by holding a personal license issued by the commissioner.

Sec. 12. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 11. **Limited elevator contractor.** "Limited elevator contractor" means a licensed contractor whose responsible licensed individual is a limited master elevator constructor. A limited elevator contractor or its employees may only install, test, or alter residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators.

Sec. 13. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 11a. **Limited elevator work.** "Limited elevator work" means the installing, maintaining, altering, repairing, testing, planning, or laying out of residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators as covered by Minnesota Rules, chapters 1307 and 1315. Limited elevator work also includes electrical wiring on the load side of the elevator equipment disconnect and the decommissioning of elevator equipment to enable safe removal.

Sec. 14. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 12. **Elevator work.** "Elevator work" means the installing, maintaining, altering, repairing, testing, planning, or laying out of elevator apparatus or equipment as covered by Minnesota Rules, chapters 1307 and 1315. Elevator work also includes the disconnection of electrical wiring on the load side of the elevator equipment disconnect and the decommissioning of elevator equipment to enable safe removal.

Sec. 15. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 13. **Master elevator constructor.** "Master elevator constructor" means an individual having the necessary qualifications, training, experience, and technical knowledge to properly plan, lay out, supervise, and perform the installation, maintenance, altering, testing, wiring, and repair of apparatus and equipment for elevators, including electrical wiring on the load side of the elevator equipment disconnect and who is licensed as a master elevator constructor by the commissioner.

Sec. 16. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 14. **Limited master elevator constructor.** "Limited master elevator constructor" means an individual having the necessary qualifications, training, experience, and technical knowledge to properly plan, lay out, supervise, and perform the testing, altering, installation, maintenance, and repair of wiring, apparatus, and equipment for residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators, including wiring on the load side of the elevator equipment disconnect and who is licensed as a limited master elevator constructor by the commissioner.

Sec. 17. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 14a. **Limited journeyman elevator constructor.** "Limited journeyman elevator constructor" means an individual having the necessary qualifications, training, experience, and technical knowledge to install, maintain, alter, test, and repair apparatus and equipment for residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators, including electrical wiring on the load side of the elevator equipment disconnect and who is licensed as a limited journeyman elevator constructor by the commissioner.

Sec. 18. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 15. **Journeyman elevator constructor.** "Journeyman elevator constructor" means an individual having the necessary qualifications, training, experience, and technical knowledge to install, maintain, alter, test, and repair apparatus and equipment for elevators, including electrical wiring on the load side of the elevator equipment disconnect and who is licensed as a journeyman elevator constructor by the commissioner.

Sec. 19. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 16. **Registered unlicensed elevator constructor.** "Registered unlicensed elevator constructor" means an individual who has registered with the department but is not licensed by the commissioner to perform elevator work.

Sec. 20. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 17. **Residential dwelling.** "Residential dwelling" is a single dwelling unit that is contained in a one-family, two-family, or multifamily dwelling. A residential dwelling also includes outdoor space at a one-family dwelling.

Sec. 21. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 18. **Responsible licensed individual.** "Responsible licensed individual" means an individual licensed as a master elevator constructor or limited master elevator constructor who is identified as the responsible licensed individual on an elevator contractor license application.

Sec. 22. **[326B.164] LICENSES.**

Subdivision 1. **Master elevator constructor.** (a) Except as otherwise provided by law, no individual shall perform or supervise elevator work, unless:

(1) the individual is licensed by the commissioner as a master elevator constructor; and

(2) the elevator work is for a licensed elevator contractor and the individual is an employee, partner, or officer of, or is the licensed contractor.

(b) An applicant for a master elevator constructor license shall:

(1) have at least one year of experience, acceptable to the commissioner, as a licensed journeyman elevator constructor; or

(2) have at least six years' experience, acceptable to the commissioner, in planning for, laying out, supervising, and installing apparatus, equipment, and wiring for elevators.

(c) Individuals licensed as master elevator constructors under section 326B.33, subdivision 11, as of December 31, 2013, shall not be required to pass an examination under this section but, effective January 1, 2014, shall be subject to the requirements of sections 326B.163 to 326B.191.

(d) Except for the initial license term, as a condition of license renewal, master elevator constructors must attain a minimum of 16 hours of continuing education credit approved by the commissioner every renewal period. Not less than 12 hours shall be based on the Minnesota Elevator Code or elevator technology, and not less than four hours shall be based on the National Electrical Code.

Subd. 2. **Limited master elevator constructor.** (a) Except as otherwise provided by law, no individual shall perform or supervise elevator work on residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators, unless:

(1) the individual is licensed by the commissioner as a limited master elevator constructor; and

(2) the elevator work is for a limited elevator contractor and the individual is an employee, partner, or officer of, or is the licensed contractor.

(b) An applicant for a limited master elevator constructor license shall have at least three years of experience, acceptable to the commissioner, in installing apparatus, equipment, and wiring for elevators.

(c) Except for the initial license term, as a condition of license renewal, limited master elevator constructors must attain a minimum of eight hours of continuing education credit approved by the commissioner every renewal period. Not less than six hours shall be based on the Minnesota Elevator Code or elevator technology, and not less than two hours on the National Electrical Code.

Subd. 3. **Journeyman elevator constructor.** (a) Except as otherwise provided by law, no individual shall perform and supervise elevator work except for planning or laying out of elevator work, unless:

(1) the individual is licensed by the commissioner as a journeyman elevator constructor; and

(2) the elevator work is for an elevator contractor, and the individual is an employee, partner, or officer of the licensed elevator contractor.

(b) An applicant for a journeyman elevator constructor license shall have completed a four-year elevator mechanics apprenticeship registered with the United States Department of Labor or worked at least 9,000 hours in five consecutive years for a licensed elevator contractor, acceptable to the commissioner, installing, maintaining, modernizing, testing, wiring, and repairing elevators.

(c) Individuals licensed as journeyman elevator constructors under section 326B.33, subdivision 8, as of December 31, 2013, shall not be required to pass an examination under this section but, effective January 1, 2014, shall be subject to the requirements of sections 326B.163 to 326B.191.

(d) As a condition of license renewal, journeyman elevator constructors must attain a minimum of 16 hours of continuing education credit approved by the commissioner every renewal period. Not less than 12 hours shall be based on the Minnesota Elevator Code or elevator technology, and not less than four hours shall be based on the National Electrical Code.

Subd. 3a. **Limited journeyman elevator constructor.** (a) Except as otherwise provided by law, no individual shall perform or supervise elevator work on residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators, except for planning or laying out of elevator work, unless:

(1) the individual is licensed by the commissioner as a limited journeyman elevator constructor; and

(2) the elevator work is for a limited elevator contractor or an elevator contractor, and the individual is an employee, partner, or officer of the licensed limited elevator contractor or licensed elevator contractor.

(b) An applicant for a limited journeyman elevator constructor license shall have at least two years of experience, acceptable to the commissioner, in installing apparatus, equipment, and wiring for elevators.

(c) Except for the initial license term, as a condition of license renewal, limited journeyman elevator constructors must attain a minimum of eight hours of continuing education credit approved by the commissioner every renewal period. Not less than six hours shall be based on the Minnesota Elevator Code or elevator technology, and not less than two hours on the National Electrical Code.

Subd. 4. **Registered unlicensed elevator constructor.** (a) An unlicensed individual shall not perform elevator work, unless the individual has first registered with the department as an unlicensed elevator constructor. Except as allowed by subdivision 12, a registered unlicensed elevator constructor shall not perform elevator work unless the work is performed under the direct supervision of an individual actually licensed to perform such work. The licensed elevator constructor and the registered unlicensed elevator constructor must be employed by the same employer. Unlicensed individuals shall not supervise the performance of elevator work or make assignments of elevator work to unlicensed individuals. Licensed elevator constructors shall provide direct supervision for no more than two registered unlicensed elevator constructors.

(b) Notwithstanding any other provision of this section, no individual other than a master elevator constructor or limited master elevator constructor shall plan or lay out elevator wiring, apparatus, or equipment.

(c) Contractors employing registered unlicensed elevator constructors performing elevator work shall maintain records establishing compliance with this subdivision that shall identify all unlicensed individuals performing elevator work and shall permit the department to examine and copy all such records.

(d) When a licensed elevator constructor supervises the elevator work of an unlicensed individual, the licensed elevator constructor is responsible for ensuring that the elevator work complies with this section and the Minnesota Elevator Code.

(e) A registered unlicensed elevator constructor with a minimum of one year experience may perform the following maintenance tasks for elevator equipment without being provided with direct supervision: oiling, cleaning, greasing, painting, relamping, and replacing of escalator and moving walk comb teeth.

Subd. 5. **Registration of unlicensed individuals.** (a) Unlicensed individuals performing elevator work for a contractor shall register with the department in the manner prescribed by the commissioner. Experience credit for elevator work performed in Minnesota after January 1, 2009, by an applicant for a license identified in this section shall not be granted where the applicant has not registered with the department or is not licensed by the department.

(b) As a condition of renewal of registration, unlicensed individuals shall attain a minimum of two hours of continuing education credit, approved by the commissioner, every renewal period. The continuing education course shall be based on the Minnesota Elevator Code or elevator technology.

(c) Individuals registered under section 326B.33, subdivision 13, whose registration expires after July 31, 2013, shall be subject to the registration requirements of this subdivision and the requirements of sections 326B.163 to 326B.191.

Subd. 6. **Contractor's license required.** (a) No individual, other than an employee, partner, or officer of a licensed contractor, as defined by section 326B.163, subdivision 10, shall perform or offer to perform elevator work with or without compensation, unless the individual obtains a contractor's license. A contractor's license does not of itself qualify its holder to perform or supervise the elevator work authorized by holding any class of personal license.

(b) Companies licensed under section 326B.33, subdivision 14, as of July 31, 2013, shall not be required to comply with this subdivision.

Subd. 7. **Bond required.** As a condition of licensing, each contractor shall give and maintain bond to the state in the sum of $25,000, conditioned upon the faithful and lawful performance of all work contracted for or performed by the contractor within the state of Minnesota, and such bond shall be for the benefit of persons injured or suffering financial loss by reason of failure of such performance. The bond shall be filed with the commissioner and shall be in lieu of all other license bonds to any other political subdivision. The bond shall be written by a corporate surety licensed to do business in the state of Minnesota.

Subd. 8. **Insurance required.** Each elevator contractor shall have and maintain in effect general liability insurance, which includes premises and operations insurance and products and completed operations insurance, with limits of at least $100,000 per occurrence, $300,000 aggregate limit for bodily injury, and property damage insurance with limits of at least $50,000, or a policy with a single limit for bodily injury and property damage of $300,000 per occurrence and $300,000 aggregate limits. The insurance shall be written by an insurer licensed to do business in the state of Minnesota, and each contractor shall maintain on file with the commissioner a certificate evidencing such insurance. In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured.

Subd. 9. **Employment of responsible individual.** (a) Each elevator contractor must designate a responsible master elevator constructor or limited master elevator constructor who shall be the responsible individual for the performance of all elevator work in accordance with the requirements of sections 326B.163 to 326B.191, all rules adopted under these sections, and all orders issued under section 326B.082. The classes of work that a licensed contractor is authorized to perform shall be limited to the classes of work that the responsible individual is allowed to perform.

(b) When a contractor's license is held by an individual, sole proprietorship, partnership, limited liability company, or corporation, and the individual, proprietor, one of the partners, one of the members, or an officer of the corporation, respectively, is not the responsible master elevator constructor or limited master elevator constructor, all elevator permits shall be submitted by the responsible master elevator constructor or limited master elevator constructor. If the contractor is an individual or a sole proprietorship, the responsible master or limited master elevator constructor must be the individual, proprietor, or managing employee. If the contractor is a partnership, the responsible master or limited master elevator constructor must be a general partner or managing employee. If the licensed contractor is a limited liability company, the responsible master or limited master elevator constructor must be a chief manager or managing employee. If the contractor is a corporation, the responsible master or limited master elevator constructor must be an officer or managing employee. If the responsible master or limited master elevator constructor is a managing employee, the responsible individual must be actively engaged in performing elevator work on behalf of the contractor and cannot be employed in any capacity performing elevator work for any other elevator contractor or employer. An individual may be the responsible individual for only one contractor.

(c) All applications and renewals for contractor licenses shall include a verified statement that the applicant and responsible individual are in compliance with this subdivision.

Subd. 10. **Examination.** In addition to the other requirements described in this section and sections 326B.091 to 326B.098, as a precondition to issuance of a personal license, each applicant must pass a written or oral examination developed and administered by the commissioner to ensure the competence of each applicant for license. An oral examination shall be administered only to an applicant who furnishes a written statement from a certified teacher or other professional, trained in the area of reading disabilities, stating that the applicant has a specific reading disability that would prevent the applicant from performing satisfactorily on a written test. The oral examination shall be structured so that an applicant who passes the examination will not impair the applicant's own safety or that of others while acting as a licensed individual.

Subd. 11. **License, registration, and renewal fees; expiration.** (a) Unless revoked or suspended under this chapter, all licenses issued or renewed under this section expire on the following schedule:

(1) master licenses expire March 1 of each odd-numbered year after issuance or renewal;

(2) elevator contractor licenses expire March 1 of each even-numbered year after issuance or renewal;

(3) journeyman elevator constructor licenses expire two years from the date of original issuance and every two years thereafter; and

(4) registrations of unlicensed individuals expire one year from the date of original issuance and every year thereafter.

(b) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the registration of an unlicensed individual under subdivision 5 shall be considered an entry-level license;

(2) the journeyman elevator constructor and the limited journeyman elevator constructor shall be considered a journeyman license;

(3) the master elevator constructor and limited master elevator constructor licenses shall be considered master licenses; and

(4) an elevator contractor license shall be considered a business license.

Subd. 12. **Exemption from licensing.** Employees of a licensed elevator contractor or licensed limited elevator contractor are not required to hold or obtain a license under this section or be provided with direct supervision by a licensed master elevator constructor, licensed limited master elevator constructor, licensed elevator constructor, or licensed limited elevator constructor to install, maintain, or repair platform lifts and stairway chairlifts. Unlicensed employees performing elevator work under this exemption must comply with subdivision 5. This exemption does not include the installation, maintenance, repair, or replacement of electrical wiring for elevator equipment.

Subd. 13. **Reciprocity.** (a) The commissioner may enter into reciprocity agreements for personal licenses with another state and issue a personal license without requiring the applicant to pass an examination provided the applicant:

(1) submits an application under this section;

(2) pays the application and examination fee and license fee required under section 326B.092; and

(3) holds a valid comparable license in the state participating in the agreement.

(b) Reciprocity agreements are subject to the following:

(1) the parties to the agreement must administer a statewide licensing program that includes examination and qualifying experience or training comparable to Minnesota's;

(2) the experience and training requirements under which an individual applicant qualified for examination in the qualifying state must be deemed equal to or greater than required for an applicant making application in Minnesota at the time the applicant acquired the license in the qualifying state;

(3) the applicant must have acquired the license in the qualifying state through an examination deemed equivalent to the same class of license examination in Minnesota. A lesser class of license may be granted where the applicant has acquired a greater class of license in the qualifying state, and the applicant otherwise meets the conditions of this subdivision;

(4) at the time of application, the applicant must hold a valid license in the qualifying state and have held the license continuously for at least one year before making application in Minnesota;

(5) an applicant is not eligible for a license under this subdivision if the applicant has failed the same or greater class of license examination in Minnesota, or if the applicant's license of the same or greater class has been revoked or suspended; and

(6) an applicant who has failed to renew a personal license for two years or more after its expiration is not eligible for a license under this subdivision.

Sec. 23. Minnesota Statutes 2012, section 326B.184, subdivision 1, is amended to read:

Subdivision 1. **Permits.** No person may construct, install, alter, repair, or remove an elevator without first filing an application for a permit with the department or a municipality authorized by subdivision 4 to inspect elevators. A permit issued by the department is valid for work commenced within 12 months of application and completed within two years of application. Where no work is commenced within 12 months of application, an applicant may cancel the permit and request a refund of inspection fees.

Sec. 24. Minnesota Statutes 2012, section 326B.184, is amended by adding a subdivision to read:

Subd. 1a. **Department permit and inspection fees.** (a) The department permit and inspection fees to construct, install, alter, repair, or remove an elevator are as follows:

(1) the permit fee is $100;

(2) the inspection fee is 0.015 of the total cost of the permitted work for labor and materials, including related electrical and mechanical equipment. The inspection fee covers two inspections. The inspection fee for additional inspections is $80 per hour;

(3) when inspections scheduled by the permit submitter are not able to be completed because the work is not complete, a fee equal to two hours at the hourly rate of $80 must be paid by the permit submitter; and

(4) when the owner or permit holder requests inspections be performed outside of normal work hours or on weekends or holidays, an hourly rate of $120 in addition to the inspection fee must be paid.

(b) The department fees for inspection of existing elevators when requested by the elevator owner or as a result of an accident resulting in personal injury are at an hourly rate of $80 during normal work hours or $120 outside of normal work hours or on weekends or holidays, with a one-hour minimum.

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

Sec. 25. Minnesota Statutes 2012, section 326B.184, subdivision 2, is amended to read:

Subd. 2. **Operating permits and fees; periodic inspections.** (a) No person may operate an elevator without first obtaining an annual operating permit from the department or a municipality authorized by subdivision 4 to issue annual operating permits. A $100 annual operating permit fee must be paid to the department for each annual operating permit issued by the department, except that the original annual operating permit must be included in the permit fee for the initial installation of the elevator. Annual operating permits must be issued at 12-month intervals from the date of the initial annual operating permit. For each subsequent year, an owner must be granted an annual operating permit for the elevator upon the owner's or owner's agent's submission of a form prescribed by the commissioner and payment of the $100 fee. Each form must include the location of the elevator, the results of any periodic test required by the code, and any other criteria established by rule. An annual operating permit may be revoked by the commissioner upon an audit of the periodic testing results submitted with the application or a failure to comply with elevator code requirements, inspections, or any other law related to elevators. Except for an initial operating permit fee, hand-powered manlifts and electric endless belt manlifts, and vertical reciprocating conveyors are not subject to a subsequent operating permit fee.

(b) All elevators are subject to periodic inspections by the department or a municipality authorized by subdivision 4 to perform periodic inspections, except that hand-powered manlifts and electric endless belt manlifts are exempt from periodic inspections. Periodic inspections by the department shall be performed at the following intervals:

(1) a special purpose personnel elevator is subject to inspection not more than once every five years;

(2) an elevator located within a house of worship that does not have attached school facilities is subject to inspection not more than once every three years; and

(3) all other elevators are subject to inspection not more than once each year.

Sec. 26. Minnesota Statutes 2012, section 326B.187, is amended to read:

326B.187 RULES.

The commissioner may adopt rules for the following purposes:

(1) to establish minimum qualifications for elevator inspectors that must include possession of a current elevator constructor ~~electrician's~~ license issued by the department and proof of successful completion of the national elevator industry education program examination or equivalent experience;

(2) to establish minimum qualifications for limited elevator inspectors;

(3) to establish criteria for the qualifications of elevator contractors;

(4) to establish elevator standards under sections 326B.106, subdivisions 1 and 3, and 326B.13;

(5) to establish procedures for appeals of decisions of the commissioner under chapter 14 and procedures allowing the commissioner, before issuing a decision, to seek advice from the elevator trade, building owners or managers, and others knowledgeable in the installation, construction, and repair of elevators; and

(6) to establish requirements for the registration of all elevators.

Sec. 27. Minnesota Statutes 2012, section 326B.31, is amended by adding a subdivision to read:

Subd. 26a. **Request for inspection.** "Request for inspection" means the application for and issuance of a permit for an electrical installation that is required to be inspected under section 326B.36.

Sec. 28. Minnesota Statutes 2012, section 326B.33, subdivision 19, is amended to read:

Subd. 19. **License, registration, and renewal fees; expiration.** (a) Unless revoked or suspended under this chapter, all licenses issued or renewed under this section expire on the date specified in this subdivision. Master licenses expire March 1 of each odd-numbered year after issuance or renewal. Electrical contractor licenses expire March 1 of each even-numbered year after issuance or renewal. Technology system contractor and satellite system contractor licenses expire August 1 of each even-numbered year after issuance or renewal. All other personal licenses expire two years from the date of original issuance and every two years thereafter. Registrations of unlicensed individuals expire one year from the date of original issuance and every year thereafter.

(b) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the registration of an unlicensed individual under subdivision 12 shall be considered an entry level license;

(2) the following licenses shall be considered journeyman licenses: Class A journeyman electrician, Class B journeyman electrician, Class A installer, Class B installer, ~~elevator constructor,~~ lineman, maintenance electrician, satellite system installer, and power limited technician;

(3) the following licenses shall be considered master licenses: Class A master electrician~~,~~ and Class B master electrician~~, and master elevator constructor~~; and

(4) the following licenses shall be considered business licenses: Class A electrical contractor, Class B electrical contractor, ~~elevator contractor,~~ satellite system contractor, and technology systems contractor.

(c) For each filing of a certificate of responsible person by an employer, the fee is $100.

Sec. 29. Minnesota Statutes 2012, section 326B.33, subdivision 21, is amended to read:

Subd. 21. **Exemptions from licensing.** (a) An individual who is a maintenance electrician is not required to hold or obtain a license under sections 326B.31 to 326B.399 if:

(1) the individual is engaged in the maintenance and repair of electrical equipment, apparatus, and facilities that are owned or leased by the individual's employer and that are located within the limits of property operated, maintained, and either owned or leased by the individual's employer;

(2) the individual is supervised by:

(i) the responsible master electrician for a contractor who has contracted with the individual's employer to provide services for which a contractor's license is required; or

(ii) a licensed master electrician, a licensed maintenance electrician, an electrical engineer, or, if the maintenance and repair work is limited to technology circuits or systems work, a licensed power limited technician; and

(3) the individual's employer has on file with the commissioner a current certificate of responsible person, signed by the responsible master electrician of the contractor, the licensed master electrician, the licensed maintenance electrician, the electrical engineer, or the licensed power limited technician, and stating that the person signing the certificate is responsible for ensuring that the maintenance and repair work performed by the employer's employees complies with the Minnesota Electrical Act and the rules adopted under that act. The employer must pay a filing fee to file a certificate of responsible person with the commissioner. The certificate shall expire two years from the date of filing. In order to maintain a current certificate of responsible person, the employer must resubmit a certificate of responsible person, with a filing fee, no later than two years from the date of the previous submittal.

(b) Employees of a licensed electrical or technology systems contractor or other employer where provided with supervision by a master electrician in accordance with subdivision 1, or power limited technician in accordance with subdivision 7, paragraph (a), clause (1), are not required to hold a license under sections 326B.31 to 326B.399 for the planning, laying out, installing, altering, and repairing of technology circuits or systems except planning, laying out, or installing:

(1) in other than residential dwellings, class 2 or class 3 remote control circuits that control circuits or systems other than class 2 or class 3, except circuits that interconnect these systems through communication, alarm, and security systems are exempted from this paragraph;

(2) class 2 or class 3 circuits in electrical cabinets, enclosures, or devices containing physically unprotected circuits other than class 2 or class 3; or

(3) technology circuits or systems in hazardous classified locations as covered by chapter 5 of the National Electrical Code.

(c) Companies and their employees that plan, lay out, install, alter, or repair class 2 and class 3 remote control wiring associated with plug or cord and plug connected appliances other than security or fire alarm systems installed in a residential dwelling are not required to hold a license under sections 326B.31 to 326B.399.

(d) Heating, ventilating, air conditioning, and refrigeration contractors and their employees are not required to hold or obtain a license under sections 326B.31 to 326B.399 when performing heating, ventilating, air conditioning, or refrigeration work as described in section 326B.38.

(e) Employees of any electrical, communications, or railway utility, cable communications company as defined in section 238.02, or a telephone company as defined under section 237.01 or its employees, or of any independent contractor performing work on behalf of any such utility, cable communications company, or telephone company, shall not be required to hold a license under sections 326B.31 to 326B.399:

(1) while performing work on installations, materials, or equipment which are owned or leased, and operated and maintained by such utility, cable communications company, or telephone company in the exercise of its utility, antenna, or telephone function, and which

(i) are used exclusively for the generation, transformation, distribution, transmission, or metering of electric current, or the operation of railway signals, or the transmission of intelligence and do not have as a principal function the consumption or use of electric current or provided service by or for the benefit of any person other than such utility, cable communications company, or telephone company, and

(ii) are generally accessible only to employees of such utility, cable communications company, or telephone company or persons acting under its control or direction, and

(iii) are not on the load side of the service point or point of entrance for communication systems;

(2) while performing work on installations, materials, or equipment which are a part of the street lighting operations of such utility; or

(3) while installing or performing work on outdoor area lights which are directly connected to a utility's distribution system and located upon the utility's distribution poles, and which are generally accessible only to employees of such utility or persons acting under its control or direction.

(f) An owner shall not be required to hold or obtain a license under sections 326B.31 to 326B.399.

(g) Companies and their employees licensed under section 326B.164 shall not be required to hold or obtain a license under sections 326B.31 to 326B.399 while performing elevator work.

Sec. 30. Minnesota Statutes 2012, section 326B.36, subdivision 7, is amended to read:

Subd. 7. **Exemptions from inspections.** Installations, materials, or equipment shall not be subject to inspection under sections 326B.31 to 326B.399:

(1) when owned or leased, operated and maintained by any employer whose maintenance electricians are exempt from licensing under sections 326B.31 to 326B.399, while performing electrical maintenance work only as defined by rule;

(2) when owned or leased, and operated and maintained by any electrical, communications, or railway utility, cable communications company as defined in section 238.02, or telephone company as defined under section 237.01, in the exercise of its utility, antenna, or telephone function; and

(i) are used exclusively for the generations, transformation, distribution, transmission, or metering of electric current, or the operation of railway signals, or the transmission of intelligence, and do not have as a principal function the consumption or use of electric current by or for the benefit of any person other than such utility, cable communications company, or telephone company; and

(ii) are generally accessible only to employees of such utility, cable communications company, or telephone company or persons acting under its control or direction; and

(iii) are not on the load side of the service point or point of entrance for communication systems;

(3) when used in the street lighting operations of an electrical utility;

(4) when used as outdoor area lights which are owned and operated by an electrical utility and which are connected directly to its distribution system and located upon the utility's distribution poles, and which are generally accessible only to employees of such utility or persons acting under its control or direction;

(5) when the installation, material, and equipment are in facilities subject to the jurisdiction of the federal Mine Safety and Health Act; or

(6) when the installation, material, and equipment is part of an elevator installation for which the elevator contractor, licensed under section ~~326B.33~~ 326B.164, is required to obtain a permit from the authority having jurisdiction as provided by section 326B.184, and the inspection has been or will be performed by an elevator inspector certified and licensed by the department. This exemption shall apply only to installations, material, and equipment permitted or required to be connected on the load side of the disconnecting means required for elevator equipment under National Electrical Code Article 620, and elevator communications and alarm systems within the machine room, car, hoistway, or elevator lobby.

Sec. 31. Minnesota Statutes 2012, section 326B.37, is amended by adding a subdivision to read:

Subd. 15. **Utility interconnected wind generation installations.** (a) Fees associated with utility interconnected generation installations consisting of one or more generator sources interconnected with a utility power system and not supplying other premises loads are calculated according to paragraph (b) or (c).

(b) The inspection fee is calculated according to subdivisions 2, 3, 4, and 6, paragraphs (d), (f), (j), and (k). A fee must be included for the generators and utility interconnect feeders, but not for a utility service.

(c) There is a plan review fee and an inspection fee for the entire electrical installation. The plan review fee is based on the valuation of the electrical installation related to one of the generator systems that is part of the overall installation, not to include the supporting tower or other nonelectrical equipment or structures, calculated according to section 326B.153, subdivision 2. The inspection fee is $80 for each individual tower, including any voltage matching transformers located at the tower, and the fee for the feeders interconnecting the individual towers to the utility power system is calculated according to subdivisions 4 and 6, paragraph (k).

Sec. 32. Minnesota Statutes 2012, section 326B.43, subdivision 2, is amended to read:

Subd. 2. **Agreement with municipality.** The commissioner may enter into an agreement with a municipality, in which the municipality agrees to perform plan and specification reviews required to be performed by the commissioner under Minnesota Rules, part 4715.3130, if:

(a) the municipality has adopted:

(1) the plumbing code;

(2) an ordinance that requires plumbing plans and specifications to be submitted to, reviewed, and approved by the municipality, except as provided in paragraph (n);

(3) an ordinance that authorizes the municipality to perform inspections required by the plumbing code; and

(4) an ordinance that authorizes the municipality to enforce the plumbing code in its entirety, except as provided in paragraph (p);

(b) the municipality agrees to review plumbing plans and specifications for all construction for which the plumbing code requires the review of plumbing plans and specifications, except as provided in paragraph (n);

(c) the municipality agrees that, when it reviews plumbing plans and specifications under paragraph (b), the review will:

(1) reflect the degree to which the plans and specifications affect the public health and conform to the provisions of the plumbing code;

(2) ensure that there is no physical connection between water supply systems that are safe for domestic use and those that are unsafe for domestic use; and

(3) ensure that there is no apparatus through which unsafe water may be discharged or drawn into a safe water supply system;

(d) the municipality agrees to perform all inspections required by the plumbing code in connection with projects for which the municipality reviews plumbing plans and specifications under paragraph (b);

(e) the commissioner determines that the individuals who will conduct the inspections and the plumbing plan and specification reviews for the municipality do not have any conflict of interest in conducting the inspections and the plan and specification reviews;

(f) individuals who will conduct the plumbing plan and specification reviews for the municipality are:

(1) licensed master plumbers;

(2) licensed professional engineers; or

(3) individuals who are working under the supervision of a licensed professional engineer or licensed master plumber and who are licensed master or journeyman plumbers or hold a postsecondary degree in engineering;

(g) individuals who will conduct the plumbing plan and specification reviews for the municipality have passed a competency assessment required by the commissioner to assess the individual's competency at reviewing plumbing plans and specifications;

(h) individuals who will conduct the plumbing inspections for the municipality are licensed master or journeyman plumbers, or inspectors meeting the competency requirements established in rules adopted under section 326B.135;

(i) the municipality agrees to enforce in its entirety the plumbing code on all projects, except as provided in paragraph (p);

(j) the municipality agrees to keep official records of all documents received, including plans, specifications, surveys, and plot plans, and of all plan reviews, permits and certificates issued, reports of inspections, and notices issued in connection with plumbing inspections and the review of plumbing plans and specifications;

(k) the municipality agrees to maintain the records described in paragraph (j) in the official records of the municipality for the period required for the retention of public records under section 138.17, and shall make these records readily available for review at the request of the commissioner;

(l) the municipality and the commissioner agree that if at any time during the agreement the municipality does not have in effect the plumbing code or any of ordinances described in paragraph (a), or if the commissioner determines that the municipality is not properly administering and enforcing the plumbing code or is otherwise not complying with the agreement:

(1) the commissioner may, effective 14 days after the municipality's receipt of written notice, terminate the agreement;

(2) the municipality may challenge the termination in a contested case before the commissioner pursuant to the Administrative Procedure Act; and

(3) while any challenge is pending under clause (2), the commissioner shall perform plan and specification reviews within the municipality under Minnesota Rules, part 4715.3130;

(m) the municipality and the commissioner agree that the municipality may terminate the agreement with or without cause on 90 days' written notice to the commissioner;

(n) the municipality and the commissioner agree that the municipality shall forward to the state for review all plumbing plans and specifications for the following types of projects within the municipality:

(1) ~~hospitals, nursing homes, supervised living facilities licensed for eight or more individuals, and similar health-care-related facilities regulated by the Minnesota Department of Health~~ state-licensed facilities as defined in section 326B.103, subdivision 13;

(2) ~~buildings owned by the federal or state government~~ public buildings as defined in section 326B.103, subdivision 11; and

(3) projects of a special nature for which department review is requested by either the municipality or the state;

(o) where the municipality forwards to the state for review plumbing plans and specifications, as provided in paragraph (n), the municipality shall not collect any fee for plan review, and the commissioner shall collect all applicable fees for plan review; and

(p) no municipality shall revoke, suspend, or place restrictions on any plumbing license issued by the state.

Sec. 33. Minnesota Statutes 2012, section 326B.49, subdivision 2, is amended to read:

Subd. 2. **Fees for plan reviews and audits.** Plumbing system plans and specifications that are submitted to the commissioner for review shall be accompanied by the appropriate plan examination fees. If the commissioner determines, upon review of the plans, that inadequate fees were paid, the necessary additional fees shall be paid prior to plan approval. The commissioner shall charge the following fees for plan reviews and audits of plumbing installations for public, commercial, and industrial buildings:

(1) systems with both water distribution and drain, waste, and vent systems and having:

(i) 25 or fewer drainage fixture units, $150;

(ii) 26 to 50 drainage fixture units, $250;

(iii) 51 to 150 drainage fixture units, $350;

(iv) 151 to 249 drainage fixture units, $500;

(v) 250 or more drainage fixture units, $3 per drainage fixture unit to a maximum of $4,000; and

(vi) interceptors, separators, or catch basins, $70 per interceptor, separator, or catch basin design;

(2) building sewer service only, $150;

(3) building water service only, $150;

(4) building water distribution system only, no drainage system, $5 per supply fixture unit or $150, whichever is greater;

(5) storm drainage system, a minimum fee of $150 or:

(i) $50 per drain opening, up to a maximum of $500; and

(ii) $70 per interceptor, separator, or catch basin design;

(6) manufactured home park or campground, one to 25 sites, $300;

(7) manufactured home park or campground, 26 to 50 sites, $350;

(8) manufactured home park or campground, 51 to 125 sites, $400;

(9) manufactured home park or campground, more than 125 sites, $500; and

~~(10) accelerated review, double the regular fee, one-half to be refunded if no response from the commissioner within 15 business days; and~~

~~(11)~~ (10) revision to previously reviewed or incomplete plans:

(i) review of plans for which the commissioner has issued two or more requests for additional information, per review, $100 or ten percent of the original fee, whichever is greater;

(ii) proposer-requested revision with no increase in project scope, $50 or ten percent of original fee, whichever is greater; and

(iii) proposer-requested revision with an increase in project scope, $50 plus the difference between the original project fee and the revised project fee.

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

Sec. 34. Minnesota Statutes 2012, section 326B.49, subdivision 3, is amended to read:

Subd. 3. **~~Inspection~~ Permits; fees.** ~~The commissioner shall charge the following fees for inspections under sections 326B.42 to 326B.49:~~

~~Residential inspection fee (each visit)~~	~~$~~	~~50~~
~~Public, Commercial, and Industrial Inspections~~		~~Inspection Fee~~
~~25 or fewer drainage fixture units~~	~~$~~	~~300~~
~~26 to 50 drainage fixture units~~	~~$~~	~~900~~

~~51 to 150 drainage fixture units~~	~~$~~	~~1,200~~
~~151 to 249 drainage fixture units~~	~~$~~	~~1,500~~
~~250 or more drainage fixture units~~	~~$~~	~~1,800~~
~~Callback fee (each visit)~~	~~$~~	~~100~~

(a) Before commencement of a plumbing installation to be inspected by the commissioner, the plumbing contractor or registered plumbing employer performing the plumbing work must submit to the commissioner an application for a permit and the permit and inspection fees in paragraphs (b) to (f).

(b) The permit fee is $100.

(c) The residential inspection fee is $50 for each inspection trip.

(d) The public, commercial, and industrial inspection fees are as follows:

(1) for systems with water distribution, drain, waste, and vent system connection:

(i) $25 for each fixture, permanently connected appliance, floor drain, or other appurtenance;

(ii) $25 for each water conditioning, water treatment, or water filtration system; and

(iii) $25 for each interceptor, separator, catch basin, or manhole;

(2) roof drains, $25 for each drain;

(3) building sewer service only, $100;

(4) building water service only, $100;

(5) building water distribution system only, no drainage system, $5 for each fixture supplied;

(6) storm drainage system, a minimum fee of $25 for each drain opening, interceptor, separator, or catch basin;

(7) manufactured home park or campground, $25 for each site;

(8) reinspection fee to verify corrections, regardless of the total fee submitted, $100 for each reinspection; and

(9) each $100 in fees paid covers one inspection trip.

(e) In addition to the fees in paragraph (c), the fee submitter must pay an hourly rate of $80 during regular business hours, or $120 when inspections are requested to be performed outside of normal work hours or on weekends and holidays, with a two-hour minimum where the fee submitter requests inspections of installations as systems are being installed.

(f) The fee submitter must pay a fee equal to two hours at the hourly rate of $80 when inspections scheduled by the submitter are not able to be completed because the work is not complete.

Sec. 35. Minnesota Statutes 2012, section 326B.89, subdivision 1, is amended to read:

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

(b) "Gross annual receipts" means the total amount derived from residential contracting or residential remodeling activities, regardless of where the activities are performed, and must not be reduced by costs of goods sold, expenses, losses, or any other amount.

(c) "Licensee" means a person licensed as a residential contractor or residential remodeler.

(d) "Residential real estate" means a new or existing building constructed for habitation by one to four families, and includes detached garages.

(e) "Fund" means the contractor recovery fund.

(f) "Owner" when used in connection with real property, means a person who has any legal or equitable interest in real property and includes a condominium or townhome association that owns common property located in a condominium building or townhome building or an associated detached garage. Owner does not include any real estate developer or any owner using, or intending to use, the property for a business purpose and not as owner-occupied residential real estate.

Sec. 36. Minnesota Statutes 2012, section 327B.04, subdivision 4, is amended to read:

Subd. 4. **License prerequisites.** No application shall be granted nor license issued until the applicant proves to the commissioner that:

(a) the applicant has a permanent, established place of business at each licensed location. An "established place of business" means a permanent enclosed building other than a residence, or a commercial office space, either owned by the applicant or leased by the applicant for a term of at least one year, located in an area where zoning regulations allow commercial activity, and where the books, records and files necessary to conduct the business are kept and maintained. The owner of a licensed manufactured home park who resides in or adjacent to the park may use the residence as the established place of business required by this subdivision, unless prohibited by local zoning ordinance.

If a license is granted, the licensee may use unimproved lots and premises for sale, storage, and display of manufactured homes, if the licensee first notifies the commissioner in writing;

(b) if the applicant desires to sell, solicit or advertise the sale of new manufactured homes, it has a bona fide contract or franchise in effect with a manufacturer or distributor of the new manufactured home it proposes to deal in;

(c) the applicant has secured: (1) a surety bond in the amount of $20,000 for each agency and each subagency location that bears the applicant's name and the name under which the applicant will be licensed and do business in this state. Each bond is for the protection of consumer customers, and must be executed by the applicant as principal and issued by a surety company admitted to do business in this state. Each bond shall be exclusively for the purpose of reimbursing consumer customers and shall be conditioned upon the faithful compliance by the applicant with all of the laws and rules of this state pertaining to the applicant's business as a dealer or manufacturer, including sections 325D.44, 325F.67 and 325F.69, and upon the applicant's faithful performance of all its legal obligations to consumer customers; and (2) a certificate of liability insurance in the amount of $1,000,000 that provides aggregate coverage for the agency and each subagency location. In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured;

(d) the applicant has established a trust account as required by section 327B.08, subdivision 3, unless the applicant states in writing its intention to limit its business to selling, offering for sale, soliciting or advertising the sale of new manufactured homes; and

(e) the applicant has provided evidence of having had at least two years' prior experience in the sale of manufactured homes, working for a licensed dealer. The applicant does not have to satisfy the two-year prior experience requirement if:

(1) the applicant sells or brokers used manufactured homes as permitted under section 327B.01, subdivision 7; or

(2) the applicant:

(i) has met all other licensing requirements;

(ii) is the owner of a manufactured home park; and

(iii) is selling new manufactured homes installed in the manufactured home park that the applicant owns.

Sec. 37. Minnesota Statutes 2012, section 341.21, subdivision 3a, is amended to read:

Subd. 3a. **Commissioner.** "Commissioner" means the commissioner of labor and industry or a duly designated representative of the commissioner who is either an employee of the Department of Labor and Industry or a person working under contract with the department.

Sec. 38. Minnesota Statutes 2012, section 341.221, is amended to read:

341.221 ADVISORY COUNCIL.

(a) The commissioner must appoint a Combative Sports Advisory Council to advise the commissioner on the administration of duties under this chapter.

(b) The council shall have nine members appointed by the commissioner. One member must be a retired judge of the Minnesota District Court, Minnesota Court of Appeals, Minnesota Supreme Court, the United States District Court for the District of Minnesota, or the Eighth Circuit Court of Appeals. At least four members must have knowledge of the boxing industry. At least four members must have knowledge of the mixed martial arts industry. The commissioner shall make serious efforts to appoint qualified women to serve on the council.

(c) Council members shall serve terms of four years with the terms ending on the first Monday in January.

(d) The council shall annually elect from its membership a chair.

(e) ~~The commissioner shall convene the first meeting of the council by July 1, 2012. The council shall elect a chair at its first meeting. Thereafter,~~ Meetings shall be convened by the commissioner, or by the chair with the approval of the commissioner.

(f) ~~For the first appointments to the council, the commissioner shall appoint the members currently serving on the Combative Sports Commission established under section 341.22, to the council.~~ The commissioner shall designate two of the members to serve until the first Monday in January 2013; two members to serve until the first Monday in January 2014; two members to serve until the first Monday in January 2015; and three members to serve until the first Monday in January 2016.

(g) Removal of members, filling of vacancies, and compensation of members shall be as provided in section 15.059.

Sec. 39. Minnesota Statutes 2012, section 341.27, is amended to read:

341.27 COMMISSIONER DUTIES.

The commissioner shall:

(1) issue, deny, renew, suspend, or revoke licenses;

(2) make and maintain records of its acts and proceedings including the issuance, denial, renewal, suspension, or revocation of licenses;

(3) keep public records of the council open to inspection at all reasonable times;

(4) develop rules to be implemented under this chapter;

(5) conform to the rules adopted under this chapter;

(6) develop policies and procedures for regulating boxing and mixed martial arts; ~~and~~

(7) immediately suspend an individual license for a medical condition, including but not limited to a medical condition resulting from an injury sustained during a match, bout, or contest that has been confirmed by the ringside physician. The medical suspension must be lifted after the commissioner receives written information from a physician licensed in the home state of the licensee indicating that the combatant may resume competition, and any other information that the commissioner may by rule require. Medical suspensions are not subject to section ~~214.10.~~ 326B.082 or the contested case procedures provided in sections 14.57 to 14.69; and

(8) immediately suspend an individual combatant license for a mandatory rest period, which must commence at the conclusion of every combative sports contest in which the license holder competes and does not receive a medical suspension. A rest suspension must automatically lift after seven calendar days from the date the combative sports contest passed without notice or additional proceedings. Rest suspensions are not subject to section 326B.082 or the contested case procedures provided in sections 14.57 to 14.69.

Sec. 40. Minnesota Statutes 2012, section 341.29, is amended to read:

341.29 JURISDICTION OF COMMISSIONER.

The commissioner shall:

(1) have sole direction, supervision, regulation, control, and jurisdiction over all combative sport contests that are held within this state unless a contest is exempt from the application of this chapter under federal law;

(2) have sole control, authority, and jurisdiction over all licenses required by this chapter; ~~and~~

(3) grant a license to an applicant if, in the judgment of the commissioner, the financial responsibility, experience, character, and general fitness of the applicant are consistent with the

public interest, convenience, or necessity and the best interests of combative sports and conforms with this chapter and the commissioner's rules~~.~~; and

(4) deny, suspend, or revoke a license using the enforcement provisions of section 326B.082.

Sec. 41. Minnesota Statutes 2012, section 341.30, subdivision 4, is amended to read:

Subd. 4. **Prelicensure requirements.** (a) Before the commissioner issues a license to a promoter, corporation, or other business entity, the applicant shall:

(1) provide the commissioner with a copy of any agreement between a combatant and the applicant that binds the applicant to pay the combatant a certain fixed fee or percentage of the gate receipts;

(2) show on the application the owner or owners of the applicant entity and the percentage of interest held by each owner holding a 25 percent or more interest in the applicant;

(3) provide the commissioner with a copy of the latest financial statement of the entity; and

(4) provide the commissioner with a copy or other proof acceptable to the commissioner of the insurance contract or policy required by this chapter.

(b) Before the commissioner issues a license to a promoter, the applicant shall deposit with the commissioner a cash bond or surety bond in an amount set by the commissioner, which must not be less than $10,000. The bond shall be executed in favor of this state and shall be conditioned on the faithful performance by the promoter of the promoter's obligations under this chapter and the rules adopted under it. An applicant for a license as a promoter and licensed promoters shall submit an application for each event a minimum of six weeks before the combative sport contest is scheduled to occur.

(c) Before the commissioner issues a license to a combatant, the applicant shall submit to the commissioner:

(1) a mixed martial arts combatant national identification number or federal boxing identification number that is unique to the applicant, or both; and

(2) the results of a current medical examination on forms furnished or approved by the commissioner. The medical examination must include an ophthalmological and neurological examination, and documentation of test results for HBV, HCV, and HIV, and any other blood test as the commissioner by rule may require. The ophthalmological examination must be designed to detect any retinal defects or other damage or condition of the eye that could be aggravated by combative sports. The neurological examination must include an electroencephalogram or medically superior test if the combatant has been knocked unconscious in a previous contest. The commissioner may also order an electroencephalogram or other appropriate neurological or physical examination before any contest if it determines that the examination is desirable to protect the health of the combatant. The commissioner shall not issue a license to an applicant submitting positive test results for HBV, HCV, or HIV.

Sec. 42. Minnesota Statutes 2012, section 341.32, subdivision 2, is amended to read:

Subd. 2. **Expiration and renewal.** ~~A license issued after July 1, 2007, is valid for one year from the date it is issued and~~ Licenses expire annually on December 31, and may be renewed by filing an application for renewal with the commissioner and payment of the license fees established in section 341.321. An application for a license and renewal of a license must be on a form provided by the commissioner. There is a 30-day grace period during which a license may be renewed if a late filing penalty fee equal to the license fee is submitted with the regular license fee. A licensee that files late shall not conduct any activity regulated by this chapter until the commissioner has renewed the license. If the licensee fails to apply to the commissioner within the 30-day grace period, the licensee must apply for a new license under subdivision 1.

Sec. 43. Minnesota Statutes 2012, section 341.321, is amended to read:

341.321 FEE SCHEDULE.

(a) The fee schedule for professional licenses issued by the commissioner is as follows:

(1) referees, ~~$45~~ $80 for each initial license and each renewal;

(2) promoters, ~~$400~~ $700 for each initial license and each renewal;

(3) judges and knockdown judges, ~~$45~~ $80 for each initial license and each renewal;

(4) trainers, ~~$45~~ $80 for each initial license and each renewal;

(5) ring announcers, ~~$45~~ $80 for each initial license and each renewal;

(6) seconds, ~~$45~~ $80 for each initial license and each renewal;

(7) timekeepers, ~~$45~~ $80 for each initial license and each renewal;

(8) combatants, ~~$45~~ $100 for each initial license and each renewal;

(9) managers, ~~$45~~ $80 for each initial license and each renewal; and

(10) ringside physicians, ~~$45~~ $80 for each initial license and each renewal.

In addition to the license fee and the late filing penalty fee in section 341.32, subdivision 2, if applicable, an individual who applies for a professional license on the same day the combative sporting event is held shall pay a late fee of $100 plus the original license fee of ~~$45~~ $120 at the time the application is submitted.

(b) The fee schedule for amateur licenses issued by the commissioner is as follows:

(1) referees, ~~$45~~ $80 for each initial license and each renewal;

(2) promoters, ~~$400~~ $700 for each initial license and each renewal;

(3) judges and knockdown judges, ~~$45~~ $80 for each initial license and each renewal;

(4) trainers, ~~$45~~ $80 for each initial license and each renewal;

(5) ring announcers, ~~$45~~ $80 for each initial license and each renewal;

(6) seconds, ~~$45~~ $80 for each initial license and each renewal;

(7) timekeepers, ~~$45~~ $80 for each initial license and each renewal;

(8) combatant, ~~$25~~ $60 for each initial license and each renewal;

(9) managers, ~~$45~~ $80 for each initial license and each renewal; and

(10) ringside physicians, ~~$45~~ $80 for each initial license and each renewal.

(c) The commissioner shall establish a contest fee for each combative sport contest. The professional combative sport contest fee is $1,500 per event or not more than four percent of the gross ticket sales, whichever is greater, as determined by the commissioner when the combative sport contest is scheduled, ~~except that~~ the amateur combative sport contest fee shall be ~~$500~~ $1,500 or not more than four percent of the gross ticket sales, whichever is greater. The commissioner shall consider the size and type of venue when establishing a contest fee. The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule. A professional or amateur combative sport contest fee is nonrefundable.

(d) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.

Sec. 44. **REPEALER.**

(a) Minnesota Statutes 2012, sections 326B.31, subdivisions 18, 19, and 22; and 326B.978, subdivision 4, are repealed.

(b) Minnesota Rules, part 1307.0032, is repealed effective December 31, 2013.

(c) Minnesota Rules, parts 3800.3520, subpart 5, items C and D; and 3800.3602, subpart 2, item B, subitems (5) and (6), are repealed.

ARTICLE 3

EMPLOYMENT, ECONOMIC DEVELOPMENT, AND WORKFORCE DEVELOPMENT

Section 1. **[116J.013] COST-OF-LIVING STUDY; ANNUAL REPORT.**

(a) The commissioner shall conduct an annual cost-of-living study in Minnesota. The study shall include:

(1) a calculation of the statewide basic needs cost of living, adjusted for family size;

(2) a calculation of the basic needs cost of living, adjusted for family size, for each county;

(3) an analysis of statewide and county cost-of-living data, employment data, and job vacancy data; and

(4) recommendations to aid in the assessment of employment and economic development planning needs throughout the state.

(b) The commissioner shall report on the cost-of-living study and recommendations by February 1 of each year to the governor and to the chairs of the standing committees of the house of representatives and the senate having jurisdiction over employment and economic development issues.

Sec. 2. **[116J.4011] LABOR MARKET INFORMATION DATA PRODUCTION REQUIREMENT.**

(a) As part of the commissioner's obligation under section 116J.401, the commissioner must, in collaboration with the Office of Higher Education and local workforce councils, produce and publish labor market analysis describing the alignment between employer requirements and workforce qualifications.

(b) The analysis must include a description of job trends that supports career choice and job seeking including:

(1) measures of current job growth, projected future job growth, and current job vacancies;

(2) a breakdown of these measures, whenever feasible, by industry, occupation, statewide and substate region, by educational requirement, state employee retirement trends, and by racial trends;

(3) a description of industry- or occupation-based credentials and minimum educational standards necessary for successful employment in each area; and

(4) a designation of areas of opportunity based on high growth, high vacancy, and high pay conditions.

(c) The analysis must include a description of workforce supply and quality, including:

(1) a description of the current educational attainment of the workforce and its distribution across industries, occupations, and regions;

(2) the number and distribution of recent graduates of and current enrollees in postsecondary institutions by academic concentration or major and by credential type; and

(3) the completion rate, employment outcome, and average debt for recent postsecondary graduates by program of study, institution type, and credential.

(d) The analysis must be reviewed on a regular basis by representatives from the business and postsecondary sectors, and any feedback should be incorporated into data collection and presentation where feasible. This feedback may also include surveys of employers on their skill, credential, and other workforce requirements when necessary.

(e) Analysis, data, and reports required by this section must be easily accessible, easily readable, and prominently presented on the Department of Employment and Economic Development Web site and Web sites of workforce centers. Information on job vacancies and areas of potential employment opportunities should link to educational or credential requirements, appropriate training or educational offerings, prevailing wages, and other indicators of market conditions deemed important to career choosers and job seekers.

Sec. 3. **[116J.548] HOST COMMUNITY ECONOMIC DEVELOPMENT GRANTS.**

Subdivision 1. **Creation of account.** A host community economic development grant program is created in the Department of Employment and Economic Development. Grants awarded under this section may only be spent for capital costs of an eligible project.

Subd. 2. **Definitions.** For purposes of this section:

(1) "Capital costs" means expenditures for the acquisition and betterment of public lands and buildings, and for other publicly owned capital improvements. Capital costs also include expenditures for predesign, design, engineering, and similar activities for specifically identified eligible projects.

(2) "Eligible project" means a development or redevelopment project that will generate economic development within a host community.

(3) "Economic development" means job creation, an increase in the tax base, the capacity of the eligible project to attract private investment, and other objective criteria established by the commissioner that demonstrate a public benefit to the host community.

(4) "Host community" means a city located within the seven-county metropolitan area, as defined in section 473.121, subdivision 2, that is the site of a waste disposal facility that meets the standards in section 473.849, that accepts unprocessed mixed municipal solid waste generated in the metropolitan area.

Subd. 3. **Application.** Host communities may apply for a grant under this section on a form and in a manner prescribed by the commissioner. In awarding grants under this section, the commissioner shall give priority to eligible projects that, based on a cost-benefit analysis, provide the highest return on public investment. The commissioner must allocate available money between host communities as evenly as practicable.

Subd. 4. **No match required.** Notwithstanding section 16A.86 or any other law to the contrary, the state share of a project covered by this section shall cover 100 percent of the total cost of the project.

Subd. 5. **Report.** The commissioner must report to committees of the legislature with jurisdiction over economic development by February 15 of each year on grants awarded under this section.

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

Sec. 4. Minnesota Statutes 2012, section 116J.8731, subdivision 2, is amended to read:

Subd. 2. **Administration.** Except as otherwise provided in this section, the commissioner shall administer the fund as part of the Small Cities Development Block Grant Program~~.~~ and funds shall be made available to local communities and recognized Indian tribal governments in accordance with the rules adopted for economic development grants in the small cities community development block grant program~~, except that~~. All units of general purpose local government are eligible applicants for Minnesota investment funds. The commissioner may provide forgivable loans directly to a private enterprise and not require a local community or recognized Indian tribal government application other than a resolution supporting the assistance. Eligible applicants for the state-funded portion of the fund also include development authorities as defined in section 116J.552, subdivision 4, provided that the governing body of the municipality approves, by resolution, the application of the development authority. The commissioner may also make funds available within the department for eligible expenditures under subdivision 3, clause (2). A home rule charter or statutory city, county, or town may loan or grant money received from repayment of funds awarded under this section to a regional development commission, other regional entity, or statewide community capital fund as determined by the commissioner, to capitalize or to provide the local match required for capitalization of a regional or statewide revolving loan fund.

Sec. 5. Minnesota Statutes 2012, section 116J.8731, subdivision 3, is amended to read:

Subd. 3. **Eligible expenditures.** The money appropriated for this section may be used to:

(1) fund loans or grants for infrastructure, loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise

must be for a principal amount not to exceed one-half of the cost of the project for which financing is sought;

(2) fund strategic investments in renewable energy market development, such as low interest loans for renewable energy equipment manufacturing, training grants to support renewable energy workforce, development of a renewable energy supply chain that represents and strengthens the industry throughout the state, and external marketing to garner more national and international investment into Minnesota's renewable sector. Expenditures in external marketing for renewable energy market development are not subject to the limitations in clause (1); and

(3) provide private entrepreneurs with training, other technical assistance, and financial assistance, as provided in the small cities development block grant program.

Sec. 6. Minnesota Statutes 2012, section 116J.8731, subdivision 8, is amended to read:

Subd. 8. **Disaster contingency account; repayments.** There is created a Minnesota investment fund disaster contingency account in the special revenue fund. Repayment of loan amounts to the local government unit or development authority under this section shall be forwarded to the commissioner and deposited in the disaster contingency account in the Minnesota investment fund to be appropriated by law for future disaster relief.

Sec. 7. Minnesota Statutes 2012, section 116J.8731, subdivision 9, is amended to read:

Subd. 9. **Requirements for assistance.** (a) All awards under section 12A.07 are subject to the ~~following~~ requirements in this subdivision.

~~(a) Eligible applicants include the following:~~

(b) Eligible applicants are subject to the following requirements:

(1) Applicants may be any business or nonprofit organization in the area included in the disaster declaration that was directly and adversely affected by the disaster. This includes: businesses, cooperatives, utilities, industrial, commercial, retail, and nonprofit organizations, including those nonprofits that provide residential, health care, child care, social, or other services on behalf of the Department of Human Services to residents included in the disaster area.

(2) Business applicants must be organized as a proprietorship, partnership, LLC, or a corporation.

(3) Applicants must have been in operation before the date of the disaster.

~~(b) Eligible activities.~~ (c) Loan funds may be used to assist businesses only in their recovery efforts but are not available to provide relief from economic losses.

~~(c) Eligible costs.~~ (d) Eligible costs may include the following: repair of buildings, leasehold improvements, fixtures and/or equipment, loss of inventory, and cleanup costs.

~~(d)~~ (e) Ineligible activities include all of the following:

(1) ~~Ineligible applicants.~~ Any applicants not meeting the eligibility requirements outlined in this subdivision are ineligible to receive recovery loan funds.

(2) ~~Ineligible activities.~~ Funds may not be used for lending or investment operations, land speculation, or any activity deemed illegal by federal, state, or local law or ordinance.

(3) ~~Ineligible costs.~~ Ineligible costs include but are not limited to: economic injury losses, relocation, management fees, financing costs, franchise fees, debt consolidation, moving costs, refinancing debt existing prior to the date of the disaster, and operating costs.

~~(e)~~ (f) Loan application:

~~(1) Application process.~~ All parties seeking recovery loan funds must file an application with the local unit of government or development authority. Small Business Administration (SBA) application forms may be used. Applications must be transmitted in the form and manner prescribed by the commissioner.

~~(f) Application information.~~ (g) Only completed applications will be reviewed for consideration. Submittal of the following information constitutes a complete application:

(1) Minnesota investment fund recovery loan fund application;

(2) business SBA disaster application, if applicable;

(3) regional development organization or responsible local government application, if applicable;

(4) administrative contact;

(5) business release for local government to review SBA damage assessment/loss verification, if applicable;

(6) proof of loss statement from insurer;

(7) construction cost estimates;

(8) invoices for work completed;

(9) quotes for equipment;

(10) proposed security;

(11) company historical financial statements for the 24 months immediately prior to the application date;

(12) credit check release;

(13) number of jobs to be retained;

(14) wages paid;

(15) amount of loan request;

(16) documentation of damages incurred;

(17) property taxes paid and current;

(18) judgments, liens, agreements, consent decrees, stipulations for settlements, or other such actions which would prevent the applicant from participating in any program administered by the responsible local, state, or regional government;

(19) compliance with all applicable local ordinances and plans;

(20) documentation through financial and tax records that the business was a viable operating entity at the time of the flood;

(21) business tax identification number; and

(22) other documentation as requested.

~~(g)~~ (h) Incomplete applications will be assigned pending status and the applicant will be informed in writing of the missing documentation.

~~(h) Determination of eligibility.~~ (i) Applicant eligibility will be determined using criteria enumerated in paragraph ~~(a)~~ (b). A credit check for the company and each of its principal owners may be conducted. An owner's encumbrance report will be completed by the Recorder's Office.

(j) A grant recipient is eligible for assistance provided under this section only after the recipient has claimed all applicable private insurance and the recipient has utilized all other sources of applicable assistance available under the act appropriating funding for the grant.

Sec. 8. **[116J.8748] MINNESOTA JOB CREATION FUND.**

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

(b) "Agreement" or "business subsidy agreement" means a business subsidy agreement under section 116J.994 that must include, but is not limited to: specification of the duration of the agreement, job goals and a timeline for achieving those goals over the duration of the agreement, construction and other investment goals and a timeline for achieving those goals over the duration of the agreement, and the value of benefits the firm may receive following achievement of capital investment and employment goals. The local government and business must report to the commissioner on the business performance using the forms developed by the commissioner.

(c) "Business" means an individual, corporation, partnership, limited liability company, association, or other entity.

(d) "Capital investment" means money that is expended for the purpose of building or improving real fixed property where employees under paragraphs (g) and (h) are or will be employed and also includes construction materials, services, and supplies, and the purchase and installation of equipment and machinery as provided under subdivision 4, paragraph (b), clause (5).

(e) "Commissioner" means the commissioner of employment and economic development.

(f) "Minnesota job creation fund business" means a business that is designated by the commissioner under subdivision 3.

(g) "New full-time employee" means an employee who:

(1) begins work at a Minnesota job creation fund business facility noted in a business subsidy agreement and following the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually.

(h) "Retained job" means a full-time position:

(1) that existed at the facility prior to the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually.

(i) "Wages" has the meaning given in section 290.92, subdivision 1, clause (1).

Subd. 2. **Application.** (a) In order to qualify for designation as a Minnesota job creation fund business under subdivision 3, a business must submit an application to the local government entity where the facility is or will be located.

(b) A local government must submit the business application along with other application materials to the commissioner for approval.

(c) The applications required under paragraphs (a) and (b) must be in the form and be made under the procedures specified by the commissioner.

Subd. 3. **Minnesota job creation fund business designation; requirements.** (a) To receive designation as a Minnesota job creation fund business, a business must satisfy all of the following conditions:

(1) the business is or will be engaged in, within Minnesota, one of the following as its primary business activity:

(i) manufacturing;

(ii) warehousing;

(iii) distribution;

(iv) information technology;

(v) finance;

(vi) insurance; or

(vii) professional or technical services;

(2) the business must not be primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location;

(3) the business must enter into a binding construction and job creation business subsidy agreement with the commissioner to expend at least $500,000 in capital investment in a capital investment project that includes a new, expanded, or remodeled facility within one year following designation as a Minnesota job creation fund business and:

(i) create at least ten new full-time employee positions within two years of the benefit date following the designation as a Minnesota job creation fund business; or

(ii) expend at least $25,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 200 employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for projects located outside the metropolitan area;

(4) positions or employees moved or relocated from another Minnesota location of the Minnesota job creation fund business must not be included in any calculation or determination of job creation or new positions under this paragraph; and

(5) a Minnesota job creation fund business must not terminate, lay off, or reduce the working hours of an employee for the purpose of hiring an individual to satisfy job creation goals under this subdivision.

(b) Prior to approving the proposed designation of a business under this subdivision, the commissioner shall consider the following:

(1) the economic outlook of the industry in which the business engages;

(2) the projected sales of the business that will be generated from outside the state of Minnesota;

(3) how the business will build on existing regional, national, and international strengths to diversify the state's economy;

(4) whether the business activity would occur without financial assistance;

(5) whether the business is unable to expand at an existing Minnesota operation due to facility or land limitations;

(6) whether the business has viable location options outside Minnesota;

(7) the effect of financial assistance on industry competitors in Minnesota;

(8) financial contributions to the project made by local governments; and

(9) any other criteria the commissioner deems necessary.

(c) Upon receiving notification of local approval under subdivision 2, the commissioner shall review the determination by the local government and consider the conditions listed in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local area to designate a business as a Minnesota job creation fund business.

(d) If the commissioner designates a business as a Minnesota job creation fund business, the business subsidy agreement shall include the performance outcome commitments and the expected financial value of any Minnesota job creation fund benefits.

(e) The commissioner may amend an agreement once, upon request of a local government on behalf of a business, only if the performance is expected to exceed thresholds stated in the original agreement.

(f) A business may apply to be designated as a Minnesota job creation fund business at the same location more than once only if all goals under a previous Minnesota job creation fund agreement have been met and the agreement is completed.

Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job creation fund business as eligible to receive a specific value of benefit under paragraphs (b) and (c) when the business has achieved its job creation and capital investment goals noted in its agreement under subdivision 3.

(b) A qualified Minnesota job creation fund business may be certified eligible for the benefits in this paragraph for up to five years for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and seven years for projects located outside the metropolitan area, as determined by the commissioner when considering the best interests of the state and local area. The eligibility for the following benefits begins the date the commissioner certifies the business as a qualified Minnesota job creation fund business under this subdivision:

(1) up to five percent rebate for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan area, on capital investment on qualifying purchases as provided in subdivision 5 with the total rebate for a project not to exceed $500,000;

(2) an award of up to $500,000 based on full-time job creation and wages paid as provided in subdivision 6 with the total award not to exceed $500,000;

(3) up to $1,000,000 in capital investment rebates and $1,000,000 in job creation awards are allowable for projects that have at least $25,000,000 in capital investment and 200 new employees;

(4) up to $1,000,000 in capital investment rebates are allowable for projects that have at least $25,000,000 in capital investment and 200 retained employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for projects located outside the metropolitan area; and

(5) for clauses (3) and (4) only, the capital investment expenditure requirements may include the installation and purchases of machinery and equipment. These expenditures are not eligible for the capital investment rebate provided under subdivision 5.

(c) The job creation award may be provided in multiple years as long as the qualified Minnesota job creation fund business continues to meet the job creation goals provided for in its agreement under subdivision 3 and the total award does not exceed $500,000 except as provided under paragraph (b), clauses (3) and (4).

(d) No rebates or award may be provided until the Minnesota job creation fund business has at least $500,000 in capital investment in the project and at least ten full-time jobs have been created and maintained for at least one year or the retained employees, as provided in paragraph (b), clause (4), remain for at least one year. The agreement may require additional performance outcomes that need to be achieved before rebates and awards are provided. If fewer retained jobs are maintained, but still above the minimum under this subdivision, the capital investment award shall be reduced on a proportionate basis.

(e) The forms needed to be submitted to document performance by the Minnesota job creation fund business must be in the form and be made under the procedures specified by the commissioner. The forms shall include documentation and certification by the business that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66, and other provisions as specified by the commissioner.

(f) Minnesota job creation fund businesses must pay each new full-time employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

(g) A Minnesota job creation fund business must demonstrate reasonable progress on its capital investment expenditures within six months following designation as a Minnesota job creation fund business to ensure that the capital investment goal in the agreement under subdivision 1 will be met.

Businesses not making reasonable progress will not be eligible for benefits under the submitted application and will need to work with the local government unit to resubmit a new application and request to be a Minnesota job creation fund business. Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not be considered a default of the business subsidy agreement.

Subd. 5. **Capital investment rebate.** (a) A qualified Minnesota job creation fund business is eligible for a rebate on the purchase and use of construction materials, services, and supplies used for or consumed in the construction project as described in the goals under the agreement provided under subdivision 1, paragraph (b).

(b) The rebate under this subdivision applies regardless of whether the purchases are made by the qualified Minnesota job creation fund business or a contractor hired to perform work or provide services at the qualified Minnesota job creation fund business location.

(c) Minnesota job creation fund businesses seeking the rebate for capital investment provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner of each department.

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new job created and maintained by the business using the following schedule: $1,000 for each job position paying annual wages at least $26,000 but less than $35,000; $2,000 for each job position paying at least $35,000 but less than $45,000; and $3,000 for each job position paying at least $45,000; and as noted in the goals under the agreement provided under subdivision 1.

(b) The job creation award schedule must be adjusted annually using the percentage increase in the federal poverty level for a family of four.

(c) Minnesota job creation fund businesses seeking an award credit provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner.

Subd. 7. **Rulemaking.** (a) If the commissioner's policies, procedures, or other statements are rules, as defined in section 14.02, subdivision 4, the requirements in either paragraph (b) or (c) apply, as applicable.

(b) Effective upon enactment until January 1, 2015:

(1) the commissioner shall publish notice of proposed rules in the State Register after complying with section 14.07, subdivision 2;

(2) interested parties have 21 days to comment on the proposed rules. The commissioner must consider comments it receives. After the commissioner has considered all comments and has complied with section 14.07, subdivision 2, the commissioner shall publish notice of the final rule in the State Register;

(3) if the adopted rules are the same as the proposed rules, the notice shall state that the rules have been adopted as proposed and shall cite the prior publication. If the adopted rules differ from the proposed rules, the portions of the adopted rules that differ from the proposed rules shall be included in the notice of adoption, together with a citation to the prior State Register that contained the notice of the proposed rules; and

(4) rules published in the State Register before January 1, 2014, take effect upon publication of the notice. Rules published in the State Register on and after January 1, 2014, take effect 30 days after publication of the notice.

(c) Beginning January 1, 2015, the commissioner may adopt rules to implement any provisions in this section using the expedited rulemaking process in section 14.389.

(d) The notice of proposed rules required in paragraph (b) must provide information as to where the public may obtain a copy of the rules. The commissioner shall post the proposed rules on the department Web site at the same time the notice is published in the State Register.

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

Sec. 9. **[116J.9661] TRADE POLICY ADVISORY COUNCIL.**

Subdivision 1. **Establishment.** The Trade Policy Advisory Council is established to advise and assist the governor and the legislature regarding United States trade agreements.

Subd. 2. **Membership.** (a) The Trade Policy Advisory Council shall have 15 members, as follows:

(1) the commissioner of employment and economic development or designee;

(2) the commissioner of agriculture or designee;

(3) the commissioner of administration or designee;

(4) two senators, including one appointed by the Subcommittee on Committees of the Committee on Rules and Administration, and one appointed by the minority leader;

(5) two members of the house of representatives, including one member appointed by the speaker of the house and one member appointed by the minority leader; and

(6) eight members appointed by the governor. The governor's appointees shall represent specified interests, including organized labor, environmental interests, family farmers, business and industry, and international trade and development.

(b) The Trade Policy Advisory Council may invite representatives from other state agencies, industries, trade and labor organizations, nongovernmental organizations, and local governments to join the council as nonvoting ex officio members.

(c) Except for initial appointments, the appointing authorities shall make appointments by the first Monday in January of each odd-numbered year.

Subd. 3. **Term.** Except for the initial appointees, members of the Trade Policy Advisory Council shall serve for a term of two years and may be reappointed. Members shall serve until their successors have been appointed.

Subd. 4. **Administration.** The commissioner of employment and economic development or the commissioner's designee shall provide meeting space and administrative services for the council.

Subd. 5. **Initial appointments and first meeting.** The appointing authorities shall appoint the first members of the council by January 15, 2014. The first appointees shall serve until the first Monday in January 2015. The commissioner of the Department of Employment and Economic

Development shall convene the first meeting by February 15, 2014, and shall act as chair until the council elects a chair at its first meeting.

Subd. 6. **Chair.** The members shall elect a chair from the legislative members of the advisory council.

Subd. 7. **No compensation.** Public members of the advisory council serve without compensation or payment of expenses.

Subd. 8. **Duties.** The Trade Policy Advisory Council shall:

(1) advise the governor and the legislature on matters relating to United States trade agreements;

(2) assess the potential impact of federal trade agreements on the state's economy;

(3) advise the governor and the legislature of the group's findings and make recommendations, including any draft legislation necessary to implement the recommendations, to the governor and the legislature;

(4) determine, on a case-by-case basis, the impact of a specific federal trade agreement by requesting input from state agencies, seeking expert advice, convening public hearings, and taking other reasonable and appropriate actions;

(5) request information from the Office of the United States Trade Representative necessary to conduct an appropriate review of government procurement agreements or other trade issues; and

(6) receive information obtained by the United States Trade Representative's single point of contact for Minnesota.

Subd. 9. **Meeting.** The Trade Policy Advisory Council shall meet at least once per fiscal year.

Subd. 10. **Sunset.** The council shall sunset January 1, 2020.

Sec. 10. **[116J.978] MINNESOTA TRADE OFFICES IN FOREIGN MARKETS.**

(a) The commissioner of employment and economic development shall establish three new Minnesota Trade Offices in key foreign markets selected for their potential to increase Minnesota exports and attract foreign direct investment.

(b) The commissioner shall establish a performance rating system for the new offices established under this section and create specific annual goals for the offices to meet. The commissioner shall monitor activities of the office, including, but not limited to, the number of inquiries and projects received and completed, meetings arranged between Minnesota companies and potential investors, distributors, or customers, and agreements signed.

Sec. 11. **[116J.979] MINNESOTA STEP GRANTS.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall create a State Trade and Export Promotion grants program, hereafter STEP grants, to provide financial and technical assistance to eligible Minnesota small businesses with an active interest in exporting products or services to foreign markets.

Subd. 2. **Grants.** Recipients may apply, on an application devised by the commissioner, for up to $7,500 in reimbursement for approved export-development activities, including, but not limited to:

(1) participation in trade missions;

(2) export training;

(3) exhibition at trade shows or industry-specific events;

(4) translation of marketing materials;

(5) development of foreign language Web sites, Gold Key, or other business matchmaking services;

(6) company-specific international sales activities; and

(7) testing and certification required to sell products in foreign markets.

Sec. 12. **[116J.9801] INVEST MINNESOTA.**

The commissioner shall establish the Invest Minnesota marketing initiative. This initiative must focus on branding the state's economic development initiatives and promoting Minnesota business opportunities. The initiative may include measures to communicate the benefits of doing business in Minnesota to companies considering relocating, establishing a United States presence, or expanding.

Sec. 13. **[116J.998] OFFICE OF BROADBAND DEVELOPMENT.**

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

(b) "Broadband" or "broadband service" means any service providing advanced telecommunications capability and Internet access with transmission speeds that, at a minimum, meet the Federal Communications Commission definition for broadband.

(c) "Local unit of government" has the meaning given in section 116G.03, subdivision 3.

(d) "Office" means the Office of Broadband Development established in subdivision 2, paragraph (a).

Subd. 2. **Office established; purpose.** (a) An Office of Broadband Development is established within the Department of Employment and Economic Development and shall remain in existence until the commissioner certifies that the state has met the broadband goals established in section 237.012. The director shall be appointed by the governor and shall serve in the unclassified service. The director must be qualified by experience and training in broadband. The office may employ staff necessary to carry out the office's duties under subdivision 4.

(b) The purpose of the office is to encourage, foster, develop, and improve broadband within the state in order to:

(1) drive job creation, promote innovation, and expand markets for Minnesota businesses;

(2) serve the ongoing and growing needs of Minnesota's education systems, health care system, public safety system, industries and businesses, governmental operations, and citizens; and

(3) improve accessibility for underserved communities and populations.

Subd. 3. **Organization.** The office shall consist of a director of the Office of Broadband Development, as well as any staff necessary to carry out the office's duties under subdivision 4.

Subd. 4. **Duties.** (a) The office shall have the power and duty to:

(1) serve as the central broadband planning body for the state of Minnesota;

(2) coordinate with state, regional, local, and private entities to develop, to the maximum extent practicable, a uniform statewide broadband access and usage policy;

(3) develop, recommend, and implement a statewide plan to encourage cost-effective broadband access, and to make recommendations for increased usage, particularly in rural and other underserved areas;

(4) coordinate efforts, in consultation and cooperation with the commissioner of commerce, local units of government, and private entities, to meet the state's broadband goals in section 237.012;

(5) develop, coordinate, and implement the state's broadband infrastructure development program under section 116J.999;

(6) provide consultation services to local units of government or other project sponsors in connection with the planning, acquisition, improvement, construction, or development of any broadband deployment project;

(7) encourage public-private partnerships to increase deployment and adoption of broadband services and applications, including recommending funding options and possible incentives to encourage investment in broadband expansion;

(8) monitor the broadband development efforts of other states and nations in areas such as business, education, public safety, and health;

(9) consult with the commissioner of commerce to monitor broadband-related activities at the federal level, including regulatory and policy changes and the potential impact on broadband deployment and sustainability in the state;

(10) serve as an information clearinghouse for federal programs providing financial assistance to institutions located in rural areas seeking to obtain access to high-speed broadband service, and use this information as an outreach tool to make institutions located in rural areas that are unserved or underserved with respect to broadband service aware of the existence of federal assistance;

(11) provide logistical and administrative support for the Governor's Broadband Task Force;

(12) provide an annual report, as required by subdivision 5;

(13) coordinate an ongoing collaborative effort of stakeholders to evaluate and address security, vulnerability, and redundancy issues in order to ensure the reliability of broadband networks; and

(14) perform any other activities consistent with the office's purpose.

(b) In carrying out its duties under this subdivision, the Office of Broadband Development shall have no authority to regulate or compel action on the part of any provider of broadband service.

Subd. 5. **Reporting.** (a) Beginning January 15, 2014, and each year thereafter, the Office of Broadband Development shall report to the legislative committees with jurisdiction over broadband policy and finance on the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) an analysis of the current availability and use of broadband, including average broadband speeds, within the state;

(2) information gathered from schools, libraries, hospitals, and public safety facilities across the state, determining the actual speed and capacity of broadband currently in use and the need, if any, for increases in speed and capacity to meet current or anticipated needs;

(3) an analysis of incumbent broadband infrastructure within the state and its ability to spur economic development;

(4) an analysis of the degree to which new, additional, or improved broadband infrastructure would spur economic development in the state;

(5) a summary of the office's activities in coordinating broadband infrastructure development under section 116J.999;

(6) suggested policies, incentives, and legislation designed to accelerate the achievement of the goals under section 237.012, subdivisions 1 and 2;

(7) any proposed legislative and policy initiatives; and

(8) any other information requested by the legislative committees with jurisdiction over broadband policy and finance, or that the office deems necessary.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

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

Sec. 14. **[116J.999] COORDINATION OF BROADBAND INFRASTRUCTURE DEVELOPMENT.**

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

(b) "Broadband" or "broadband service" has the meaning given in section 116J.998, subdivision 1, paragraph (b).

(c) "Broadband conduit" means a conduit, pipe, innerduct, or microduct for fiber optic or other cables that support broadband and wireless facilities for broadband service.

(d) "Local unit of government" has the meaning given in section 116G.03, subdivision 3.

(e) "Office" means the Office of Broadband Development established in section 116J.998.

Subd. 2. **Broadband infrastructure development.** (a) The office shall, in collaboration with the Department of Transportation and private entities, encourage and coordinate "dig once" efforts for the planning, relocation, installation, or improvement of broadband conduit within the right-of-way in conjunction with any current or planned construction, including, but not limited to, trunk highways and bridges. To the extent necessary, the office shall, in collaboration with the Department of Transportation, evaluate engineering and design standards, procedures and criteria for contracts or lease agreements with private entities, and pricing requirements, and provide for allocation of risk, costs, and any revenue generated.

(b) The office shall, in collaboration with other state departments and agencies as the office deems necessary, develop a strategy to facilitate the timely and efficient deployment of broadband conduit or other broadband facilities on state-owned lands and buildings.

(c) To the extent practicable, the office shall encourage and assist local units of government to adopt and implement policies similar to those under paragraphs (a) and (b) for construction or other improvements to county state-aid highways, municipal state-aid roads, and any other rights-of-way under the local unit of government's jurisdiction, and to other lands or buildings owned by the local unit of government.

(d) Special consideration must be paid to projects under this subdivision that will likely improve access to broadband by rural or underserved communities.

Subd. 3. **Reporting.** As part of its annual report under section 116J.998, subdivision 5, the office shall report on activities taken under this section, including, but not limited to, the number of current and planned projects using the "dig once" approach, any gains in broadband speed or access associated with the project, and any costs or cost savings to the state, private entity, or end user of broadband services.

Subd. 4. **No right of action.** Nothing in this section shall be construed to create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the state of Minnesota; its departments, agencies, or entities; its officers, employees, or agents; or any other person.

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

Sec. 15. **[116L.191] WORKFORCE CENTER; CREDENTIAL ASSISTANCE.**

(a) The commissioner shall provide at local workforce centers services that assist individuals in identifying and obtaining industry-recognized credentials for jobs, particularly jobs in high demand. The workforce centers must consult and cooperate with training institutions, particularly postsecondary institutions, to identify credential programs to individuals.

(b) Each workforce center shall provide information under section 116J.4011, paragraph (b), clause (3), linked as a shortcut from the desktop of each workforce center computer and available in hard copy. Prominent signs should be posted in workforce centers directing individuals to where they can find a list of top job vacancies and related credential information.

Sec. 16. Minnesota Statutes 2012, section 116U.26, is amended to read:

116U.26 FILM PRODUCTION JOBS PROGRAM.

(a) The film production jobs program is created. The program shall be operated by the Minnesota Film and TV Board with administrative oversight and control by the commissioner of ~~administration~~ employment and economic development. The program shall make payment to producers of feature films, national television or Internet programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota. To be eligible for a payment, a producer must submit documentation to the Minnesota Film and TV Board of expenditures for production costs incurred in Minnesota that are directly attributable to the production in Minnesota of a film product.

The Minnesota Film and TV Board shall make recommendations to the commissioner of ~~administration~~ employment and economic development about program payment, but the commissioner has the authority to make the final determination on payments. The commissioner's determination must be based on proper documentation of eligible production costs submitted for payments. No more than five percent of the funds appropriated for the program in any year may be expended for administration, including costs for independent audits and financial reviews of projects.

(b) For the purposes of this section:

(1) "production costs" means the cost of the following:

(i) a story and scenario to be used for a film;

(ii) salaries of talent, management, and labor, including payments to personal services corporations for the services of a performing artist;

(iii) set construction and operations, wardrobe, accessories, and related services;

(iv) photography, sound synchronization, lighting, and related services;

(v) editing and related services;

(vi) rental of facilities and equipment; ~~or~~

(vii) other direct costs of producing the film in accordance with generally accepted entertainment industry practice; ~~and~~

(viii) above-the-line talent fees for nonresident talent; or

(ix) costs incurred during postproduction; and

(2) "film" means a feature film, television or Internet ~~show,~~ pilot, program, series, documentary, music video, or television commercial, whether on film, video, or digital media. Film does not include news, current events, public programming, or a program that includes weather or market reports; a talk show; a production with respect to a questionnaire or contest; a sports event or sports activity; a gala presentation or awards show; a finished production that solicits funds; or a production for which the production company is required under United States Code, title 18, section 2257, to maintain records with respect to a performer portrayed in a single-media or multimedia program.

(c) Notwithstanding any other law to the contrary, the Minnesota Film and TV Board may make reimbursements of: (1) up to ~~20~~ 25 percent of ~~film~~ production costs for films that locate production outside the metropolitan area, as defined in section 473.121, subdivision 2, or that incur ~~production costs in excess of $5,000,000~~ a minimum Minnesota expenditure of $1,000,000 in the metropolitan area within a 12-month period; or (2) up to ~~15~~ 20 percent of ~~film~~ production costs for films that incur less than $1,000,000 in Minnesota production costs ~~of $5,000,000 or less~~ in the metropolitan area within a 12-month period.

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

Sec. 17. Minnesota Statutes 2012, section 136F.37, is amended to read:

136F.37 JOB PLACEMENT IMPACT ON PROGRAM REVIEW; INFORMATION TO STUDENTS.

Subdivision 1. **Colleges; technical occupational program.** The board must assess labor market data when conducting college program reviews. Colleges must provide prospective students with the job placement rate for graduates of technical and occupational programs offered at the colleges.

Subd. 2. **DEED labor market survey; MnSCU usage and disclosure.** The data assessed under subdivision 1 must include labor market data compiled by the Department of Employment and Economic Development under section 116J.4011. The board and its colleges and universities must use this market data when deciding upon course and program offerings. The board must provide a link to this labor market data on its Internet portal.

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

Sec. 18. **[161.462] FIBER COLLABORATION DATABASE.**

Subdivision 1. **Purpose.** The purpose of the fiber collaboration database is to provide broadband providers with advance notice of upcoming Department of Transportation construction projects so that they may notify the department of their interest in installing broadband infrastructure within the right-of-way during construction in order to minimize installation costs.

Subd. 2. **Database.** (a) The Department of Transportation shall post on its Web site, and update annually, the list of upcoming construction projects contained in its statewide transportation improvement program, including, for each project:

(1) the geographical location where construction will occur;

(2) the estimated start and end dates of construction; and

(3) a description of the nature of the construction project.

(b) The commissioner shall post the information required in paragraph (a) as far in advance of the beginning of construction as is feasible.

(c) The department's Web site must allow a provider of broadband service to register to receive from the department electronic information on proposed construction projects added to the database in specific geographical areas of the state as soon as it is updated.

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

Sec. 19. Minnesota Statutes 2012, section 245.4712, subdivision 1, is amended to read:

Subdivision 1. **Availability of community support services.** (a) County boards must provide or contract for sufficient community support services within the county to meet the needs of adults with serious and persistent mental illness who are residents of the county. Adults may be required to pay a fee according to section 245.481. The community support services program must be designed to improve the ability of adults with serious and persistent mental illness to:

(1) ~~work in a regular or supported work environment~~ find and maintain competitive employment;

(2) handle basic activities of daily living;

(3) participate in leisure time activities;

(4) set goals and plans; and

(5) obtain and maintain appropriate living arrangements.

The community support services program must also be designed to reduce the need for and use of more intensive, costly, or restrictive placements both in number of admissions and length of stay.

(b) Community support services are those services that are supportive in nature and not necessarily treatment oriented, and include:

(1) conducting outreach activities such as home visits, health and wellness checks, and problem solving;

(2) connecting people to resources to meet their basic needs;

(3) finding, securing, and supporting people in their housing;

(4) attaining and maintaining health insurance benefits;

(5) assisting with job applications, finding and maintaining employment, and securing a stable financial situation;

(6) fostering social support, including support groups, mentoring, peer support, and other efforts to prevent isolation and promote recovery; and

(7) educating about mental illness, treatment, and recovery.

(c) Community support services shall use all available funding streams. The county shall maintain the level of expenditures for this program, as required under section 245.4835. County boards must continue to provide funds for those services not covered by other funding streams and to maintain an infrastructure to carry out these services. The county is encouraged to fund evidence-based practices such as Individual Placement and Supported Employment and Illness Management and Recovery.

(d) The commissioner shall collect data on community support services programs, including, but not limited to, demographic information such as age, sex, race, the number of people served, and information related to housing, employment, hospitalization, symptoms, and satisfaction with services.

Sec. 20. Minnesota Statutes 2012, section 268A.13, is amended to read:

268A.13 EMPLOYMENT SUPPORT SERVICES FOR PERSONS WITH MENTAL ILLNESS.

The commissioner of employment and economic development, in cooperation with the commissioner of human services, shall develop a statewide program of grants as outlined in section 268A.14 to provide services for persons with mental illness who want to work in supported employment. Projects funded under this section must: (1) assist persons with mental illness in obtaining and retaining competitive employment; (2) emphasize individual ~~community placements for clients~~ client preferences; (3) ensure interagency collaboration at the local level between vocational rehabilitation field offices, county service agencies, community support programs operating under the authority of section 245.4712, and community rehabilitation providers, in assisting clients; (4) ensure services are integrated with mental health treatment; (5) provide benefits counseling; (6) conduct rapid job search; and ~~(4)~~ (7) involve clients in the planning, development, oversight, and delivery of support services. Project funds may not be used to provide services in segregated settings such as the center-based employment subprograms as defined in section 268A.01.

The commissioner of employment and economic development, in consultation with the commissioner of human services, shall develop a request for proposals which is consistent with the requirements of this section and section 268A.14 and which specifies the types of services that must be provided by grantees. Priority for funding shall be given to organizations ~~with experience in developing innovative employment support services for persons with mental illness~~ carrying out evidence-based practices. Each applicant for funds under this section shall submit an evaluation protocol as part of the grant application.

Sec. 21. Minnesota Statutes 2012, section 268A.14, subdivision 1, is amended to read:

Subdivision 1. **Employment support services and programs.** The commissioner of employment and economic development, in cooperation with the commissioner of human services, shall operate a statewide system to reimburse providers for employment support services for persons with mental illness. The system shall be operated to support employment programs and services where:

(1) services provided are readily accessible to all persons with mental illness who want to work, including rapid competitive job search, so they can make progress toward economic self-sufficiency;

(2) services provided are made an integral part of all mental health treatment and rehabilitation programs for persons with mental illness to ensure that they have the ability and opportunity to consider a variety of work options;

(3) programs help persons with mental illness form long-range plans for employment that fit their skills and abilities by ensuring that ongoing time-unlimited support, crisis management, placement, and career planning services are available;

(4) services provided give persons with mental illness the information needed to make informed choices about employment expectations and options, including information on the types of employment available in the local community, the types of employment services available, the impact of employment on eligibility for governmental benefits, and career options;

(5) programs assess whether persons with mental illness being serviced are satisfied with the services and outcomes. Satisfaction assessments shall address at least whether persons like their jobs, whether quality of life is improved, whether potential for advancement exists, and whether there are adequate support services in place;

(6) programs encourage persons with mental illness being served to be involved in employment support services issues by allowing them to participate in the development of individual rehabilitation plans and to serve on boards, committees, task forces, and review bodies that shape employment services policies and that award grants, and by encouraging and helping them to establish and participate in self-help and consumer advocacy groups;

(7) programs encourage employers to expand employment opportunities for persons with mental illness and, to maximize the hiring of persons with mental illness, educate employers about the needs

and abilities of persons with mental illness and the requirements of the Americans with Disabilities Act;

(8) programs encourage persons with mental illness, vocational rehabilitation professionals, and mental health professionals to learn more about current work incentive provisions in governmental benefits programs;

(9) programs establish and maintain linkages with a wide range of other programs and services, including educational programs, housing programs, economic assistance services, community support services, and clinical services to ensure that persons with mental illness can obtain and maintain employment;

(10) programs participate in ongoing training across agencies and service delivery systems so that providers in human services systems understand their respective roles, rules, and responsibilities and understand the options that exist for providing employment and community support services to persons with mental illness; and

(11) programs work with local communities to expand system capacity to provide access to employment services to all persons with mental illness who want them.

Sec. 22. **[383D.412] DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY; MINNESOTA INVESTMENT FUND.**

Subdivision 1. **Treatment.** As long as the conditions set forth in subdivision 2 are met and notwithstanding the provisions of section 116J.8731, the Dakota County Community Development Agency will be treated as if it were a general purpose local governmental unit and may apply for and receive state-funded money from the Minnesota investment fund.

Subd. 2. **Conditions precedent.** Conditions precedent to the treatment of the Dakota County Community Development Agency as a general purpose local governmental unit as described in subdivision 1 are:

(a) the board of commissioners of Dakota County shall have adopted a resolution approving such treatment of the Dakota County Community Development Agency, and such resolution shall be in full force and effect and shall not have been revoked by Dakota County; and

(b) the members of the board of commissioners of Dakota County shall be the same persons as the members of the board of commissioners of the Dakota County Community Development Agency.

Sec. 23. **EMPLOYMENT SUPPORT AND INDEPENDENT LIVING SERVICES FOR INDIVIDUALS WITH HIGH-FUNCTIONING AUTISM, ASPERGER'S SYNDROME, NONVERBAL LEARNING DISORDERS, AND PERVASIVE DEVELOPMENT DISORDER, NOT OTHERWISE SPECIFIED; PILOT PROGRAM.**

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

(b) "Communication" means the ability to effectively give and receive information through spoken words, writing, speaking, listening, or other means of communication, including but not limited to nonverbal expressions, gestures, or other adaptive methods.

(c) "Functional areas" means communication, interpersonal skills, mobility, self-care, self-direction, preemployment skills, work tolerance, and independent living skills.

(d) "Independent living assessment" means an active, performance-based skill assessment in the functional areas of communication, interpersonal skills, mobility, self-care, self-direction, preemployment skills, and independent living skills, that provides an analysis of the individual's ability to independently achieve certain skills and which is performed through direct observation.

(e) "Interpersonal skills" means the ability to establish and maintain personal, family, work, and community relationships.

(f) "Mobility" means the physical and psychological ability to move about from place to place, including travel to and from destinations in the community for activities of daily living, training, or work.

(g) "Natural supports" means the process of assisting an employer to expand its capacity for training, supervising, and supporting workers with disabilities.

(h) "Ongoing employment support services" means any of the following services:

(1) facilitation of natural supports at the work site;

(2) disability awareness training for the worker, the worker's employer, supervisor, or coworkers;

(3) services necessary to increase the worker's inclusion at the work site;

(4) job skills training at the work site;

(5) regular observation or supervision of the worker;

(6) coordination of support services;

(7) job-related safety training;

(8) job-related advocacy skills training to advance employment;

(9) training in independent living skills and support including self-advocacy, money management and organization, grooming and personal care, communication, interpersonal skills, problem solving, orientation and mobility, and using public transportation or driver's training;

(10) follow-up services necessary to reinforce and stabilize employment, including regular contact with the worker's employer, supervisor or coworkers, parents, family members, advocates, legal representatives, other suitable professionals, and informed advisors;

(11) training in job seeking skills; and

(12) internships or career planning to assist the individual's advancement in meaningful employment.

(i) "Preemployment skills" means the abilities and skills to successfully apply for, secure, and maintain competitive employment.

(j) "Self-care" means skills needed to manage one's self or living environment, including but not limited to money management, personal health care, personal hygiene, and safety needs, including medication management.

(k) "Self-direction" means the ability to plan, initiate, organize, or carry out goal-directed activities or solve problems related to self-care, socialization, recreation, and working independently.

(l) "Severe impairment to employment" means limitations experienced by persons diagnosed with high-functioning autism, Asperger's syndrome, nonverbal learning disorders, or pervasive development disorder, not otherwise specified, due to an extended history of unemployment or underemployment; limited education, training, or job skills; and physical, intellectual, or emotional characteristics that seriously impair the individual's ability to obtain and retain permanent employment.

(m) "Work tolerance" means the ability to effectively and efficiently perform jobs with various levels of sensory and environmental components including scent, noise, visual stimuli, physical space, and psychological demands.

Subd. 2. **Employment support plan and outcomes.** An individual participating in the program under this section must develop an employment support plan that includes:

(1) employment goals;

(2) ongoing support services;

(3) program outcomes that focus on competitive employment in the community; and

(4) ongoing independent living services and employment supports necessary for the individual to secure, maintain, and advance in employment that best fits the individual's strengths and career goals.

Sec. 24. **CUSTOMIZED TRAINING PILOT PROGRAM FOR SKILLED MANUFACTURING INDUSTRIES.**

Subdivision 1. **Program.** The commissioner of employment and economic development in consultation with the commissioner of labor and industry shall collaborate with Minnesota State Colleges and Universities (MnSCU) institutions and employers, to develop a customized training program for skilled manufacturing industries that integrates academic instruction and job-related learning in the workplace and MnSCU institutions. The commissioner shall actively recruit participants in a customized training program for skilled manufacturing industries from the following groups: secondary and postsecondary school systems; individuals with disabilities; dislocated workers; retired and disabled veterans; individuals enrolled in MFIP under Minnesota Statutes, chapter 256J; minorities; previously incarcerated individuals; individuals residing in labor surplus areas as defined by the United States Department of Labor; and any other disadvantaged group as determined by the commissioner.

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

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

(c) "Employer" means a skilled manufacturing industry employer within the state who enters into the agreements with MnSCU institutions and the commissioner under subdivisions 3 to 5.

(d) "MnSCU institution" means Alexandria Technical and Community College, Century College, Hennepin Technical College, and Central Lakes College.

(e) "Participant" means an employee who enters into a customized training program for skilled manufacturing industries participation agreement under subdivision 4.

(f) "Related instruction" means classroom instruction or technical or vocational training required to perform the duties of the skilled manufacturing job.

(g) "Skilled manufacturing" means occupations in manufacturing industry sectors 31 to 33 as defined by the North American Industry Classification System (NAICS).

Subd. 3. **Skilled manufacturing customized training program employer agreement.** (a) The commissioner, employer, and MnSCU institution shall enter into a skilled manufacturing customized training program employer agreement that is specific to the identified skilled manufacturing training needs of an employer.

(b) The agreement must contain the following:

(1) the name of the employer;

(2) a statement showing the number of hours to be spent by a participant in work and the number of hours to be spent, if any, in concurrent, supplementary instruction in related subjects. The maximum number of hours of work per week, not including time spent in related instruction, for any participant shall not exceed either the number prescribed by law or the customary regular number of hours per week for the employees of the employer. A participant may be allowed to work overtime provided that the overtime work does not conflict with supplementary instruction course attendance. All time spent by the participant in excess of the number of hours of work per week as specified in the skilled manufacturing customized training program participation agreement shall be considered overtime;

(3) the hourly wage to be paid to the participant and requirements for reporting to the commissioner on actual wages paid to the participant;

(4) an explanation of how the employer agreement or participant agreement may be terminated;

(5) a statement setting forth a schedule of the processes in the occupation in which the participant is to be trained and the approximate time to be spent at each process;

(6) a statement by the MnSCU institution and the employer describing the related instruction that will be offered, if any, under subdivision 5, paragraph (c); and

(7) any other provision the commissioner deems necessary to carry out the purposes of this section.

(c) The commissioner may periodically review the adherence to the terms of the customized training program employer agreement. If the commissioner determines that an employer or employee has failed to comply with the terms of the agreement, the commissioner shall terminate the agreement. An employer must report to the commissioner any change in status for the participant within 30 days of the change in status.

Subd. 4. **Skilled manufacturing customized training program participation agreement.** (a) The commissioner, the prospective participant, and the employer shall enter into a skilled manufacturing customized training program participation agreement that is specific to the training to be provided to the participant.

(b) The participation agreement must contain the following:

(1) the name of the employer;

(2) the name of the participant;

(3) a statement setting forth a schedule of the processes of the occupation in which the participant is to be trained and the approximate time to be spent at each process;

(4) a description of any related instruction;

(5) a statement showing the number of hours to be spent by a participant in work and the number of hours to be spent, if any, in concurrent, supplementary instruction in related subjects. The maximum number of hours of work per week, not including time spent in related instruction, for any participant shall not exceed either the number prescribed by law or the customary regular number of hours per week for the employees of the employer. A participant may be allowed to work overtime provided that the overtime work does not conflict with supplementary instruction course attendance. All time spent by the participant in excess of the number of hours of work per week as specified in the customized training program participation agreement shall be considered overtime;

(6) the hourly wage to be paid to the participant; and

(7) an explanation of how the parties may terminate the participation agreement.

(c) The commissioner may periodically review the adherence to the terms of the customized training program participation agreement. If the commissioner determines that an employer or participant has failed to comply with the terms of the agreement, the commissioner shall terminate the agreement. An employer must report to the commissioner any change in status for the participant within 30 days of the change in status.

Subd. 5. **MnSCU instruction.** (a) MnSCU institutions shall collaborate with an employer to provide related instruction which the employer deems necessary to instruct participants of a skilled manufacturing customized training program. The related instruction provided must be, for the purposes of this section, career-level, as negotiated by the commissioner and the MnSCU institution. The related instruction may be for credit or noncredit, and credit earned may be transferable to a degree program, as determined by the MnSCU institution.

(b) The commissioner, in conjunction with the MnSCU institution, shall issue a certificate of completion to a participant who completes all required components of the skilled manufacturing customized training program participation agreement.

(c) As part of the skilled manufacturing customized training program, an employer shall collaborate with a MnSCU institution for any related instruction required to perform the skilled manufacturing job. The agreement shall include:

(1) a detailed explanation of the related instruction; and

(2) the number of hours of related instruction needed to receive a certificate of completion.

Sec. 25. **SKILLED MANUFACTURING REPORTS.**

(a) The commissioner of employment and economic development shall study the training needs of skilled manufacturing industry employers in the state and report study findings and recommendations to the standing committees of the house of representatives and the senate having jurisdiction over employment and workforce development by March 1, 2014.

(b) The commissioner of employment and economic development shall coordinate and monitor customized training programs for skilled manufacturing industries at Century College, Alexandria Technical and Community College, Hennepin Technical College, and Central Lakes College. By January 15, 2015, the commissioner, in conjunction with each MnSCU institution listed in this section, shall report to the standing committees of the house of representatives and the senate having jurisdiction over employment and workforce development. The report must address the progress and success of the implementation of a customized training program for skilled manufacturing industries at each MnSCU institution. The report must give recommendations on where a skilled manufacturing customized training program should next be implemented, taking into consideration all current and potential skilled manufacturing training providers available.

Sec. 26. **STATE BROADBAND STRATEGY; REPORT.**

The Office of Broadband Development shall conduct research and produce a report recommending a set of programs and strategies the state can pursue to promote the improvement, more efficient and effective use, and expansion of broadband services in ways that will have the greatest impact on the state's economic development, by which is meant enhancing the ability of Minnesota citizens and businesses to develop their skills, to expand businesses to new markets, develop new products, reach more customers, and lower costs. While the state's broadband goals in Minnesota Statutes, section 237.012, address the universal provision of greater broadband access and speed statewide, this report must consider broadband as an economic development tool and must examine and analyze:

(1) how the state can best use its limited resources to adopt strategies and make investments to improve the use of broadband services by subgroups of broadband users, including mobile broadband users, that promise to deliver the greatest economic impact per dollar of state investment;

(2) roles the state can play in addition to financial assistance for broadband infrastructure, including supporting education and training for Minnesotans to enable them to use broadband more effectively; and

(3) strategies and opportunities for state investment to leverage additional amounts of private capital and financial assistance from the federal government in order to achieve these goals.

By January 15, 2014, the office shall submit the report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over broadband issues.

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

Sec. 27. **PILOT PROGRAMS; COMBINING CAREER AND HIGHER EDUCATION ADVISING.**

The workforce council in each of the workforce service areas of Hennepin/Carver, Northeast Minnesota, Stearns/Benton, and rural Minnesota CEP must with at least one public school district in its service area, cooperate in operating a program to assist high school students in selecting careers of interest to a student and a postsecondary path to prepare for that career. The local workforce council shall individually advise a student on jobs in high demand in areas of interest to a student. Advising must include information on various career paths and associated jobs, the salary profile of those jobs, and the credentials and other training desired by employers for those jobs. A district may assist the local workforce council by, among other activities:

(1) describing to the local workforce council what kind of vocational exploration the student already received;

(2) identifying opportunities for the council to assist students by providing office space at school to meet with students, access to assemblies and other groups for testing and career exploration, access to teachers through in-service and in other manners, to support students to use a pilot program; and

(3) working with students after testing and advising by the local workforce council.

Sec. 28. **REPEALER.**

Minnesota Statutes 2012, section 237.012, subdivision 3, is repealed.

ARTICLE 4

UNEMPLOYMENT INSURANCE

Section 1. Minnesota Statutes 2012, section 116L.17, subdivision 4, is amended to read:

Subd. 4. **Use of funds.** Funds granted by the board under this section may be used for any combination of the following, except as otherwise provided in this section:

(1) employment transition services such as developing readjustment plans for individuals; outreach and intake; early readjustment; job or career counseling; testing; orientation; assessment of skills and aptitudes; provision of occupational and labor market information; job placement assistance; job search; job development; prelayoff assistance; relocation assistance; ~~and~~ programs provided in cooperation with employers or labor organizations to provide early intervention in the event of plant closings or substantial layoffs; and entrepreneurial training and business consulting;

(2) support services, including assistance to help the participant relocate to employ existing skills; out-of-area job search assistance; family care assistance, including child care; commuting assistance; emergency housing and rental assistance; counseling assistance, including personal and financial; health care; emergency health assistance; emergency financial assistance; work-related tools and clothing; and other appropriate support services that enable a person to participate in an employment and training program with the goal of reemployment;

(3) specific, short-term training to help the participant enhance current skills in a similar occupation or industry; entrepreneurial training, customized training, or on-the-job training; basic and remedial education to enhance current skills; and literacy and work-related English training for non-English speakers; and

(4) long-term training in a new occupation or industry, including occupational skills training or customized training in an accredited program recognized by one or more relevant industries. Long-term training shall only be provided to dislocated workers whose skills are obsolete and who have no other transferable skills likely to result in employment at a comparable wage rate. Training shall only be provided for occupations or industries with reasonable expectations of job availability based on the service provider's thorough assessment of local labor market information where the individual currently resides or is willing to relocate. This clause shall not restrict training in personal services or other such industries.

Sec. 2. Minnesota Statutes 2012, section 116L.17, is amended by adding a subdivision to read:

Subd. 11. **Converting layoffs into Minnesota businesses (CLIMB).** Converting layoffs into Minnesota businesses (CLIMB) is created to assist dislocated workers in starting or growing a business. CLIMB must offer entrepreneurial training, business consulting, and technical assistance to dislocated workers seeking to start or grow a business. The commissioner, in cooperation with local workforce councils, must provide the assistance in this subdivision by:

(1) encouraging closer ties between the Small Business Development Center network, Small Business Development Center training providers, and workforce centers, as well as other dislocated worker program service providers; and

(2) eliminating grantee performance data disincentives that would otherwise prevent enrollment of dislocated workers in entrepreneurship-related training.

Sec. 3. Minnesota Statutes 2012, section 268.051, subdivision 5, is amended to read:

Subd. 5. **Tax rate for new employers.** (a) Each new taxpaying employer that does not qualify for an experience rating under subdivision 3, except new employers in a high experience rating industry, must be assigned, for a calendar year, a tax rate the higher of (1) one percent, or (2) the tax rate computed, to the nearest 1/100 of a percent, by dividing the total amount of unemployment benefits paid all applicants during the 48 calendar months ending on June 30 of the prior calendar year by the total taxable wages of all taxpaying employers during the same period, plus the applicable base tax rate and any additional assessments under subdivision 2, paragraph (c).

(b) Each new taxpaying employer in a high experience rating industry that does not qualify for an experience rating under subdivision 3, must be assigned, for a calendar year, a tax rate the higher of (1) that assigned under paragraph (a), or (2) the tax rate, computed to the nearest 1/100 of a percent, by dividing the total amount of unemployment benefits paid to all applicants from high experience rating industry employers during the 48 calendar months ending on June 30 of the prior calendar year by the total taxable wages of all high experience rating industry employers during the same period, to a maximum provided for under subdivision 3, paragraph (b), plus the applicable base tax rate and any additional assessments under subdivision 2, paragraph (c).

(c) An employer is considered to be in a high experience rating industry if:

(1) the employer is engaged in residential, commercial, or industrial construction, including general contractors;

(2) the employer is engaged in sand, gravel, or limestone mining;

(3) the employer is engaged in the manufacturing of concrete, concrete products, or asphalt; or

(4) the employer is engaged in road building, repair, or resurfacing, including bridge and tunnels and residential and commercial driveways and parking lots.

(d) Regardless of any law to the contrary, a taxpaying employer must be assigned a tax rate under this subdivision if~~:~~

~~(1)~~ the employer ~~registers for a tax account under section 268.042 and for each of the five calendar quarters after registering files a "no wages paid" report on wage detail under section 268.044; or~~ had no taxable wages during the experience rating period under subdivision 3.

~~(2) the employer has filed 14 consecutive quarterly "no wages paid" reports on wage detail under section 268.044.~~

(e) The commissioner must send to the new employer, by mail or electronic transmission, a determination of tax rate. An employer may appeal the determination of tax rate in accordance with the procedures in subdivision 6, paragraph (c).

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

Sec. 4. Minnesota Statutes 2012, section 268.07, subdivision 3b, is amended to read:

Subd. 3b. **Limitations on applications and benefit accounts.** (a) An application for unemployment benefits is effective the Sunday of the calendar week that the application was filed. An application for unemployment benefits may be backdated one calendar week before the Sunday of the week the application was actually filed if the applicant requests the backdating at the time the application is filed. An application may be backdated only if the applicant ~~had no employment~~ was unemployed during the period of the backdating. If an individual attempted to file an application for unemployment benefits, but was prevented from filing an application by the department, the application is effective the Sunday of the calendar week the individual first attempted to file an application.

(b) A benefit account established under subdivision 2 is effective the date the application for unemployment benefits was effective.

(c) A benefit account, once established, may later be withdrawn only if:

(1) the applicant has not been paid any unemployment benefits on that benefit account; and

(2) a new application for unemployment benefits is filed and a new benefit account is established at the time of the withdrawal.

A determination or amended determination of eligibility or ineligibility issued under section 268.101, that was sent before the withdrawal of the benefit account, remains in effect and is not voided by the withdrawal of the benefit account.

(d) An application for unemployment benefits is not allowed before the Sunday following the expiration of the benefit year on a prior benefit account. Except as allowed under paragraph (c), an applicant may establish only one benefit account each 52 calendar weeks.

Sec. 5. Minnesota Statutes 2012, section 268.125, subdivision 1, is amended to read:

Subdivision 1. **Additional unemployment benefits; when available.** Additional unemployment benefits are available if:

(1) MS 2008 [Expired, 2008 c 300 s 15]

(2)(i) at a facility that had 100 or more employees, the employer reduced operations, resulting within a one-month period in the layoff of 50 percent or more of the facility's work force, including reductions caused as a result of a major natural disaster declared by the president;

(ii) the employer has no expressed plan to resume operations that would lead to the reemployment of those employees in the immediate future; and

(iii) the seasonally adjusted unemployment rate in the county that the facility is located was ten percent or more during the month of the reduction or any of the three months before or after the month of the reduction; or

(3) the applicant stopped working because of a lockout. The term "lockout" has the meaning given in section 179.01, subdivision 9. This clause does not apply to professional athletes who are locked out by a professional sports team.

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

Sec. 6. Minnesota Statutes 2012, section 268.125, subdivision 3, is amended to read:

Subd. 3. **Eligibility conditions.** (a) An applicant is eligible to receive additional unemployment benefits for any week during the applicant's benefit year if:

~~(1) for any week during which benefits are available under subdivision 1, clause (1):~~

~~(i) the applicant resides in a county that meets the requirements of subdivision 1, clause (1), and resided in that county each week that regular unemployment benefits were paid;~~

~~(ii) the applicant was not paid unemployment benefits for any week in the 12 months before the effective date of the applicant's benefit account;~~

~~(iii) the applicant meets the same eligibility requirements that are required for regular unemployment benefits under section 268.069; and~~

~~(iv) MS 2008 [Expired, 2008 c 300 s 17]~~

~~(2)~~ (1) the applicant was laid off from employment as a result of a reduction under subdivision 1, clause (2), or was laid off because of lack of work from that employer during the three-month period before, or the three-month period after, the month of the reduction under subdivision 1, clause (2);

~~(3)~~ (2) the applicant meets the same eligibility requirements that are required for regular unemployment benefits under section 268.069;

~~(4)~~ (3) the applicant has exhausted regular unemployment benefits under section 268.07, is not entitled to receive extended unemployment benefits under section 268.115, and is not entitled to receive unemployment benefits under any other state or federal law for that week; and

~~(5)~~ (4) a majority of the applicant's wage credits were from the employer that had a reduction in operations under subdivision 1, clause (2).

(b) An applicant who stopped working because of a lockout is eligible to receive additional unemployment benefits for any week if:

(1) the applicant meets the eligibility requirements under section 268.069;

(2) the applicant has exhausted regular unemployment benefits under section 268.07 or the law of another state;

(3) the applicant is not eligible for extended unemployment benefits or unemployment benefits under any federal law; and

(4) the lockout is in active progress.

Section 268.085, subdivision 1, clause (2), does not apply to this paragraph.

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

Sec. 7. Minnesota Statutes 2012, section 268.125, subdivision 4, is amended to read:

Subd. 4. **Weekly unemployment benefit amount.** An applicant's weekly additional unemployment benefit amount is the same as the applicant's weekly regular unemployment benefit amount ~~during the current benefit year~~ under section 268.07.

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

Sec. 8. Minnesota Statutes 2012, section 268.125, subdivision 5, is amended to read:

Subd. 5. **Maximum amount of unemployment benefits.** (a) For an applicant who qualifies for additional unemployment benefits under subdivision 1, clause (2), the maximum amount of additional unemployment benefits available in the applicant's benefit year is one-half of the applicant's maximum amount of regular unemployment benefits available under section 268.07, subdivision 2. Extended unemployment benefits paid and unemployment benefits paid under any federal law other than regular unemployment benefits must be deducted from the maximum amount of additional unemployment benefits available.

(b) For an applicant who qualifies for additional unemployment benefits under subdivision 1, clause (3), the applicant may receive additional unemployment benefits for up to 26 weeks so long as the lockout is in active progress.

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

Sec. 9. **[268.133] UNEMPLOYMENT BENEFITS WHILE IN ENTREPRENEURIAL TRAINING.**

Unemployment benefits are available to dislocated workers participating in the converting layoffs into Minnesota businesses (CLIMB) program under section 116L.17, subdivision 11. Applicants participating in CLIMB are considered in reemployment assistance training under section 268.035, subdivision 21c. All requirements under section 268.069, subdivision 1, must be met, except the commissioner may waive:

(1) the deductible earnings provisions in section 268.085, subdivision 5; and

(2) the 32 hours of work limitation in section 268.085, subdivision 2, clause (6). A maximum of 500 applicants may receive a waiver at any given time.

Sec. 10. Minnesota Statutes 2012, section 268.136, subdivision 1, is amended to read:

Subdivision 1. **Shared work ~~agreement~~ plan requirements.** ~~(a)~~ An employer may submit a proposed shared work plan for an employee group to the commissioner for approval in a manner and format set by the commissioner. The proposed ~~agreement~~ shared work plan must include:

(1) a certified statement that the normal weekly hours of work of all of the proposed participating employees were full time or regular part time but are now reduced, or will be reduced, with a corresponding reduction in pay, in order to prevent layoffs;

(2) the name and Social Security number of each participating employee;

(3) the number of layoffs that would have occurred absent the employer's ability to participate in a shared work plan;

(4) a certified statement ~~of when~~ that each participating employee was first hired by the employer~~, which must be~~ at least one year before the proposed ~~agreement~~ shared work plan is submitted and is not a seasonal, temporary, or intermittent worker;

~~(4)~~ (5) the hours of work each participating employee will work each week for the duration of the ~~agreement~~ shared work plan, which must be at least ~~20~~ 50 percent of the normal weekly hours ~~and~~ but no more than ~~32 hours per week~~ 90 percent of the normal weekly hours, except that the ~~agreement~~ plan may provide for a uniform vacation shutdown of up to two weeks;

(6) a certified statement that any health benefits and pension benefits provided by the employer to participating employees will continue to be provided under the same terms and conditions as though the participating employees' hours of work each week had not been reduced;

(7) a certified statement that the terms and implementation of the shared work plan is consistent with the employer's obligations under state and federal law;

(8) an acknowledgement that the employer understands that unemployment benefits paid under a shared work plan will be used in computing the future tax rate of a taxpaying employer or charged to the reimbursable account of a nonprofit or government employer;

~~(5)~~ (9) the proposed duration of the ~~agreement~~ shared work plan, which must be at least two months and not more than one year, although ~~an agreement~~ a plan may be extended for up to an additional year upon approval of the commissioner;

~~(6)~~ (10) a starting date beginning on a Sunday at least 15 calendar days after the date the proposed ~~agreement~~ shared work plan is submitted; and

~~(7)~~ (11) a signature of an owner or officer of the employer who is listed as an owner or officer on the employer's account under section 268.045.

~~(b) An agreement may not be approved for an employer that:~~

~~(1) has any unemployment tax or reimbursements, including any interest, fees, or penalties, due but unpaid; or~~

~~(2) has the maximum experience rating provided for under section 268.051, subdivision 3.~~

Sec. 11. Minnesota Statutes 2012, section 268.136, subdivision 2, is amended to read:

Subd. 2. **~~Agreement~~ Approval by commissioner.** (a) The commissioner must promptly review a proposed ~~agreement~~ shared work plan and notify the employer, by mail or electronic transmission, within 15 days of receipt, whether the proposal satisfies the requirements of this section and has been approved. If the proposal does not comply with this section, the commissioner must specifically state why the proposal is not in compliance. If a proposed ~~agreement complies with this section~~ shared work plan has been approved, it must be implemented according to its terms.

(b) The commissioner may ~~reject an agreement~~ not approve a proposed shared work plan if the commissioner has cause to believe the proposal ~~is not~~ was submitted for ~~the~~ a purpose ~~of~~ other than preventing layoffs due to lack of work.

(c) The commissioner may not approve a proposed shared work plan if the employer has any unemployment tax or reimbursements, including any interest, fees, or penalties, due but unpaid.

(d) A shared work plan that has been approved by the commissioner is considered a contract that is binding on the employer and the department. This contract may be canceled or modified under subdivision 5.

Sec. 12. Minnesota Statutes 2012, section 268.136, is amended by adding a subdivision to read:

Subd. 2a. **Notice to participating employee.** The employer must provide written notification to each participating employee that the employer has submitted a proposed shared work plan. The notification must be provided to the employee no later than the time the commissioner notifies the employer that a proposed shared work plan has been approved. The notification must inform the employee of the proposed terms of the shared work plan along with notice to the employee of the employee's right to apply for unemployment benefits.

Sec. 13. Minnesota Statutes 2012, section 268.136, subdivision 3, is amended to read:

Subd. 3. **Applicant requirements.** (a) An applicant, in order to be paid unemployment benefits under this section, must meet all of the requirements under section 268.069, subdivision 1. The following provisions of section 268.085 do not apply to an applicant ~~under this section~~ in an approved shared work plan:

(1) ~~the~~ deductible earnings ~~provision of section 268.085,~~ under subdivision 5;

(2) the restriction under ~~section 268.085,~~ subdivision ~~6~~ 2, clause (6), if the applicant works exactly 32 hours in a week;

(3) the requirement of being available for suitable employment under subdivision 1, clause (4), but only if the applicant is (i) available for the normal hours of work per week with the shared work employer, or (ii) is in a training program when not working; and

(4) the requirement of actively seeking suitable employment under subdivision 1, clause (5).

(b) An applicant is ineligible for unemployment benefits under this section for any week, if~~:~~

~~(1)~~ the applicant works more than 32 hours in a week in employment with one or more employer~~;~~ ~~or~~.

~~(2) the applicant works more hours in a week for the shared work employer than the reduced weekly hours provided for in the agreement.~~

Sec. 14. Minnesota Statutes 2012, section 268.136, subdivision 4, is amended to read:

Subd. 4. **Amount of unemployment benefits available.** (a) The weekly benefit amount and maximum amount of unemployment benefits available are computed according to section 268.07, except that ~~an applicant is paid~~ the amount of benefits available is a reduced amount in direct proportion to the reduction in hours set out in the shared work plan from the lesser of (1) 40 hours per week; or (2) the normal weekly hours.

(b) Regardless of paragraph (a), if the applicant works more hours or less hours in a week for the shared work employer than provided for in the shared work plan, the amount of unemployment benefits available is in direct proportion to the reduction in hours actually worked from the lesser of (1) 40 hours per week; or (2) the normal weekly hours.

Sec. 15. Minnesota Statutes 2012, section 268.136, subdivision 5, is amended to read:

Subd. 5. **Cancellation; modification.** (a) An employer may cancel ~~an agreement~~ a shared work plan at any time upon seven calendar days' notice to the commissioner in a manner and format prescribed by the commissioner. The cancellation must be signed by an owner or officer of the employer.

(b) An employer may request that the commissioner allow modification of the shared work plan as to the hours of work each participating employee will work each week. The request must be sent in a manner and form prescribed by the commissioner. The request must be signed by an owner or officer of the employer. The commissioner must notify the employer as soon as possible if the modification is allowed.

~~(b)~~ (c) An employer that cancels ~~an agreement~~ or requests modification of a shared work plan must provide written notice to each participating employee ~~in the group~~ of the cancellation or requested modification at the time notice is sent to the commissioner.

~~(c)~~ (d) If an employer cancels ~~an agreement~~ a shared work plan before the expiration date provided for in subdivision 1, a new ~~agreement~~ shared work plan may not be ~~entered into with~~ approved for that employer under this section for at least 60 calendar days.

~~(d)~~ (e) The commissioner may immediately cancel any ~~agreement~~ shared work plan if the commissioner determines the ~~agreement~~ plan was based upon false information or the employer ~~is in breach~~ has failed to adhere to the terms of the ~~contract~~ shared work plan. The commissioner must immediately send written notice of cancellation to the employer. An employer that receives notice of cancellation ~~by the commissioner~~ must provide written notice to each participating ~~employer in the group~~ employee of the cancellation.

Sec. 16. Minnesota Statutes 2012, section 268.23, is amended to read:

268.23 SEVERABLE.

~~In the event that~~ If the United States Department of Labor or a court of competent jurisdiction determines that any provision of the Minnesota Unemployment Insurance Law~~, or any other provision of Minnesota Statutes relating to the unemployment insurance program,~~ is not in conformity with, or is inconsistent with, the requirements of federal law, the provision has no force or effect~~; but~~. If only a portion of the provision, or the application to any person or circumstances, is ~~held~~ determined not in conformity, or determined inconsistent, the remainder of the provision and the application of the provision to other persons or circumstances are not affected.

Sec. 17. Laws 2012, chapter 201, article 1, section 3, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective July 1, 2012, except the amendments to paragraph (d) are effective for penalties ~~imposed~~ credited on or after July 1, 2013.

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

Sec. 18. **UNEMPLOYMENT INSURANCE EMPLOYER TAX REDUCTION.**

(a) Notwithstanding Minnesota Statutes, section 268.051, subdivision 2, if, on September 30, 2013, the balance in the Minnesota Unemployment Trust Fund is more than $800,000,000, the base tax rate for calendar year 2014 is 0.1 percent, and there will be no additional assessment assigned. If, on September 30, 2014, the balance in the Minnesota Unemployment Trust Fund is more than

$900,000,000, the base tax rate for calendar year 2015 is 0.1 percent, and there will be no additional assessment assigned.

(b) This section expires December 31, 2015.

Sec. 19. **COMMISSIONER AUTHORIZED TO REQUEST SHARED WORK FUNDS.**

The commissioner of employment and economic development is authorized to request federal funding for Minnesota's shared work unemployment benefit program under Minnesota Statutes, section 268.136. Federal funding is available under the Middle Class Tax Relief and Job Creation Act of 2012, Public Law 112-96. Federal funding provided under that act for the shared work program must be immediately deposited in the Minnesota Unemployment Insurance Trust Fund. The exception under Minnesota Statutes, section 268.047, subdivision 2, clause (10), does not apply to the federal money.

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

Sec. 20. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective for shared work plans approved on or after July 1, 2013.

ARTICLE 5

MISCELLANEOUS

Section 1. Minnesota Statutes 2012, section 16B.122, subdivision 2, is amended to read:

Subd. 2. **Purchases; printing.** (a) Whenever practicable, a public entity shall:

(1) purchase uncoated office paper and printing paper;

(2) purchase recycled content paper with at least ten percent postconsumer material by weight;

(3) purchase paper which has not been dyed with colors, excluding pastel colors;

(4) purchase recycled content paper that is manufactured using little or no chlorine bleach or chlorine derivatives;

(5) use no more than two colored inks, standard or processed, except in formats where they are necessary to convey meaning;

(6) use reusable binding materials or staples and bind documents by methods that do not use glue;

(7) use soy-based inks;~~ and~~

(8) produce reports, publications, and periodicals that are readily recyclable within the state resource recovery program; and

(9) purchase paper which has been made on a paper machine located in Minnesota.

(b) Paragraph (a), clause (1), does not apply to coated paper that is made with at least 50 percent postconsumer material.

(c) A public entity shall print documents on both sides of the paper where commonly accepted publishing practices allow.

(d) Notwithstanding paragraph (a), clause (2), and section 16B.121, copier paper purchased by a state agency must contain at least ten percent postconsumer material by fiber content.

Sec. 2. Minnesota Statutes 2012, section 154.001, is amended by adding a subdivision to read:

Subd. 4. **Comprehensive examination.** "Comprehensive examination" means all parts of a test administered by the board, including but not limited to written, oral, and practical components.

Sec. 3. Minnesota Statutes 2012, section 154.003, is amended to read:

154.003 FEES.

(a) The fees collected, as required in this chapter, chapter 214, and the rules of the board, shall be paid to the board. The board shall deposit the fees in the general fund in the state treasury.

(b) The board shall charge the following fees:

(1) examination and certificate, registered barber, $85;

(2) retake of written examination, registered barber, $10;

~~(2)~~ (3) examination and certificate, apprentice, $80;

(4) retake of written examination, apprentice, $10;

~~(3)~~ (5) examination, instructor, $180;

~~(4)~~ (6) certificate, instructor, $65;

~~(5)~~ (7) temporary teacher or apprentice permit, $80;

~~(6)~~ (8) renewal of license, registered barber, $80;

~~(7)~~ (9) renewal of license, apprentice, $70;

~~(8)~~ (10) renewal of license, instructor, $80;

~~(9)~~ (11) renewal of temporary teacher permit, $65;

~~(10)~~ (12) student permit, $45;

(13) renewal of student permit, $25;

~~(11)~~ (14) initial shop registration, $85;

~~(12)~~ (15) initial school registration, $1,030;

~~(13)~~ (16) renewal shop registration, $85;

~~(14)~~ (17) renewal school registration, $280;

~~(15)~~ (18) restoration of registered barber license, $95;

~~(16)~~ (19) restoration of apprentice license, $90;

~~(17)~~ (20) restoration of shop registration, $105;

~~(18)~~ (21) change of ownership or location, $55;

~~(19)~~ (22) duplicate license, $40; ~~and~~

~~(20)~~ (23) home study course, ~~$95~~ $75;

(24) letter of license verification, $25; and

(25) reinspection, $100.

Sec. 4. Minnesota Statutes 2012, section 154.02, is amended to read:

154.02 WHAT CONSTITUTES BARBERING.

Any one or any combination of the following practices when done upon the head and neck for cosmetic purposes and not for the treatment of disease or physical or mental ailments and when done for payment directly or indirectly or without payment for the public generally constitutes the practice of barbering within the meaning of sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26: to shave the face or neck, trim the beard, cut or bob the hair of any person of either sex for compensation or other reward received by the person performing such service or any other person; to give facial and scalp massage or treatments with oils, creams, lotions, or other preparations either by hand or mechanical appliances; to singe, shampoo the hair, or apply hair tonics; or to apply cosmetic preparations, antiseptics, powders, oils, clays, or lotions to hair, scalp, face, or neck.

Sec. 5. Minnesota Statutes 2012, section 154.05, is amended to read:

154.05 WHO MAY RECEIVE CERTIFICATES OF REGISTRATION AS A REGISTERED BARBER.

A person is qualified to receive a certificate of registration as a registered barber:

(1) who is qualified under the provisions of section 154.06;

(2) who has practiced as a registered apprentice for a period of 12 months under the immediate personal supervision of a registered barber; and

(3) who has passed an examination conducted by the board to determine fitness to practice barbering.

An apprentice applicant for a certificate of registration to practice as a registered barber who fails to pass the comprehensive examination conducted by the board and who fails to pass a onetime retake of the written examination, shall continue to practice as an apprentice for an additional ~~two months~~ 300 hours before being ~~again entitled to take~~ eligible to retake the comprehensive examination ~~for a registered barber~~ as many times as necessary to pass.

Sec. 6. Minnesota Statutes 2012, section 154.06, is amended to read:

154.06 WHO MAY RECEIVE CERTIFICATES OF REGISTRATION AS A REGISTERED APPRENTICE.

A person is qualified to receive a certificate of registration as a registered apprentice:

(1) who has completed at least ten grades of an approved school;

(2) who has graduated from a barber school approved by ~~the~~ a barber board within the previous four years; and

(3) who has passed an examination conducted by the board to determine fitness to practice as a registered apprentice. An applicant who graduated from a barber school approved by a barber board more than four years prior to application is required to complete a further course of study of at least 500 hours.

An applicant for ~~a~~ an initial certificate of registration to practice as an apprentice, who fails to pass the comprehensive examination conducted by the board, and who fails to pass a onetime retake of the written examination, is required to complete a further course of study of at least 500 hours, of not more than eight hours in any one working day, in a barber school approved by the board before being eligible to retake the comprehensive examination as many times as necessary to pass.

A certificate of registration of an apprentice shall be valid for four years ~~from the date the certificate of registration is issued by the board~~ and shall not be renewed for a fifth year. During the four-year period the certificate of registration shall remain in full force and effect only if the apprentice complies with all the provisions of sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26, including the payment of an annual fee, and the rules of the board.

If a registered apprentice, during the term in which the certificate of registration is in effect, enters full-time active duty in the armed forces of the United States of America, the expiration date of the certificate of registration shall be extended by a period of time equal to the period or periods of active duty.

If a registered apprentice graduates from a barber school approved by the board and is issued a certificate of registration while incarcerated by the Department of Corrections of the Federal Bureau of Prisons, the expiration date of the certificate of registration shall be extended one time so that it expires four years from the date of first release from a correctional facility.

Sec. 7. Minnesota Statutes 2012, section 154.065, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** A person is qualified to receive a certificate of registration as an instructor of barbering who:

(1) is a graduate ~~from~~ of an approved high school, or its equivalent, as determined by examination by the Department of Education;

(2) has ~~qualified for a teacher's or instructor's vocational certificate;~~ successfully completed vocational instructor training from a board-approved program or accredited college or university program that includes the following courses or their equivalents as determined by the board:

(i) introduction to career and technical education training;

(ii) philosophy and practice of career and technical education;

(iii) course development for career and technical education;

(iv) instructional methods for career and technical education; and

(v) human relations;

(3) is currently a registered barber and has at least three years experience as a registered barber in this state, or its equivalent as determined by the board; and

(4) has passed an examination conducted by the board to determine fitness to instruct in barbering.

~~A certificate of registration under this section is provisional until a teacher's or instructor's vocational certificate has been issued by the Department of Education. A provisional certificate of registration is valid for 30 days and is not renewable.~~

Sec. 8. Minnesota Statutes 2012, section 154.07, subdivision 1, is amended to read:

Subdivision 1. **Admission requirements; course of instruction.** No barber school shall be approved by the board unless it requires, as a prerequisite to admission, ten grades of an approved school or its equivalent, as determined by an examination conducted by the commissioner of education, which shall issue a certificate that the student has passed the required examination, and unless it requires, as a prerequisite to graduation, a course of instruction of at least 1,500 hours, of not more than eight hours in any one working day. The course of instruction must include the following subjects: scientific fundamentals for barbering; hygiene; practical study of the hair, skin, muscles, and nerves; structure of the head, face, and neck; elementary chemistry relating to sterilization and antiseptics; diseases of the skin, hair, and glands; massaging and manipulating the muscles of the face and neck; haircutting; shaving; trimming the beard; bleaching, tinting and dyeing the hair; and the chemical waving and straightening of hair.

Sec. 9. Minnesota Statutes 2012, section 154.08, is amended to read:

154.08 APPLICATION; FEE.

Each applicant for an examination shall:

(1) make application to the Board of Barber Examiners on blank forms prepared and furnished by it, the application to contain proof under the applicant's oath of the particular qualifications and identity of the applicant;

(2) ~~furnish to the board two five-inch x three-inch signed photographs of the applicant, one to accompany the application and one to be returned to the applicant, to be presented to the board when the applicant appears for examination~~ provide all documentation required in support of the application; ~~and~~

(3) pay to the board the required fee; and

(4) present a government-issued photo identification as proof of identity upon application and when the applicant appears for examination.

Sec. 10. Minnesota Statutes 2012, section 154.09, is amended to read:

154.09 EXAMINATIONS, CONDUCT AND SCOPE.

The board shall conduct examinations of applicants for certificates of registration to practice as barbers and apprentices not more than six times each year, at such time and place as the board may determine. Additional written examinations may be scheduled by the board and conducted by board staff as designated by the board. The proprietor of a barber school must file an affidavit ~~shall be filed~~ with the board ~~by the proprietor of a barber school that~~ of hours completed by students applying to take the apprentice examination ~~have completed~~. Students must complete 1,500 hours in a barber school ~~registered with~~ approved by the board.

The examination of applicants for certificates of registration as barbers and apprentices shall include ~~both~~ a practical demonstration and a written and oral test ~~and embrace~~. The examination must cover the subjects usually taught in barber schools registered with the board.

Sec. 11. Minnesota Statutes 2012, section 154.10, subdivision 1, is amended to read:

Subdivision 1. **Application.** Each applicant for an initial certificate of registration shall make application to the board on forms prepared and furnished by the board with proof under oath of the particular qualifications and identity of each applicant. This application shall be accompanied by a fee prescribed by law or the rules of the board to defray the expenses of making investigation and for the examination of such applicant.

Sec. 12. Minnesota Statutes 2012, section 154.11, subdivision 1, is amended to read:

Subdivision 1. **Examination of nonresidents.** A person who meets all of the requirements for barber registration in sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 and either has a license, certificate of registration, or an equivalent as a practicing barber or instructor of barbering from another state or country which in the discretion of the board has substantially the same requirements for registering barbers and instructors of barbering as required by sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 or can prove by sworn affidavits practice as a barber or instructor of barbering in another state or country for at least five years immediately prior to making application in this state, shall, upon payment of the required fee, be issued a certificate of registration without examination~~, provided that the other state or country grants the same privileges to holders of Minnesota certificates of registration~~.

Sec. 13. Minnesota Statutes 2012, section 154.12, is amended to read:

154.12 EXAMINATION OF NONRESIDENT APPRENTICES.

A person who meets all of the requirements for registration as a barber in sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 and who has a license, a certificate of registration, or its equivalent as an apprentice in a state or country which in the discretion of the board has substantially the same requirements for registration as an apprentice as is provided by sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26, shall, upon payment of the required fee, be issued a certificate of registration without examination~~, provided that the other state or country grants the same privileges to holders of Minnesota certificates of registration~~.

Sec. 14. Minnesota Statutes 2012, section 154.14, is amended to read:

154.14 CERTIFICATES OF REGISTRATION AND TEMPORARY PERMITS TO BE DISPLAYED.

Every holder of a certificate of registration as a registered barber or registered apprentice or temporary apprentice permit shall display ~~it~~ the certificate or permit, with a photograph of the certificate or permit holder that meets the same standards as required for a United States passport, in a conspicuous place adjacent to or near the chair where work is performed. Every holder of a certificate of registration as an instructor of barbering or ~~as a barber school, of~~ a temporary permit as an instructor of barbering~~,~~ shall display the certificate or permit, with a photograph of the certificate or permit holder that meets the same standards as required for a United States passport, in a conspicuous place accessible to the public. Every holder of a certificate of registration as a barber school and of a shop registration card shall display it in a conspicuous place accessible to the public.

Sec. 15. Minnesota Statutes 2012, section 154.15, subdivision 2, is amended to read:

Subd. 2. **Effect of failure to renew.** A registered barber or a registered apprentice who has not renewed a certificate of registration may be reinstated within ~~one year~~ four years of such failure to renew without examination upon the payment of the required restoration fee for each year the certificate is lapsed. A registered instructor of barbering who has not renewed a certificate of registration may be reinstated within ~~three~~ four years of such failure to renew without examination upon payment of the required restoration fee for each year the certificate is lapsed. All registered barbers and registered apprentices who allow their certificates of registration to lapse for more than ~~one year~~ four years shall be required to reexamine before being issued a certificate of registration. All registered instructors of barbering who allow their certificates of registration to lapse for more than ~~three~~ four years shall be required to reexamine before being issued a certificate of registration. A barber shop owner who has not renewed the barber shop certificate for more than one year may reinstate the barber shop registration upon payment of the restoration fee for each year the shop card was lapsed. If lapsed or unlicensed status is discovered by the barber inspector during inspection, penalties under section 154.162 shall apply.

Sec. 16. **[154.162] ADMINISTRATIVE PENALTIES.**

The board shall impose and collect the following penalties:

(1) missing or lapsed shop registration discovered upon inspection; penalty imposed on shop owner: $500;

(2) unlicensed or unregistered apprentice or registered barber, first occurrence discovered upon inspection; penalty imposed on shop owner and unlicensed or unregistered individual: $500; and

(3) unlicensed or unregistered apprentice or registered barber, second occurrence discovered upon inspection; penalty imposed on shop owner and unlicensed or unregistered individual: $1,000.

Sec. 17. Minnesota Statutes 2012, section 154.26, is amended to read:

154.26 MUNICIPALITIES ~~MAY REGULATE HOURS~~; REGULATION AUTHORIZED.

The governing body of any city of this state may regulate by ordinance the opening and closing hours of barber shops within its municipal limits in addition to all other applicable local regulations.

Sec. 18. **[154.27] MISREPRESENTATION.**

No person shall represent themselves to the public, solicit business, advertise as a licensed barber or as operating a licensed barber shop, use the title or designation of barber or barber shop, engage in any other act or practice that would create the impression to members of the public that the person is a licensed barber or is operating a licensed barber shop unless the person holds the appropriate license under this chapter. Violation of this section is a petty misdemeanor.

Sec. 19. **[154.28] SYMBOLS; BARBER POLE.**

No person shall place a barber pole in a location that would create or tend to create the impression to the public that the business is a barber shop unless the operator holds a valid license under this chapter. For the purposes of this section, "barber pole" means a red and white or red, white, and blue striped vertical cylinder commonly recognized as a barber pole. Violation of this section is a petty misdemeanor.

Sec. 20. Minnesota Statutes 2012, section 155A.23, subdivision 3, is amended to read:

Subd. 3. **Cosmetology.** "Cosmetology" is the practice of personal services, for compensation, for the cosmetic care of the hair, nails, and skin. These services include cleaning, conditioning, shaping, reinforcing, coloring and enhancing the body surface in the areas of the head, scalp, face, arms, hands, legs, ~~and~~ feet, and trunk of the body, except where these services are performed by a barber under sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26.

Sec. 21. Minnesota Statutes 2012, section 155A.23, subdivision 8, is amended to read:

Subd. 8. **Manager.** A "manager" is any person who conducts, operates, or manages a cosmetology school or salon and who also instructs in or provides any services, as defined in subdivision 3. A school manager must maintain an active salon manager's license.

Sec. 22. Minnesota Statutes 2012, section 155A.23, subdivision 11, is amended to read:

Subd. 11. **Instructor.** An "instructor" is any person employed by a school to prepare and present the theoretical and practical education of cosmetology to persons who seek to practice cosmetology. An instructor must maintain an active operator or manager's license in the area in which the instructor holds an instructor's license.

Sec. 23. Minnesota Statutes 2012, section 155A.25, subdivision 1a, is amended to read:

Subd. 1a. **Schedule.** The fee schedule for licensees is as follows ~~for licenses issued after June 30, 2010, and prior to July 1, 2013~~:

(a) Three-year license fees:

(1) cosmetologist, ~~manicurist~~ nail technician, or esthetician:

(i) $90 for each initial license and a $40 nonrefundable initial license application fee, for a total of $130; and

(ii) $60 for each renewal and a $15 nonrefundable renewal application fee, for a total of $75;

(2) instructor or manager:

(i) $120 for each initial license and a $40 nonrefundable initial license application fee, for a total of $160; and

(ii) $90 for each renewal and a $15 nonrefundable renewal application fee, for a total of $105;

(3) salon:

(i) $130 for each initial license and a $100 nonrefundable initial license application fee, for a total of $230; and

(ii) $100 for each renewal and a $50 nonrefundable renewal application fee, for a total of $150; and

(4) school:

(i) $1,500 for each initial license and a $1,000 nonrefundable initial license application fee, for a total of $2,500; and

(ii) $1,500 for each renewal and a $500 nonrefundable renewal application fee, for a total of $2,000.

(b) Penalties:

(1) reinspection fee, variable;

(2) manager and owner with lapsed practitioner found on inspection, $150 each;

(3) lapsed practitioner or instructor found on inspection, $200;

(4) lapsed salon found on inspection, $500;

(5) lapsed school found on inspection, $1,000;

(6) failure to display current license, $100;

(7) failure to dispose of single-use equipment, implements, or materials as provided under section 155A.355, subdivision 1, $500;

(8) use of prohibited razor-type callus shavers, rasps, or graters under section 155A.355, subdivision 2, $500;

(9) performing manicuring or cosmetology services in esthetician salon, or performing esthetician or cosmetology services in manicure salon, $500;

(10) owner and manager allowing an operator to work as an independent contractor, $200;

(11) operator working as an independent contractor, $100;

(12) refusal or failure to cooperate with an inspection, $500;

~~(3)~~ (13) expired cosmetologist, manicurist, esthetician, manager, school manager, and instructor license, $45; and

~~(4)~~ (14) expired salon or school license, $50.

(c) Administrative fees:

(1) certificate of identification, $20;

(2) name change, $20;

(3) letter of license verification, $30;

(4) duplicate license, $20;

(5) processing fee, $10;

(6) special event permit, $75 per year; and

(7) registration of hair braiders, $20 per year.

Sec. 24. Minnesota Statutes 2012, section 155A.25, subdivision 4, is amended to read:

Subd. 4. **License expiration date.** The board shall, in a manner determined by the board and without the need for rulemaking under chapter 14, phase in changes to initial and renewal license expiration dates so that by January 1, 2014:

(1) individual licenses expire on the last day of the licensee's birth month of the year due; and

(2) salon and school licenses expire on the last day of the month of initial licensure of the year due.

Sec. 25. Minnesota Statutes 2012, section 155A.27, subdivision 4, is amended to read:

Subd. 4. **Testing.** All theory, practical, and Minnesota law and rule testing must be done by a board-approved provider. Appropriate standardized tests shall be used and shall include subject matter relative to the application of Minnesota law. In every case, the primary consideration shall be to safeguard the health and safety of consumers by determining the competency of the applicants to provide the services indicated.

Sec. 26. Minnesota Statutes 2012, section 155A.27, subdivision 7, is amended to read:

Subd. 7. **Renewals.** Renewal of license shall be for a period of three years under conditions and process established by rule and subject to continuing education requirements of section 155A.271.

Sec. 27. Minnesota Statutes 2012, section 155A.27, subdivision 10, is amended to read:

Subd. 10. **Nonresident licenses.** (a) A nonresident cosmetologist, manicurist, or esthetician may be licensed in Minnesota if the individual has completed cosmetology school in a state or country with the same or greater school hour requirements, has an active license in that state or country, and has passed a board-approved theory and practice-based examination, the Minnesota-specific written operator examination for cosmetologist, manicurist, or esthetician. If a test is used to verify the qualifications of trained cosmetologists, the test should be translated into the nonresident's native language within the limits of available resources. Licenses shall not be issued under this subdivision for managers or instructors.

(b) If an individual has less than the required number of school hours, the individual must have had a current active license in another state or country for at least three years and have passed a board-approved theory and practice-based examination, or the Minnesota-specific written operator examination for cosmetologist, manicurist, or esthetician. If a test is used to verify the qualifications of trained cosmetologists, the test should be translated into the nonresident's native language within the limits of available resources. Licenses must not be issued under this subdivision for managers or instructors.

(c) Applicants claiming training and experience in a foreign country shall supply official English-language translations of all required documents from a board-approved source.

Sec. 28. **[155A.271] CONTINUING EDUCATION REQUIREMENTS.**

Subdivision 1. **Continuing education requirements.** Effective August 1, 2014, to qualify for license renewal under this chapter as an individual cosmetologist, nail technician, esthetician, or salon manager, the applicant must attest to the completion of four hours of continuing education credits from an accredited school or a professional association of cosmetology during the three years prior to the applicant's renewal date. One credit hour of the requirement must include instruction pertaining to state laws and rules governing the practice of cosmetology. Three credit hours must include instruction pertaining to health, safety, and sanitation matters consistent with the United States Department of Labor's Occupational Safety and Health Administration standards applicable to the practice of cosmetology, or other applicable federal health, sanitation, and safety standards, and must be regularly updated so as to incorporate newly developed standards and accepted professional best practices. Credit hours earned are valid for three years and may be applied simultaneously to all individual licenses held by a licensee under this chapter. This subdivision does not apply to instructors or inactive licenses.

Subd. 2. **Schools and professional associations.** Only a board-licensed school of cosmetology, a postsecondary institution as defined in section 136A.103, paragraph (a), or a board-recognized professional association may offer continuing education curriculum for credit under this section. The school and professional association may offer online and independent study options to achieve maximum involvement of licensees and is encouraged to offer classes available in foreign language formats.

Subd. 3. **Proof of credits.** The school or professional association shall provide to licensees who attend a class a receipt to prove completion of the class. Licensees shall retain proof of their continuing education credits for one year beyond the credit's expiration. The school or professional association shall retain documentation of all licensees successfully completing a class and the licensee's credit hours for five years.

Subd. 4. **Audit.** The board shall conduct random audits of active licensees periodically to ensure compliance with continuing education requirements. To initiate an audit, the board shall notify an active licensee of the audit and request proof of credits earned during a specified period. The licensee must provide the requested proof to the board within 30 days of an audit notice. The board may request that a school or professional association verify a licensee's credits. The school or professional association must furnish verification, or a written statement that the credits are not verified, within 15 days of the board's request for verification. If the board determines that a licensee has failed to provide proof of necessary credits earned during the specified time, the board may revoke the individual's license and may deem the individual a lapsed practitioner subject to penalty under section 155A.25 or 155A.36.

Sec. 29. Minnesota Statutes 2012, section 155A.29, subdivision 2, is amended to read:

Subd. 2. **Requirements.** (a) The conditions and process by which a salon is licensed shall be established by the board by rule. In addition to those requirements, no license shall be issued unless the board first determines that the conditions in clauses (1) to (5) have been satisfied:

(1) compliance with all local and state laws, particularly relating to matters of sanitation, health, and safety;

(2) the employment of a manager, as defined in section 155A.23, subdivision 8;

~~(3) inspection and licensing prior to the commencing of business;~~

~~(4)~~ (3) if applicable, evidence of compliance with section 176.182; and

~~(5)~~ (4) evidence of continued professional liability insurance coverage of at least $25,000 for each claim and $50,000 total coverage for each policy year for each operator.

(b) A licensed esthetician or manicurist who complies with the health, safety, sanitation, inspection, and insurance rules promulgated by the board to operate a salon solely for the performance of those personal services defined in section 155A.23, subdivision 5, in the case of an esthetician, or subdivision 7, in the case of a manicurist.

Sec. 30. Minnesota Statutes 2012, section 155A.30, is amended by adding a subdivision to read:

Subd. 11. **Instruction requirements.** (a) Instruction may be offered for no more than ten hours per day per student.

(b) Instruction must be given within a licensed school building. Online instruction is permitted for board-approved theory-based classes. Practice-based classes must not be given online.

Sec. 31. **[155A.355] PROHIBITED USES.**

Subdivision 1. **Single-use equipment and materials.** Single-use equipment, implements, or materials that are made or constructed of paper, wood, or other porous materials must only be used for one application or client service. Presence of used articles in the work area is prima facie evidence of reuse. Failure to dispose of the materials in this subdivision is punishable by penalty under section 155A.25, subdivision 1a, paragraph (b), clause (7).

Subd. 2. **Skin-cutting equipment.** Razor-type callus shavers, rasps, or graters designed and intended to cut growths of skin such as corns and calluses, including but not limited to credo blades, are prohibited. Presence of these articles in the work area is prima facie evidence of use and is punishable by penalty in section 155A.25, subdivision 1a, paragraph (b), clause (8).

Subd. 3. **Substances.** Licensees must not use any of the following substances or products in performing cosmetology services:

(1) methyl methacrylate liquid monomers, also known as MMA; and

(2) fumigants, including but not limited to formalin tablets or formalin liquids.

Sec. 32. **[179.90] OFFICE OF COLLABORATION AND DISPUTE RESOLUTION.**

The commissioner of mediation services shall establish an Office of Collaboration and Dispute Resolution within the bureau. The office must:

(1) promote the broad use of community mediation in the state, ensuring that all areas of the state have access to services by providing grants to private nonprofits entities certified by the state court administrator under chapter 494 that assist in resolution of disputes;

(2) assist state agencies, offices of the executive, legislative, and judicial branches, and units of local government in improving collaboration and dispute resolution;

(3) support collaboration and dispute resolution in the public and private sector by providing technical assistance and information on best practices and new developments in dispute resolution options;

(4) educate the public and governmental entities on dispute resolution options; and

(5) promote and utilize collaborative dispute resolution models and processes based on documented best practices including, but not limited to, the Minnesota Solutions model:

(i) establishing criteria and procedures for identification and assessment of dispute resolution projects;

(ii) designating projects and appointing impartial convenors by the commissioner or the commissioner's designee;

(iii) forming multidisciplinary conflict resolution teams; and

(iv) utilizing collaborative techniques, processes, and standards through facilitated meetings until consensus among parties is reached in resolving a dispute.

Sec. 33. **[179.91] GRANTS.**

Subdivision 1. **Authority.** The commissioner of mediation services shall to the extent funds are appropriated for this purpose, make grants to private nonprofit community mediation entities certified by the state court administrator under chapter 494 that assist in resolution of disputes. The commissioner shall establish a grant review committee to assist in the review of grant applications and the allocation of grants under this section.

Subd. 2. **Eligibility.** To be eligible for a grant under this section, a nonprofit organization must meet the requirements of section 494.05, subdivision 1, clauses (1), (2), (4), and (5).

Subd. 3. **Conditions and exclusions.** A nonprofit entity receiving a grant must agree to comply with guidelines adopted by the state court administrator under section 494.015, subdivision 1. Sections 16B.97 and 16B.98 and policies adopted under those sections apply to grants under this section. The exclusions in section 494.03 apply to grants under this section.

Subd. 4. **Reporting.** Grantees must report data required under chapter 494 to evaluate quality and outcomes.

Sec. 34. Minnesota Statutes 2012, section 298.22, subdivision 1, is amended to read:

Subdivision 1. **The office of the commissioner of Iron Range resources and rehabilitation.** (1) The office of the commissioner of Iron Range resources and rehabilitation is created as an agency in the executive branch of state government. The governor shall appoint the commissioner of Iron Range resources and rehabilitation under section 15.06.

(2) The commissioner may hold other positions or appointments that are not incompatible with duties as commissioner of Iron Range resources and rehabilitation. The commissioner may appoint a deputy commissioner. All expenses of the commissioner, including the payment of staff and other assistance as may be necessary, must be paid out of the amounts appropriated by section 298.28 or otherwise made available by law to the commissioner. Notwithstanding chapters 16A, 16B, and 16C, the commissioner may utilize contracting options available under section 471.345 when the commissioner determines it is in the best interest of the agency. The agency is not subject to sections 16E.016 and 16C.05.

(3) When the commissioner determines that distress and unemployment exists or may exist in the future in any county by reason of the removal of natural resources or a possibly limited use of natural resources in the future and any resulting decrease in employment, the commissioner may use whatever amounts of the appropriation made to the commissioner of revenue in section 298.28

that are determined to be necessary and proper in the development of the remaining resources of the county and in the vocational training and rehabilitation of its residents, except that the amount needed to cover cost overruns awarded to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in effect after July 1, 1985, is appropriated from the general fund. For the purposes of this section, "development of remaining resources" includes, but is not limited to, the promotion of tourism.

Sec. 35. Minnesota Statutes 2012, section 298.28, subdivision 9c, is amended to read:

Subd. 9c. ~~**Temporary**~~ **Distribution; city of Eveleth.** 0.20 cent per taxable ton must be paid to the city of Eveleth for distribution in ~~2007 through 2011 only~~ 2013 and thereafter, to be used for the support of the Hockey Hall of Fame, provided that it continues to operate in that city, and provided that the city of Eveleth certifies to the St. Louis County auditor that it has received donations for the support of the Hockey Hall of Fame from ~~professional hockey organizations or~~ other donors ~~in an amount at least equal to the amount of the distribution under this subdivision~~. If the Hockey Hall of Fame ceases to operate in the city of Eveleth prior to receipt of the distribution in ~~either~~ any year, and the governing body of the city determines that it is unlikely to resume operation there within a six-month period, the distribution under this subdivision shall be made to the Iron Range Resources and Rehabilitation Board. ~~If the amount of the distribution authorized under this subdivision exceeds the total amount of donations for the support of the Hockey Hall of Fame during the 12-month period ending 30 days before the date of the distribution, the amount by which 0.20 cent per ton exceeds the donations shall be distributed to the Iron Range Resources and Rehabilitation Board.~~

Sec. 36. Minnesota Statutes 2012, section 326A.04, subdivision 2, is amended to read:

Subd. 2. **Timing.** (a) Certificates must be initially issued and renewed ~~for periods of not more than three years~~ annually but in any event must expire on December 31 in the year prescribed by the board by rule. Applications for certificates must be made in the form, and in the case of applications for renewal between the dates, specified by the board in rule. The board shall grant or deny an application no later than 90 days after the application is filed in proper form. If the applicant seeks the opportunity to show that issuance or renewal of a certificate was mistakenly denied, or if the board is unable to determine whether it should be granted or denied, the board may issue to the applicant a provisional certificate that expires 90 days after its issuance, or when the board determines whether or not to issue or renew the certificate for which application was made, whichever occurs first.

(b) Certificate holders who do not provide professional services and do not use the certified public accountant designation in any manner are not required to renew their certificates provided they have notified the board as provided in board rule and comply with the requirements for nonrenewal as specified in board rule.

(c) Applications for renewal of a certificate that are complete and timely filed with the board and are not granted or denied by the board before January 1 are renewed on a provisional basis as of January 1 and for 90 days thereafter, or until the board grants or denies the renewal of the certificate, whichever occurs first, provided the licensee meets the requirements in this chapter and rules adopted by the board.

EFFECTIVE DATE. This section is effective for licenses issued or renewed after January 1, 2014.

Sec. 37. Minnesota Statutes 2012, section 326A.04, subdivision 3, is amended to read:

Subd. 3. **Residents of other states.** (a) With regard to an applicant who must obtain a certificate in this state because the applicant does not qualify under the substantial equivalency standard in section 326A.14, subdivision 1, the board shall issue a certificate to a holder of a certificate, license, or permit issued by another state upon a showing that:

(1) the applicant passed the examination required for issuance of a certificate in this state;

(2) the applicant had four years of experience of the type described in section 326A.03, subdivision 6, paragraph (b)~~, if application is made on or after July 1, 2006, or section 326A.03, subdivision 8, if application is made before July 1, 2006~~; or the applicant meets equivalent requirements prescribed by the board by rule, after passing the examination upon which the applicant's certificate was based and within the ten years immediately preceding the application;

(3) if the applicant's certificate, license, or permit was issued more than four years prior to the application for issuance of an initial certificate under this subdivision, that the applicant has fulfilled the requirements of continuing professional education that would have been applicable under subdivision 4; and

(4) the applicant has met the qualifications prescribed by the board by rule.

(b) A certificate holder licensed by another state who establishes a principal place of business in this state shall request the issuance of a certificate from the board prior to establishing the principal place of business. The board shall issue a certificate to the person if the person's individual certified public accountant qualifications, upon verification, are substantially equivalent to the certified public accountant licensure requirements of this chapter or the person meets equivalent requirements as the board prescribes by rule. Residents of this state who provide professional services in this state at an office location in this state shall be considered to have their principal place of business in this state.

Sec. 38. Minnesota Statutes 2012, section 326A.04, subdivision 5, is amended to read:

Subd. 5. **Fee.** (a) The board shall charge a fee for each application for initial issuance or renewal of a certificate under this section as provided in paragraph (b).

(b) The board shall charge the following fees:

(1) initial issuance of certificate, $150;

(2) renewal of certificate with an active status, $100 per year;

(3) initial CPA firm permits, except for sole practitioners, $100;

(4) renewal of CPA firm permits, except for sole practitioners and those firms specified in clause (17), $35 per year;

(5) initial issuance and renewal of CPA firm permits for sole practitioners, except for those firms specified in clause (17), $35 per year;

(6) annual late processing delinquency fee for permit, certificate, or registration renewal applications not received prior to expiration date, $50;

(7) copies of records, per page, 25 cents;

(8) registration of noncertificate holders, nonlicensees, and nonregistrants in connection with renewal of firm permits, $45 per year;

(9) applications for reinstatement, $20;

(10) initial registration of a registered accounting practitioner, $50;

(11) initial registered accounting practitioner firm permits, $100;

(12) renewal of registered accounting practitioner firm permits, except for sole practitioners, $100 per year;

(13) renewal of registered accounting practitioner firm permits for sole practitioners, $35 per year;

(14) CPA examination application, $40;

(15) CPA examination, fee determined by third-party examination administrator;

(16) renewal of certificates with an inactive status, $25 per year; and

(17) renewal of CPA firm permits for firms that have one or more offices located in another state, $68 per year.

Sec. 39. Minnesota Statutes 2012, section 326A.04, subdivision 7, is amended to read:

Subd. 7. **Certificates issued by foreign countries.** The board shall issue a certificate to a holder of a generally equivalent foreign country designation, provided that:

(1) the foreign authority that granted the designation makes similar provision to allow a person who holds a valid certificate issued by this state to obtain the foreign authority's comparable designation;

(2) the foreign designation:

(i) was duly issued by a foreign authority that regulates the practice of public accountancy and the foreign designation has not expired or been revoked or suspended;

(ii) entitles the holder to issue reports upon financial statements; and

(iii) was issued upon the basis of educational, examination, and experience requirements established by the foreign authority or by law; and

(3) the applicant:

(i) received the designation, based on educational and examination standards generally equivalent to those in effect in this state, at the time the foreign designation was granted;

(ii) has, within the ten years immediately preceding the application, completed an experience requirement that is generally equivalent to the requirement in section 326A.03, subdivision 6, paragraph (b), ~~if application is made on or after July 1, 2006, or section 326A.03, subdivision 8, if application is made before July 1, 2006,~~ in the jurisdiction that granted the foreign designation; completed four years of professional experience in this state; or met equivalent requirements prescribed by the board by rule; and

(iii) passed a uniform qualifying examination in national standards and an examination on the laws, regulations, and code of ethical conduct in effect in this state as the board prescribes by rule.

Sec. 40. Minnesota Statutes 2012, section 326A.10, is amended to read:

326A.10 UNLAWFUL ACTS.

(a) Only a licensee and individuals who have been granted practice privileges under section 326A.14 may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing attest services, or offer to render or render any attest service. Only a certified public accountant, an individual who has been granted practice privileges under section 326A.14, a CPA firm, or, to the extent permitted by board rule, a person registered under section 326A.06, paragraph (b), may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing compilation services or offer to render or render any compilation service. These restrictions do not prohibit any act of a public official or public employee in the performance of that person's duties or prohibit the performance by any nonlicensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports on them. Nonlicensees may prepare financial statements and issue nonattest transmittals or information on them which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS). Nonlicensees registered under section 326A.06, paragraph (b), may, to the extent permitted by board rule, prepare financial statements and issue nonattest transmittals or information on them.

(b) Licensees and individuals who have been granted practice privileges under section 326A.14 performing attest or compilation services must provide those services in accordance with professional standards. To the extent permitted by board rule, registered accounting practitioners performing compilation services must provide those services in accordance with standards specified in board rule.

(c) A person who does not hold a valid certificate issued under section 326A.04 or a practice privilege granted under section 326A.14 shall not use or assume the title "certified public accountant," the abbreviation "CPA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant.

(d) A firm shall not provide attest services or assume or use the title "certified public accountants," the abbreviation "CPA's," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is a CPA firm unless (1) the firm has complied with section 326A.05, and (2) ownership of the firm is in accordance with this chapter and rules adopted by the board.

(e) A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use the title "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," "accounting practitioner," "public accountant," "licensed public accountant," or any other title or designation likely to be confused with the title "certified public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," "PA," "AP," "LPA," or similar abbreviation likely to be confused with the abbreviation "CPA." The title "enrolled agent" or "EA" may only be used by individuals so designated by the Internal Revenue Service.

(f) Persons registered under section 326A.06, paragraph (b), may use the title "registered accounting practitioner" or the abbreviation "RAP." A person who does not hold a valid registration under section 326A.06, paragraph (b), shall not assume or use such title or abbreviation.

(g) Except to the extent permitted in paragraph (a), nonlicensees may not use language in any statement relating to the financial affairs of a person or entity that is conventionally used by licensees in reports on financial statements. In this regard, the board shall issue by rule safe harbor language that nonlicensees may use in connection with such financial information. A person or firm that does not hold a valid certificate or permit, or a registration issued under section 326A.04, 326A.05, or 326A.06, paragraph (b), or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "accountant" or "accounting" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate, permit, or registration or has special competence as an accountant. A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "auditor" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate or permit or has special competence as an auditor. However, this paragraph does not prohibit any officer, partner, member, manager, or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that the person holds, nor prohibit any act of a public official or employee in the performance of the person's duties as such.

(h)(1) No person holding a certificate or registration or firm holding a permit under this chapter shall use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm, or about any other matter. However, names of one or more former partners, members, managers, or shareholders may be included in the name of a firm or its successor.

(2) A common brand name or network name part, including common initials, used by a CPA firm in its name, is not misleading if the firm is a network firm as defined in the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct in effect July 1, 2011, and when offering or rendering services that require independence under AICPA standards, the firm must comply with the AICPA code's applicable standards on independence.

(i) Paragraphs (a) to (h) do not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder to engage in the practice of public accountancy or its equivalent in that country, if:

(1) the activities of the person or firm in this state are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds the entitlement;

(2) the person or firm performs no attest or compilation services and issues no reports with respect to the financial statements of any other persons, firms, or governmental units in this state; and

(3) the person or firm does not use in this state any title or designation other than the one under which the person practices in the foreign country, followed by a translation of the title or designation into English, if it is in a different language, and by the name of the country.

(j) No holder of a certificate issued under section 326A.04 may perform attest services through any business form that does not hold a valid permit issued under section 326A.05.

(k) No individual licensee may issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under section 326A.05, unless the report discloses the name of the business through which the individual is issuing the report, and the individual:

(1) signs the compilation report identifying the individual as a certified public accountant;

(2) meets the competency requirement provided in applicable standards; and

(3) undergoes no less frequently than once every three years, a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements set out in professional standards for such services.

(l) No person registered under section 326A.06, paragraph (b), may issue a report in standard form upon a compilation of financial information unless the board by rule permits the report and the person:

(1) signs the compilation report identifying the individual as a registered accounting practitioner;

(2) meets the competency requirements in board rule; and

(3) undergoes no less frequently than once every three years a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements in board rule.

(m) Nothing in this section prohibits a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney's professional work in the practice of law.

(n) The board shall adopt rules that place limitations on receipt by a licensee or a person who holds a registration under section 326A.06, paragraph (b), of:

(1) contingent fees for professional services performed; and

(2) commissions or referral fees for recommending or referring to a client any product or service.

(o) Anything in this section to the contrary notwithstanding, it shall not be a violation of this section for a firm not holding a valid permit under section 326A.05 and not having an office in this state to provide its professional services in this state so long as it complies with the applicable requirements of section 326A.05, subdivision 1.

Sec. 41. Minnesota Statutes 2012, section 462.358, subdivision 2b, is amended to read:

Subd. 2b. **Dedication.** (a) The regulations may require that a reasonable portion of the buildable land, as defined by municipal ordinance, of any proposed subdivision be dedicated to the public or preserved for public use as streets, roads, sewers, electric, gas, and water facilities, storm water drainage and holding areas or ponds and similar utilities and improvements, parks, recreational facilities as defined in section 471.191, playgrounds, trails, wetlands, or open space. The requirement must be imposed by ordinance or under the procedures established in section 462.353, subdivision 4a.

(b) If a municipality adopts the ordinance or proceeds under section 462.353, subdivision 4a, as required by paragraph (a), the municipality must adopt a capital improvement budget and have a parks and open space plan or have a parks, trails, and open space component in its comprehensive plan subject to the terms and conditions in this paragraph and paragraphs (c) to (i).

(c) The municipality may choose to accept a cash fee as set by ordinance from the applicant for some or all of the new lots created in the subdivision, based on the average fair market value of the unplatted land for which park fees have not already been paid that is, no later than at the time of final approval or under the city's adopted comprehensive plan, to be served by municipal sanitary sewer and water service or community septic and private well as authorized by state law. For purposes of redevelopment on developed land, the municipality may choose to accept a cash fee based on fair market value of the land no later than the time of final approval. "Fair market value" means the value of the land as determined by the municipality annually based on tax valuation or other relevant data. If the municipality's calculation of valuation is objected to by the applicant, then the value shall be as negotiated between the municipality and the applicant, or based on the market value as determined by the municipality based on an independent appraisal of land in a same or similar land use category.

(d) In establishing the portion to be dedicated or preserved or the cash fee, the regulations shall give due consideration to the open space, recreational, or common areas and facilities open to the public that the applicant proposes to reserve for the subdivision.

(e) The municipality must reasonably determine that it will need to acquire that portion of land for the purposes stated in this subdivision as a result of approval of the subdivision.

(f) Cash payments received must be placed by the municipality in a special fund to be used only for the purposes for which the money was obtained.

(g) Cash payments received must be used only for the acquisition and development or improvement of parks, recreational facilities, playgrounds, trails, wetlands, or open space based on the approved park systems plan. Cash payments must not be used for ongoing operation or maintenance of parks, recreational facilities, playgrounds, trails, wetlands, or open space.

(h) The municipality must not deny the approval of a subdivision based solely on an inadequate supply of parks, open spaces, trails, or recreational facilities within the municipality.

(i) Previously subdivided property from which a park dedication has been received, being resubdivided with the same number of lots, is exempt from park dedication requirements. If, as a result of resubdividing the property, the number of lots is increased, then the park dedication or per-lot cash fee must apply only to the net increase of lots.

Sec. 42. Minnesota Statutes 2012, section 462A.37, subdivision 1, is amended to read:

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

(b) "Abandoned property" has the meaning given in section 117.025, subdivision 5.

(c) "Community land trust" means an entity that meets the requirements of section 462A.31, subdivisions 1 and 2.

(d) "Debt service" means the amount payable in any fiscal year of principal, premium, if any, and interest on housing infrastructure bonds and the fees, charges, and expenses related to the bonds.

(e) "Foreclosed property" means residential property where foreclosure proceedings have been initiated or have been completed and title transferred or where title is transferred in lieu of foreclosure.

(f) "Housing infrastructure bonds" means bonds issued by the agency under this chapter that are qualified 501(c)(3) bonds, within the meaning of Section 145(a) of the Internal Revenue Code, finance qualified residential rental projects within the meaning of Section 142(d) of the Internal Revenue Code, or are tax-exempt bonds that are not private activity bonds, within the meaning of Section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing affordable housing authorized under this chapter.

(g) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

(h) "Supportive housing" means housing that is not time-limited and provides or coordinates with linkages to services necessary for residents to maintain housing stability and maximize opportunities for education and employment.

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

Sec. 43. Laws 2006, chapter 269, section 2, as amended by Laws 2008, chapter 331, section 11, and Laws 2008, chapter 366, article 17, section 5, is amended to read:

Sec. 2. **DEDICATION FEE.**

The Minneapolis Park and Recreation Board and the Minneapolis City Council may jointly ~~exercise the powers conferred under Minnesota Statutes, section 462.358, with respect to requiring~~ require that a reasonable portion of land be dedicated to the public or ~~imposing~~ impose a dedication fee ~~on~~ in conjunction with the construction permit required for new housing units and new commercial and industrial development in the city, wherever located, for public parks, playgrounds, recreational facilities, wetlands, trails, or open space. The dedication of land or dedication fee must be imposed by an ordinance jointly enacted by the park board and the city council. The cash fee may be set at a flat fee rate per net new residential unit. The ordinance may exclude senior housing and affordable housing from paying the fee or the dedication of land. The provisions of Minnesota Statutes, section 462.358, subdivisions 2b, paragraph (b), and 2c, apply to the ~~imposition,~~ application~~,~~ and use of the dedication of land or the dedication fee.

EFFECTIVE DATE. This section is effective the day after the Minneapolis City Council and the Minneapolis Park and Recreation Board and their chief clerical officers timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies to joint dedication fee ordinances adopted or amended by the city of Minneapolis and the Minneapolis Park and Recreation Board before, on, or after that date, provided that no dedication of land or collection of park dedication fees can be effective until after December 31, 2013.

Sec. 44. **CITY OF ST. PAUL DEDICATION FEE.**

The city of St. Paul may require that a reasonable portion of land be dedicated to the public or impose a dedication fee in conjunction with the construction permit required for new housing units and new commercial and industrial development in the city, wherever located, for public parks, playgrounds, recreational facilities, wetlands, trails, or open space. The dedication of land or dedication fee must be imposed by an ordinance enacted by the city council. The cash fee may be set at a flat fee rate per net new residential unit. The ordinance may exclude senior housing and affordable housing from paying the fee or the dedication of land. The provisions of Minnesota Statutes, section 462.358, subdivisions 2b, paragraph (b); and 2c, apply to the application and use of the dedication of land or the dedication fee.

EFFECTIVE DATE. This section is effective January 1, 2014, and applies to dedication fee ordinances adopted or amended by the city of St. Paul before, on, or after that date.

Sec. 45. **GOOD CAUSE EXEMPTION.**

The Board of Cosmetology may amend Minnesota Rules so that they conform with this article. The Board of Cosmetology may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), in adopting the amendment, and Minnesota Statutes, section 14.386, does not apply, except as it relates to Minnesota Statutes, section 14.388.

Sec. 46. **2013 DISTRIBUTION ONLY.**

For the 2013 distribution, a special fund is established to receive 38.7 cents per ton of any excess of the balance remaining after distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specific purposes:

(1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water supply system;

(2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities required as a result of actions undertaken by United States Steel Corporation;

(3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;

(4) 2.5 cents per ton to the city of Tower for the Tower Marina;

(5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer system to replace aging effluent lines and for parking lot repaving;

(6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant improvements;

(7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;

(8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson Intermodal Transportation Center;

(9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine hockey arena renovations;

(10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and Greenway Township;

(11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;

(12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;

(13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary sewer extension;

(14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;

(15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;

(16) 1.5 cents per ton to the city of Cook for street improvements, business park infrastructure, and a maintenance garage;

(17) 0.5 cents per ton to the city of Cook for a water line project;

(18) 1.8 cents per ton to the city of Eveleth to be used for Jones Street reconstruction and the city auditorium;

(19) 0.5 cents for the city of Keewatin for an electrical substation and water line replacements; and

(20) 3.3 cents for the city of Virginia for Fourth Street North infrastructure and Franklin Park improvement.

EFFECTIVE DATE. This section is effective for the 2013 distribution, and all payments must be made separately and within ten days of the date of the August 2013 payment.

Sec. 47. **ST. PAUL RIVERCENTRE ARENA.**

Notwithstanding Laws 1998, chapter 404, section 23, subdivision 6, as amended by Laws 2002, chapter 220, Article 10, section 35, the repayment amounts due from the city of St. Paul in fiscal years 2014 and 2015 shall be reduced by $500,000 each year. No repayments are required from the city of St. Paul from fiscal years 2016 through 2021. Amounts scheduled to be repaid in fiscal years 2016 through 2021 must be used solely to pay for or finance design, construction, or equipment to make arena improvements according to a project list mutually agreed to between the lessee and the city of St. Paul's lease representative.

Sec. 48. **WHISKEY ROAD IMPROVEMENTS.**

The money held by St. Louis County for the Whiskey Road improvement project shall accrue interest at the current market rate and must be used for improvements to the road near the city of Biwabik.

Sec. 49. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall change the term "manicurist" to "nail technician" wherever it appears in Minnesota Rules and Statutes.

(b) The revisor of statutes shall change the term "licensed" to "registered" and "license" to "registration" wherever it appears in Minnesota Statutes, chapter 154, or applicable Minnesota Rules.

Sec. 50. **REPEALER.**

(a) Minnesota Statutes 2012, sections 116W.01; 116W.02; 116W.03; 116W.035; 116W.04; 116W.05; 116W.06; 116W.20; 116W.21; 116W.23; 116W.24; 116W.25; 116W.26; 116W.27; 116W.28; 116W.29; 116W.30; 116W.31; 116W.32; 116W.33; 116W.34; 155A.25, subdivision 1;

and 326A.03, subdivisions 2, 5, and 8, are repealed.

(b) Minnesota Rules, parts 1105.0600; 1105.2550; and 1105.2700, are repealed.

ARTICLE 6

COMMERCE AND CONSUMER PROTECTION POLICY

Section 1. Minnesota Statutes 2012, section 45.0135, subdivision 6, is amended to read:

Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention account is created in the state treasury. Money received from assessments under subdivision 7 and transferred from the automobile theft prevention account in section 65B.84, subdivision 1, is deposited in the account. Money in this fund is appropriated to the commissioner of commerce for the purposes specified in this section and sections 60A.951 to 60A.956.

Sec. 2. Minnesota Statutes 2012, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. **Fees other than examination fees.** In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner for deposit in the general fund:

(a) by township mutual fire insurance companies;

(1) for filing certificate of incorporation $25 and amendments thereto, $10;

(2) for filing annual statements, $15;

(3) for each annual certificate of authority, $15;

(4) for filing bylaws $25 and amendments thereto, $10;

(b) by other domestic and foreign companies including fraternals and reciprocal exchanges;

(1) for filing an application for an initial certification of authority to be admitted to transact business in this state, $1,500;

(2) for filing certified copy of certificate of articles of incorporation, $100;

(3) for filing annual statement, $225;

(4) for filing certified copy of amendment to certificate or articles of incorporation, $100;

(5) for filing bylaws, $75 or amendments thereto, $75;

(6) for each company's certificate of authority, $575, annually;

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, $25;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and $2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, $575;

(4) for valuing the policies of life insurance companies, one cent per $1,000 of insurance so valued, provided that the fee shall not exceed $13,000 per year for any company. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(5) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, $50;

(6) for each appointment of an agent filed with the commissioner, ~~$10~~ $30;

(7) for filing forms, rates, and compliance certifications under section 60A.315, $140 per filing, or $125 per filing when submitted via electronic filing system. Filing fees may be paid on a quarterly basis in response to an invoice. Billing and payment may be made electronically;

(8) for annual renewal of surplus lines insurer license, $300.

The commissioner shall adopt rules to define filings that are subject to a fee.

Sec. 3. Minnesota Statutes 2012, section 65B.84, subdivision 1, is amended to read:

Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The commissioner of commerce shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money, in consultation with the commissioner of public safety, pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the State Patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of $1,300,000 each year to the general fund described in section 168A.40, subdivision 4.

(c) At the end of each fiscal year, the commissioner may transfer any unobligated balances in the auto theft prevention account to the insurance fraud prevention account under section 45.0135, subdivision 6.

Sec. 4. **[80G.01] REGISTRATION.**

(a) The fee for each registration under this chapter shall be as follows:

(1) bullion coin dealers, $25; and

(2) coin dealer representatives, $10.

(b) The commissioner, based on the cost of processing registrations, may adjust the registration fee on an annual basis as needed.

Sec. 5. Minnesota Statutes 2012, section 239.101, subdivision 3, is amended to read:

Subd. 3. **Petroleum inspection fee; appropriation, uses.** (a) An inspection fee is imposed (1) on petroleum products when received by the first licensed distributor, and (2) on petroleum products received and held for sale or use by any person when the petroleum products have not previously been received by a licensed distributor. The petroleum inspection fee is $1 for every 1,000 gallons received. The commissioner of revenue shall collect the fee. The revenue from ~~81~~ 89 cents of the fee is appropriated to the commissioner of commerce for the cost of operations of the Division of Weights and Measures, petroleum supply monitoring, and to make grants to providers of low-income weatherization services to install renewable energy equipment in households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan. The remainder of the fee must be deposited in the general fund.

(b) The commissioner of revenue shall credit a person for inspection fees previously paid in error or for any material exported or sold for export from the state upon filing of a report as prescribed by the commissioner of revenue.

(c) The commissioner of revenue may collect the inspection fee along with any taxes due under chapter 296A.

Sec. 6. Minnesota Statutes 2012, section 507.235, subdivision 2, is amended to read:

Subd. 2. **Penalty for failure to file.** (a) A vendee who fails to record a contract for deed, as required by subdivision 1, is subject to a civil penalty, payable under subdivision 5, equal to two percent of the principal amount of the contract debt, unless the vendee has not received a copy of the contract for deed in recordable form, as required under subdivision 1a. Payments of the penalty shall be deposited in the general fund of the county. The penalty may be enforced as a lien against the vendee's interest in the property.

(b) A person receiving an assignment of a vendee's interest in a contract for deed who fails to record the assignment as required by subdivision 1 is subject to a civil penalty, payable under subdivision 5, equal to two percent of the original principal amount of the contract debt. Payments of the penalty must be deposited in the general fund of the county. The penalty may be enforced as a lien against the vendee's interest in the property.

Sec. 7. **[559.201] DEFINITIONS.**

Subdivision 1. **Application.** The definitions in this section apply to section 559.202.

Subd. 2. **Business day.** "Business day" means any day other than a Saturday, Sunday, or holiday as defined in section 645.44, subdivision 5.

Subd. 3. **Family farm security loan.** "Family farm security loan" has the meaning given in Minnesota Statutes 2008, section 41.52, subdivision 5.

Subd. 4. **Multiple seller.** "Multiple seller" means a person that has acted as a seller in four or more contracts for deed involving residential real property during the 12-month period that precedes either: (1) the date on which the purchaser executes a purchase agreement under section 559.202; or (2) if there is no purchase agreement, the date on which the purchaser executes a contract for deed under section 559.202. A contract for deed transaction that is exempt under section 559.202, subdivision 2, is a contract for deed for the purposes of determining whether a seller is a multiple seller.

Subd. 5. **Person.** "Person" means a natural person, partnership, corporation, limited liability company, association, trust, or other legal entity, however organized.

Subd. 6. **Purchase agreement.** "Purchase agreement" means a purchase agreement for a contract for deed, an earnest money contract, or an executed option contemplating that, at closing, the seller and the purchaser will enter into a contract for deed.

Subd. 7. **Purchaser.** "Purchaser" means a natural person who enters into a contract for deed to purchase residential real property. Purchaser includes all purchasers who enter into the same contract for deed to purchase residential real property.

Subd. 8. **Residential real property.** "Residential real property" means real property consisting of one to four family dwelling units, one of which the purchaser intends to occupy as the purchaser's principal place of residence. Residential real property does not include property subject to a family farm security loan or a transaction subject to sections 583.20 to 583.32.

Sec. 8. **[559.202] CONTRACTS FOR DEED INVOLVING RESIDENTIAL PROPERTY.**

Subdivision 1. **Notice required.** (a) In addition to the disclosures required under sections 513.52 to 513.60, a multiple seller must deliver the notice specified under subdivision 3 to a prospective purchaser as provided under this subdivision.

(b) If there is a purchase agreement, the notice must be affixed to the front of the purchase agreement. A contract for deed for which notice is required under this subdivision may not be executed for five business days following the execution of the purchase agreement and delivery of the notice and instructions for cancellation.

(c) If there is no purchase agreement, a multiple seller must deliver the notice in a document separate from any other document or writing to a prospective purchaser no less than five business days before the prospective purchaser executes the contract for deed.

(d) The notice must be:

(1) written in at least 12-point type; and

(2) signed and dated by the purchaser.

(e) If a dispute arises concerning whether or when the notice required by this subdivision was provided to the purchaser, there is a rebuttable presumption that the notice was not provided unless the original executed contract for deed contains the following statement, initialed by the purchaser: "By initialing here .... purchaser acknowledges receipt at least five business days before signing this contract for deed of the disclosure statement entitled "Important Information About Contracts for Deed" required by Minnesota Statutes, section 559.202, subdivision 3."

Subd. 2. **Exception.** This section does not apply if the purchaser is represented throughout the transaction by either:

(1) a person licensed to practice law in this state; or

(2) a person licensed as a real estate broker or salesperson under chapter 82, provided that the representation does not create a dual agency, as that term is defined in section 82.55, subdivision 6.

Subd. 3. **Content of the notice.** The notice must contain the following verbatim language:

"IMPORTANT INFORMATION ABOUT CONTRACTS FOR DEED

Know What You Are Getting Into

(1) A contract for deed is a complex legal agreement. You are NOT a tenant. Mortgage foreclosure laws don't apply.

(2) You should know ALL of your obligations and rights before you sign a purchase agreement or contract for deed.

(3) You (seller must circle one):

(a)	DO	DO NOT	have to pay homeowner's insurance.
(b)	DO	DO NOT	have to pay property taxes.
(c)	DO	DO NOT	have to make and pay for some or all of the repairs or maintenance, as described in the contract for deed.

(4) After some time, you may need to make a large lump sum payment (called a "balloon payment"). Know when it is due and how much it will be. You'll probably need to get a new mortgage, another financial arrangement, or pay for the balance in cash at that time.

(5) If you miss just a single payment or can't make the balloon payment, the seller can cancel your contract. You will likely lose all the money you have already paid. You will likely lose your ability to purchase the home. The seller can begin an eviction action against you in just a few months.

(6) Within four months of signing the contract for deed, you must "record" it in the office of the county recorder or registrar of titles in the county in which the property is located. If you do not do so, you could face a fine.

Key Things Highly Recommended Before You Sign

(1) Get advice from a lawyer or the Minnesota Home Ownership Center at 1-866-462-6466 or go to www.hocmn.org. To find a lawyer through the Minnesota State Bar Association, go to www.mnfindalawyer.com.

(2) Get an independent, professional appraisal of the property to learn what it is worth.

(3) Get an independent, professional inspection of the property.

(4) Buy title insurance or ask a real estate lawyer for a "title opinion."

(5) Check with the city or county to find out if there are inspection reports or unpaid utility bills.

(6) Check with a title company or the county where the property is located to find out if there is a mortgage or other lien on the property and if the property taxes have been paid.

(7) Ensure that your interest rate does not exceed the maximum allowed by law by calling the Department of Commerce at 651-297-7053 to get a recorded message for the current month's maximum rate.

If You Are Entering into a Purchase Agreement

(1) If you haven't already signed the contract for deed, you can cancel the purchase agreement (and get all your money back) if you do so within five business days after getting this notice.

(2) To cancel the purchase agreement, you must follow the provisions of Minnesota Statutes, section 559.217, subdivision 4. Ask a lawyer for help."

Subd. 4. **Right to cancel purchase agreement.** (a) A prospective purchaser may cancel a purchase agreement within five business days after actually receiving the notice required under subdivision 1 if a multiple seller fails to timely deliver the notice, provided that the contract for deed has not been executed by all parties.

(b) A prospective purchaser may cancel the purchase agreement in accordance with the provisions of section 559.217, subdivision 4.

(c) In the event of cancellation, the multiple seller may not impose a penalty and must promptly refund all payments made by the prospective purchaser prior to cancellation.

Subd. 5. **Remedies for failure to timely deliver notices.** (a) Notwithstanding any contrary provision in the purchase agreement or contract for deed, a purchaser has a private right of action against a multiple seller who fails to timely deliver the notice required under subdivision 1. The multiple seller is liable to the purchaser for:

(1) the greater of actual damages or statutory damages of $2,500; and

(2) reasonable attorney fees and court costs.

(b) A multiple seller who knowingly fails to timely deliver the notice required under subdivision 1 is liable to the purchaser for triple the actual or statutory damages available under paragraph (a), whichever is greater, provided that the purchaser must elect the remedy provided under either paragraph (a) or this paragraph and may not recover damages under both paragraphs.

(c) The rights and remedies provided in this subdivision are cumulative to, and not a limitation of, any other rights and remedies provided under law. An action brought pursuant to this subdivision must be commenced within four years from the date of the alleged violation.

Subd. 6. **Effects of violation.** A violation of this section has no effect on the validity of the contract.

Subd. 7. **Duty of multiple seller to account.** Upon reasonable request by the purchaser and no more than once every 12-month period, a multiple seller must provide an accounting of all payments made pursuant to the contract for deed, the amount of interest paid, and the amount remaining to satisfy the principal balance under the contract.

Subd. 8. **No waiver.** The provisions of this section may not be waived.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to transactions in which the contract for deed and the purchase agreement for the contract for deed, if any, were both executed on or after that date.

Sec. 9. Minnesota Statutes 2012, section 559.211, subdivision 2, is amended to read:

Subd. 2. **Remedies additional.** The remedies provided in this section are in addition to and do not limit other rights or remedies available to purchasers or vendors of real estate. Subject to the provisions of sections 559.213 and 559.217, subdivision 7, this section shall not be construed to bar a court from determining the validity, effectiveness, or consequences of proceeding under section 559.21 or 559.217, or granting other relief in connection therewith, by reason of the failure of a purchaser to seek or obtain relief under this section prior to the purported effective date of the termination of the contract.

Sec. 10. Laws 2011, First Special Session chapter 2, article 2, section 3, subdivision 4, is amended to read:

Subd. 4. **Administrative Services**	4,247,000	4,247,000

$375,000 each year is for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services. ~~This additional amount shall be added to the base budget for fiscal years 2014 and 2015 only. The enhanced unclaimed property compliance program shall sunset June 30, 2015.~~

Sec. 11. **SOLAR PHOTOVOLTAIC MODULES.**

No solar photovoltaic module may be installed that is financed directly or indirectly, wholly or in part, with money appropriated in this act, unless the solar photovoltaic module is made in Minnesota as defined in Minnesota Statutes, section 16B.323, subdivision 1, paragraph (b).

Sec. 12. **INFORMATION ON COUNSELING AGENCIES.**

The commissioner of commerce shall consult with interested stakeholders in studying the possibility of providing on its Internet Web site a link, including contact information, for each of the counseling certification entities identified in Minnesota Statutes, section 58.13, subdivision 1, where a list of certified counselors and counseling agencies, including designations for nonprofit organizations, is available.

Sec. 13. **REPEALER.**

Minnesota Statutes 2012, section 507.235, subdivision 4, is repealed effective the day following final enactment.

ARTICLE 7

UTILITY REGULATION

Section 1. Minnesota Statutes 2012, section 216B.16, subdivision 7b, is amended to read:

Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

(i) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or are certified as a priority project or deemed to be a priority transmission project under section 216B.2425; ~~and~~

(ii) new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system; and

(iii) charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the

~~Midwest~~ Midcontinent Independent System Operator to benefit the utility~~, as provided for under a federally approved tariff~~ or integrated transmission system.

(b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:

(1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section 216B.243 or certified or deemed to be certified under section 216B.2425 or exempt from the requirements of section 216B.243;

(2) allows the utility to recover charges incurred ~~by a utility~~ under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the ~~Midwest~~ Midcontinent Independent System Operator to benefit the utility~~, as provided for under a federally approved tariff~~ or integrated transmission system. These charges must be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;

(3) allows the utility to recover on a timely basis the costs net of revenues of facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system;

(4) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;

~~(4)~~ (5) provides a current return on construction work in progress, provided that recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;

~~(5)~~ (6) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;

~~(6)~~ (7) allocates project costs appropriately between wholesale and retail customers;

~~(7)~~ (8) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and

~~(8)~~ (9) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.

(c) A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

(1) a description of and context for the facilities included for recovery;

(2) a schedule for implementation of applicable projects;

(3) the utility's costs for these projects;

(4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the project; and

(5) calculations to establish that the rate adjustment is consistent with the terms of the tariff established in paragraph (b).

(d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in paragraph (b), the commission shall approve the annual rate adjustments provided that, after notice and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest feasible and prudent cost to ratepayers.

Sec. 2. Minnesota Statutes 2012, section 216B.1635, is amended to read:

216B.1635 RECOVERY OF GAS UTILITY INFRASTRUCTURE COSTS.

Subdivision 1. **Definitions.** (a) "Gas utility" means a public utility as defined in section 216B.02, subdivision 4, that furnishes natural gas service to retail customers.

(b) "Gas utility infrastructure costs" or "GUIC" means costs incurred in gas utility projects that:

(1) do not serve to increase revenues by directly connecting the infrastructure replacement to new customers;

(2) are in service but were not included in the gas utility's rate base in its most recent general rate case~~; and~~, or are planned to be in service during the period covered by the report submitted under subdivision 2, but in no case longer than the one year forecast period in the report; and

(3) ~~replace or modify existing infrastructure if the replacement or modification does not constitute a betterment, unless the betterment is required by a political subdivision, as evidenced by specific documentation from the government entity requiring the replacement or modification of infrastructure~~ do not constitute a betterment, unless the betterment is based on requirements by a political subdivision or a federal or state agency, as evidenced by specific documentation, an order, or other similar requirement from the government entity requiring the replacement or modification of infrastructure.

(c) "Gas utility projects" means ~~relocation and~~:

(1) replacement of natural gas facilities located in the public right-of-way required by the construction or improvement of a highway, road, street, public building, or other public work by or on behalf of the United States, the state of Minnesota, or a political subdivision~~.~~; and

(2) replacement or modification of existing natural gas facilities, including surveys, assessments, reassessment, and other work necessary to determine the need for replacement or modification of existing infrastructure that is required by a federal or state agency.

Subd. 2. **Gas infrastructure filing.** ~~(a) The commission may approve a gas utility's petition for a rate schedule~~ A public utility submitting a petition to recover ~~GUIC~~ gas infrastructure costs under this section~~. A gas utility may~~ must submit to the commission, the department, and interested parties a gas infrastructure project plan report and a petition ~~the commission to recover a rate of return, income taxes on the rate of return, incremental property taxes, plus incremental depreciation expense associated with GUIC~~ for rate recovery of only incremental costs associated with projects under subdivision 1, paragraph (c). The report and petition must be made at least 150 days in advance of implementation of the rate schedule, provided that the rate schedule will not be implemented until the petition is approved by the commission pursuant to subdivision 5. The report must be for a forecast period of one year.

~~(b) The filing is subject to the following:~~

~~(1) A gas utility may submit a filing under this section no more than once per year.~~

~~(2) A gas utility must file sufficient information to satisfy the commission regarding the proposed GUIC or be subject to denial by the commission. The information includes, but is not limited to:~~

~~(i) the government entity ordering the gas utility project and the purpose for which the project is undertaken;~~

~~(ii) the location, description, and costs associated with the project;~~

~~(iii) a description of the costs, and salvage value, if any, associated with the existing infrastructure replaced or modified as a result of the project;~~

~~(iv) the proposed rate design and an explanation of why the proposed rate design is in the public interest;~~

~~(v) the magnitude and timing of any known future gas utility projects that the utility may seek to recover under this section;~~

~~(vi) the magnitude of GUIC in relation to the gas utility's base revenue as approved by the commission in the gas utility's most recent general rate case, exclusive of gas purchase costs and transportation charges;~~

~~(vii) the magnitude of GUIC in relation to the gas utility's capital expenditures since its most recent general rate case;~~

~~(viii) the amount of time since the utility last filed a general rate case and the utility's reasons for seeking recovery outside of a general rate case; and~~

~~(ix) documentation supporting the calculation of the GUIC.~~

Subd. 3. **Gas infrastructure project plan report.** The gas infrastructure project plan report required to be filed under subdivision 2 shall include all pertinent information and supporting data on each proposed project including, but not limited to, project description and scope, estimated project costs, and project in-service date.

Subd. 4. **Cost recovery petition for utility's facilities.** Notwithstanding any other provision of this chapter, the commission may approve a rate schedule for the automatic annual adjustment of charges for gas utility infrastructure costs net of revenues under this section, including a rate of return, income taxes on the rate of return, incremental property taxes, incremental depreciation expense, and any incremental operation and maintenance costs. A gas utility's petition for approval of a rate schedule to recover gas utility infrastructure costs outside of a general rate case under section 216B.16, is subject to the following:

(1) a gas utility may submit a filing under this section no more than once per year; and

(2) a gas utility must file sufficient information to satisfy the commission regarding the proposed GUIC. The information includes, but is not limited to:

(i) the information required to be included in the gas infrastructure project plan report under subdivision 3;

(ii) the government entity ordering or requiring the gas utility project and the purpose for which the project is undertaken;

(iii) a description of the estimated costs and salvage value, if any, associated with the existing infrastructure replaced or modified as a result of the project;

(iv) a comparison of the utility's estimated costs included in the gas infrastructure project plan and the actual costs incurred, including a description of the utility's efforts to ensure the costs of the facilities are reasonable and prudently incurred;

(v) calculations to establish that the rate adjustment is consistent with the terms of the rate schedule, including the proposed rate design and an explanation of why the proposed rate design is in the public interest;

(vi) the magnitude and timing of any known future gas utility projects that the utility may seek to recover under this section;

(vii) the magnitude of GUIC in relation to the gas utility's base revenue as approved by the commission in the gas utility's most recent general rate case, exclusive of gas purchase costs and transportation charges;

(viii) the magnitude of GUIC in relation to the gas utility's capital expenditures since its most recent general rate case; and

(ix) the amount of time since the utility last filed a general rate case and the utility's reasons for seeking recovery outside of a general rate case.

Subd. 5. **Commission action.** Upon receiving a gas utility report and petition for cost recovery under subdivision 2 and assessment and verification under subdivision 4, the commission may approve the annual GUIC rate adjustments provided that, after notice and comment, the costs included for recovery through the rate schedule are prudently incurred and achieve gas facility improvements at the lowest reasonable and prudent cost to ratepayers.

Subd. 6. **Rate of return.** The return on investment for the rate adjustment shall be at the level approved by the commission in the public utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

Subd. ~~3~~ 7. **Commission authority; rules.** The commission may issue orders and adopt rules necessary to implement and administer this section.

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

Sec. 3. Minnesota Statutes 2012, section 216B.1691, subdivision 2e, is amended to read:

Subd. 2e. **Rate impact of standard compliance; report.** Each electric utility must submit to the commission and the legislative committees with primary jurisdiction over energy policy a report containing an estimation of the rate impact of activities of the electric utility necessary to comply with this section. In consultation with the Department of Commerce, the commission shall determine a uniform reporting system to ensure that individual utility reports are consistent and comparable, and shall, by order, require each electric utility subject to this section to use that reporting system. The rate impact estimate must be for wholesale rates and, if the electric utility makes retail sales, the estimate shall also be for the impact on the electric utility's retail rates. Those activities include, without limitation, energy purchases, generation facility acquisition and construction, and transmission improvements. An initial report must be submitted within 150 days of May 28, 2011. After the initial report, a report must be updated and submitted as part of each integrated resource plan or plan modification filed by the electric utility under section 216B.2422. The reporting obligation of an electric utility under this subdivision expires December 31, 2025, for an electric utility subject to subdivision 2a, paragraph (a), and December 31, 2020, for an electric utility subject to subdivision 2a, paragraph (b).

Sec. 4. Minnesota Statutes 2012, section 216B.1692, subdivision 1, is amended to read:

Subdivision 1. **Qualifying projects.** (a) Projects that may be approved for the emissions reduction-rate rider allowed in this section must:

(1) be installed on existing large electric generating power plants, as defined in section 216B.2421, subdivision 2, clause (1), that are located in the state and that are currently not subject to emissions limitations for new power plants under the federal Clean Air Act, United States Code, title 42, section 7401 et seq.;

(2) not increase the capacity of the existing electric generating power plant more than ten percent or more than 100 megawatts, whichever is greater; and

(3) result in the existing plant either:

(i) complying with applicable new source review standards under the federal Clean Air Act; or

(ii) emitting air contaminants at levels substantially lower than allowed for new facilities by the applicable new source performance standards under the federal Clean Air Act; or

(iii) reducing emissions from current levels at a unit to the lowest cost-effective level when, due to the age or condition of the generating unit, the public utility demonstrates that it would not be cost-effective to reduce emissions to the levels in item (i) or (ii).

(b) Notwithstanding paragraph (a), a project may be approved for the emission reduction rate rider allowed in this section if the project is to be installed on existing large electric generating power plants, as defined in section 216B.2421, subdivision 2, clause (1), that are located outside the state and are needed to comply with state or federal air quality standards, but only if the project has received an advance determination of prudence from the commission under section 216B.1695.

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

Sec. 5. Minnesota Statutes 2012, section 216B.1692, is amended by adding a subdivision to read:

Subd. 1a. **Exemption.** Subdivisions 2, 4, and 5, paragraph (c), clause (1), do not apply to projects qualifying under subdivision 1, paragraph (b).

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

Sec. 6. Minnesota Statutes 2012, section 216B.1692, subdivision 8, is amended to read:

Subd. 8. **Sunset.** This section is effective until December 31, ~~2015~~ 2020, and applies to plans, projects, and riders approved before that date and modifications made to them after that date.

Sec. 7. Minnesota Statutes 2012, section 216B.1695, subdivision 5, is amended to read:

Subd. 5. **Cost recovery.** The utility may begin recovery of costs that have been incurred by the utility in connection with implementation of the project in the next rate case following an advance determination of prudence or in a rider approved under section 216B.1692. The commission shall review the costs incurred by the utility for the project. The utility must show that the project costs are reasonable and necessary, and demonstrate its efforts to ensure the lowest reasonable project costs. Notwithstanding the commission's prior determination of prudence, it may accept, modify, or reject any of the project costs. The commission may determine whether to require an allowance for funds used during construction offset.

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

Sec. 8. Minnesota Statutes 2012, section 216B.1695, is amended by adding a subdivision to read:

Subd. 5a. **Rate of return.** The return on investment in the rider shall be at the level approved by the commission in the public utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

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

Sec. 9. Laws 2005, chapter 97, article 10, section 3, is amended to read:

Sec. 3. **SUNSET.**

Sections 1 and 2 shall expire on June 30, ~~2015~~ 2023.

ARTICLE 8

PACE

Section 1. Minnesota Statutes 2012, section 216C.435, is amended by adding a subdivision to read:

Subd. 3a. **Cost-effective energy improvements.** "Cost-effective energy improvements" mean energy improvements that have been identified in an energy audit or renewable energy system feasibility study as repaying their purchase and installation costs in 20 years or less, based on the amount of future energy saved and estimated future energy prices.

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

Sec. 2. Minnesota Statutes 2012, section 216C.435, subdivision 8, is amended to read:

Subd. 8. **Qualifying real property.** "Qualifying real property" means a single-family or multifamily residential dwelling, or a commercial or industrial building, that the implementing entity has determined, after review of an energy audit or renewable energy system feasibility study, can be benefited by installation of cost-effective energy improvements.

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

Sec. 3. Minnesota Statutes 2012, section 216C.436, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** A financing program must:

(1) impose requirements and conditions on financing arrangements to ensure timely repayment;

(2) require an energy audit or renewable energy system feasibility study to be conducted on the qualifying real property and reviewed by the implementing entity prior to approval of the financing;

(3) require the inspection of all installations and a performance verification of at least ten percent of the energy improvements financed by the program;

(4) not prohibit the financing of all cost-effective energy improvements not otherwise prohibited by this section;

(5) require that all cost-effective energy improvements be made to a qualifying real property prior to, or in conjunction with, an applicant's repayment of financing for energy improvements for that property;

~~(5)~~ (6) have energy improvements financed by the program performed by licensed contractors as required by chapter 326B or other law or ordinance;

~~(6)~~ (7) require disclosures to borrowers by the implementing entity of the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default;

~~(7)~~ (8) provide financing only to those who demonstrate an ability to repay;

~~(8)~~ (9) not provide financing for a qualifying real property in which the owner is not current on mortgage or real property tax payments;

~~(9)~~ (10) require a petition to the implementing entity by all owners of the qualifying real property requesting collections of repayments as a special assessment under section 429.101;

~~(10)~~ (11) provide that payments and assessments are not accelerated due to a default and that a tax delinquency exists only for assessments not paid when due; and

~~(11)~~ (12) require that liability for special assessments related to the financing runs with the qualifying real property.

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

Sec. 4. Minnesota Statutes 2012, section 216C.436, subdivision 7, is amended to read:

Subd. 7. **Repayment.** An implementing entity that finances an energy improvement under this section must:

(1) secure payment with a lien against the ~~benefited~~ qualifying real property; and

(2) collect repayments as a special assessment as provided for in section 429.101 or by charter, provided that special assessments may be made payable in up to 20 equal annual installments.

If the implementing entity is an authority, the local government that authorized the authority to act as implementing entity shall impose and collect special assessments necessary to pay debt service on bonds issued by the implementing entity under subdivision 8, and shall transfer all collections of the assessments upon receipt to the authority.

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

Sec. 5. Minnesota Statutes 2012, section 216C.436, subdivision 8, is amended to read:

Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue bonds as provided in chapter 475 for the purposes of this section, provided the revenue bond must not be payable more than 20 years from the date of issuance.

(b) The bonds must be payable as to both principal and interest solely from the revenues from the assessments established in subdivision 7.

(c) No holder of bonds issued under this subdivision may compel any exercise of the taxing power of the implementing entity that issued the bonds to pay principal or interest on the bonds, and if the implementing entity is an authority, no holder of the bonds may compel any exercise of the taxing power of the local government. Bonds issued under this subdivision are not a debt or obligation of the issuer or any local government that issued them, nor is the payment of the bonds enforceable out of any money other than the revenue pledged to the payment of the bonds.

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

Sec. 6. Minnesota Statutes 2012, section 429.101, subdivision 2, is amended to read:

Subd. 2. **Procedure for assessment.** Any special assessment levied under subdivision 1 shall be payable in a single installment, or by up to ten equal annual installments as the council may provide, except that a special assessment made under an energy improvements financing program under subdivision 1, paragraph (c), may be repayable in up to 20 equal installments. With ~~this exception~~ these exceptions, sections 429.061, 429.071, and 429.081 shall apply to assessments made under this section.

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

ARTICLE 9

DISTRIBUTED GENERATION

Section 1. Minnesota Statutes 2012, section 216B.164, subdivision 2, is amended to read:

Subd. 2. **Applicability.** This section as well as any rules promulgated by the commission to implement this section or the Public Utility Regulatory Policies Act of 1978, Public Law 95-617, Statutes at Large, volume 92, page 3117, and the Federal Energy Regulatory Commission regulations thereunder, Code of Federal Regulations, title 18, part 292, shall, unless otherwise provided in this section, apply to all Minnesota electric utilities, including cooperative electric associations and municipal electric utilities.

Sec. 2. Minnesota Statutes 2012, section 216B.164, is amended by adding a subdivision to read:

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

(b) "Aggregated meter" means a meter located on the premises of a customer's owned or leased property that is contiguous with property containing the customer's designated meter.

(c) "Capacity" means the number of megawatts alternating current (AC) at the point of interconnection between a distributed generation facility and a utility's electric system.

(d) "Cogeneration" means a combined process whereby electrical and useful thermal energy are produced simultaneously.

(e) "Contiguous property" means property owned or leased by the customer sharing a common border, without regard to interruptions in contiguity caused by easements, public thoroughfares, transportation rights-of-way, or utility rights-of-way.

(f) "Customer" means the person who is named on the utility electric bill for the premises.

(g) "Designated meter" means a meter that is physically attached to the customer's facility that the customer-generator designates as the first meter to which net metered credits are to be applied as the primary meter for billing purposes when the customer is serviced by more than one meter.

(h) "Distributed generation" means a facility that:

(1) has a capacity of ten megawatts or less;

(2) is interconnected with a utility's distribution system, over which the commission has jurisdiction; and

(3) generates electricity from natural gas, renewable fuel, or a similarly clean fuel, and may include waste heat, cogeneration, or fuel cell technology.

(i) "High-efficiency distributed generation" means a distributed energy facility that has a minimum efficiency of 40 percent, as calculated under section 272.0211, subdivision 1.

(j) "Net metered facility" means an electric generation facility constructed for the purpose of offsetting energy use through the use of renewable energy or high-efficiency distributed generation sources.

(k) "Renewable energy" has the meaning given in section 216B.2411, subdivision 2.

(l) "Standby charge" means a charge imposed by an electric utility upon a distributed generation facility for the recovery of costs for the provision of standby services, as provided for in a utility's tariffs approved by the commission, necessary to make electricity service available to the distributed generation facility.

Sec. 3. Minnesota Statutes 2012, section 216B.164, subdivision 3, is amended to read:

Subd. 3. **Purchases; small facilities.** (a) This paragraph applies to cooperative electric associations and municipal utilities. For a qualifying facility having less than 40-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. In the case of net input into the utility system by a qualifying facility having less than 40-kilowatt capacity, compensation to the customer shall be at a per kilowatt-hour rate determined under paragraph ~~(b) or~~ (c) or (d).

(b) This paragraph applies to public utilities. For a qualifying facility having less than 1,000-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. In the case of net input into the utility system by a qualifying facility having: (1) more than 40-kilowatt but less than 1,000-kilowatt capacity, compensation to the customer shall be at a per kilowatt-hour rate determined under paragraph (c); or (2) less than 40-kilowatt capacity, compensation to the customer shall be at a per-kilowatt rate determined under paragraph (d).

(c) In setting rates, the commission shall consider the fixed distribution costs to the utility not otherwise accounted for in the basic monthly charge and shall ensure that the costs charged to the qualifying facility are not discriminatory in relation to the costs charged to other customers of the utility. The commission shall set the rates for net input into the utility system based on avoided costs as defined in the Code of Federal Regulations, title 18, section 292.101, paragraph (b)(6), the factors listed in Code of Federal Regulations, title 18, section 292.304, and all other relevant factors.

~~(c)~~ (d) Notwithstanding any provision in this chapter to the contrary, a qualifying facility having less than 40-kilowatt capacity may elect that the compensation for net input by the qualifying facility into the utility system shall be at the average retail utility energy rate. "Average retail utility energy rate" is defined as the average of the retail energy rates, exclusive of special rates based on income, age, or energy conservation, according to the applicable rate schedule of the utility for sales to that class of customer.

~~(d)~~ (e) If the qualifying facility or net metered facility is interconnected with a nongenerating utility which has a sole source contract with a municipal power agency or a generation and transmission utility, the nongenerating utility may elect to treat its purchase of any net input under this subdivision as being made on behalf of its supplier and shall be reimbursed by its supplier for any additional costs incurred in making the purchase. Qualifying facilities or net metered facilities having less than ~~40-kilowatt~~ 1,000-kilowatt capacity if interconnected to a public utility, or less than 40-kilowatt capacity if interconnected to a cooperative electric association or municipal utility may, at the customer's option, elect to be governed by the provisions of subdivision 4.

Sec. 4. Minnesota Statutes 2012, section 216B.164, is amended by adding a subdivision to read:

Subd. 3a. **Net metered facility.** (a) Except for customers receiving a value of solar rate under subdivision 10, a customer with a net metered facility having more than 40-kilowatt and less than 1,000-kilowatt capacity that is interconnected to a public utility may elect to be compensated for the customer's net input into the utility system in the form of a kilowatt-hour credit on the customer's energy bill carried forward and applied to subsequent energy bills. Any net input supplied by the customer into the utility system that exceeds energy supplied to the customer by the utility during a calendar year must be compensated at the applicable rate.

(b) A public utility may not impose a standby charge on a net metered or qualifying facility:

(1) of 100 kilowatts or less capacity; or

(2) of more than 100 kilowatts capacity, except in accordance with an order of the commission establishing the allowable costs to be recovered through standby charges.

Sec. 5. Minnesota Statutes 2012, section 216B.164, subdivision 4, is amended to read:

Subd. 4. **Purchases; wheeling; costs.** (a) Except as otherwise provided in paragraph (c), this subdivision shall apply to all qualifying facilities having 40-kilowatt capacity or more as well as qualifying facilities as defined in subdivision 3 and net metered facilities under subdivision 3a, if interconnected to a cooperative electric association or municipal utility, or 1,000-kilowatt capacity or more if interconnected to a public utility, which elect to be governed by its provisions.

(b) The utility to which the qualifying facility is interconnected shall purchase all energy and capacity made available by the qualifying facility. The qualifying facility shall be paid the utility's full avoided capacity and energy costs as negotiated by the parties, as set by the commission, or as determined through competitive bidding approved by the commission. The full avoided capacity and energy costs to be paid a qualifying facility that generates electric power by means of a renewable energy source are the utility's least cost renewable energy facility or the bid of a competing supplier of a least cost renewable energy facility, whichever is lower, unless the commission's resource plan order, under section 216B.2422, subdivision 2, provides that the use of a renewable resource to meet the identified capacity need is not in the public interest.

(c) For all qualifying facilities having 30-kilowatt capacity or more, the utility shall, at the qualifying facility's or the utility's request, provide wheeling or exchange agreements wherever practicable to sell the qualifying facility's output to any other Minnesota utility having generation expansion anticipated or planned for the ensuing ten years. The commission shall establish the methods and procedures to insure that except for reasonable wheeling charges and line losses, the qualifying facility receives the full avoided energy and capacity costs of the utility ultimately receiving the output.

(d) The commission shall set rates for electricity generated by renewable energy.

Sec. 6. Minnesota Statutes 2012, section 216B.164, is amended by adding a subdivision to read:

Subd. 4a. **Aggregation of meters.** (a) For the purpose of measuring electricity under subdivisions 3 and 3a, a public utility must aggregate for billing purposes a customer's designated meter with one or more aggregated meters if a customer requests that it do so. To qualify for aggregation under this subdivision, a meter must be owned by the customer requesting the aggregation, must be located on contiguous property owned by the customer requesting the aggregation, and the total of all aggregated meters must be subject to the size limitation in this section.

(b) A public utility must comply with a request by a customer-generator to aggregate additional meters within 90 days. The specific meters must be identified at the time of the request. In the event that more than one meter is identified, the customer must designate the rank order for the aggregated meters to which the net metered credits are to be applied. At least 60 days prior to the beginning of the next annual billing period, a customer may amend the rank order of the aggregated meters, subject to this subdivision.

(c) The aggregation of meters applies only to charges that use kilowatt-hours as the billing determinant. All other charges applicable to each meter account shall be billed to the customer.

(d) A public utility will first apply the kilowatt-hour credit to the charges for the designated meter and then to the charges for the aggregated meters in the rank order specified by the customer. If the net metered facility supplies more electricity to the public utility than the energy usage recorded by the customer-generator's designated and aggregated meters during a monthly billing period, the public utility shall apply credits to the customer's next monthly bill for the excess kilowatt-hours.

(e) With the commission's prior approval, a public utility may charge the customer-generator requesting to aggregate meters a reasonable fee to cover the administrative costs incurred in implementing the costs of this subdivision, pursuant to a tariff approved by the commission for a public utility.

Sec. 7. Minnesota Statutes 2012, section 216B.164, is amended by adding a subdivision to read:

Subd. 4b. **Limiting cumulative generation.** The commission may limit the cumulative generation of net metered facilities under subdivisions 3 and 3a. A public utility may request the commission to limit the cumulative generation of net metered facilities under subdivisions 3 and 3a upon a showing that such generation has reached four percent of the public utility's annual retail electricity sales. The commission may limit additional net metering obligations under this subdivision only after providing notice and opportunity for public comment. In determining whether to limit additional net metering obligations under this subdivision, the commission shall consider:

(1) the environmental and other public policy benefits of net metered facilities;

(2) the impact of net metered facilities on electricity rates for customers without net metered systems;

(3) the effects of net metering on the reliability of the electric system;

(4) technical advances or technical concerns; and

(5) other statutory obligations imposed on the commission or on a utility.

The commission may limit additional net metering obligations under clauses (2) to (4) only if it determines that additional net metering obligations would cause significant rate impact, require significant measures to address reliability, or raise significant technical issues.

Sec. 8. Minnesota Statutes 2012, section 216B.164, is amended by adding a subdivision to read:

Subd. 4c. **Individual system capacity limits.** (a) A public utility that provides retail electric service may require customers with a facility of 40-kilowatt capacity or more and participating in net metering and net billing to limit the total generation capacity of individual distributed generation systems by either:

(1) for wind generation systems, limiting the total generation system capacity kilowatt alternating current to 120 percent of the customer's on-site maximum electric demand; or

(2) for solar photovoltaic and other distributed generation limiting the total generation system annual energy production kilowatt hours alternating current to 120 percent of the customer's on-site annual electric energy consumption.

(b) Limits under paragraph (a) must be based on standard 15-minute intervals, measured during the previous 12 calendar months, or on a reasonable estimate of the average monthly maximum demand or average annual consumption if the customer has either:

(i) less than 12 calendar months of actual electric usage; or

(ii) no demand metering available.

Sec. 9. Minnesota Statutes 2012, section 216B.164, subdivision 6, is amended to read:

Subd. 6. **Rules and uniform contract.** (a) The commission shall promulgate rules to implement the provisions of this section. The commission shall also establish a uniform statewide form of contract for use between utilities and a net metered or qualifying facility having less than ~~40-kilowatt~~ 1,000-kilowatt capacity if interconnected to a public utility or less than 40-kilowatt capacity if interconnected to a cooperative electric association or municipal utility.

(b) The commission shall require the qualifying facility to provide the utility with reasonable access to the premises and equipment of the qualifying facility if the particular configuration of the qualifying facility precludes disconnection or testing of the qualifying facility from the utility side of the interconnection with the utility remaining responsible for its personnel.

(c) The uniform statewide form of contract shall be applied to all new and existing interconnections established between a utility and a net metered or qualifying facility having less than 40-kilowatt capacity, except that existing contracts may remain in force until ~~written notice of election that the uniform statewide contract form applies is given by either party to the other, with~~

~~the notice being of the shortest time period permitted under the existing contract for termination of the existing contract by either party, but not less than ten nor longer than 30 days~~ terminated by mutual agreement between both parties.

Sec. 10. Minnesota Statutes 2012, section 216B.164, is amended by adding a subdivision to read:

Subd. 10. **Alternative tariff; compensation for resource value.** (a) A public utility may apply for commission approval for an alternative tariff that compensates customers through a bill credit mechanism for the value to the utility, its customers, and society for operating distributed solar photovoltaic resources interconnected to the utility system and operated by customers primarily for meeting their own energy needs.

(b) If approved, the alternative tariff shall apply to customers' interconnections occurring after the date of approval. The alternative tariff is in lieu of the applicable rate under subdivisions 3 and 3a.

(c) The commission shall after notice and opportunity for public comment approve the alternative tariff provided the utility has demonstrated the alternative tariff:

(1) appropriately applies the methodology established by the department and approved by the commission under this subdivision;

(2) includes a mechanism to allow recovery of the cost to serve customers receiving the alternative tariff rate;

(3) charges the customer for all electricity consumed by the customer at the applicable rate schedule for sales to that class of customer;

(4) credits the customer for all electricity generated by the solar photovoltaic device at the distributed solar value rate established under this subdivision;

(5) applies the charges and credits in clauses (3) and (4) to a monthly bill that includes a provision so that the unused portion of the credit in any month or billing period shall be carried forward and credited against all charges. In the event that the customer has a positive balance after the 12-month cycle ending on the last day in February, that balance will be eliminated and the credit cycle will restart the following billing period beginning on March 1;

(6) complies with the size limits specified in subdivision 3a;

(7) complies with the interconnection requirements under section 216B.1611; and

(8) complies with the standby charge requirements in subdivision 3a, paragraph (b).

(d) A utility must provide to the customer the meter and any other equipment needed to provide service under the alternative tariff.

(e) The department must establish the distributed solar value methodology in paragraph (c), clause (1), no later than January 31, 2014. The department must submit the methodology to the commission for approval. The commission must approve, modify with the consent of the department, or disapprove the methodology within 60 days of its submission. When developing the distributed solar value methodology, the department shall consult stakeholders with experience and expertise in power systems, solar energy, and electric utility ratemaking regarding the proposed methodology, underlying assumptions, and preliminary data.

(f) The distributed solar value methodology established by the department must, at a minimum, account for the value of energy and its delivery, generation capacity, transmission capacity, transmission and distribution line losses, and environmental value. The department may, based on known and measurable evidence of the cost or benefit of solar operation to the utility, incorporate other values into the methodology, including credit for locally manufactured or assembled energy systems, systems installed at high-value locations on the distribution grid, or other factors.

(g) The credit for distributed solar value applied to alternative tariffs approved under this section shall represent the present value of the future revenue streams of the value components identified in paragraph (f).

(h) The utility shall recalculate the alternative tariff on an annual cycle, and shall file the recalculated alternative tariff with the commission for approval.

(i) Renewable energy credits for solar energy credited under this subdivision belong to the electric utility providing the credit.

(j) The commission may not authorize a utility to charge an alternative tariff rate that is lower than the utility's applicable retail rate until three years after the commission approves an alternative tariff for the utility.

(k) A utility must enter into a contract with an owner of a solar photovoltaic device receiving an alternative tariff rate under this section that has a term of at least 20 years, unless a shorter term is agreed to by the parties.

(l) An owner of a solar photovoltaic device receiving an alternative tariff rate under this section must be paid the same rate per kilowatt-hour generated each year for the term of the contract.

ARTICLE 10

SOLAR ENERGY

Section 1. **[116C.7792] SOLAR ENERGY INCENTIVE PROGRAM.**

The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total nameplate capacity of 20 kilowatts direct current. The program shall be operated for five consecutive calendar years commencing in 2014. $5,000,000 shall be allocated for each of the five years from the renewable development account established in section 116C.779 to a separate account for the purpose of the solar production incentive program. The solar system must be sized to less than 120 percent of the customer's on-site annual energy consumption. The production incentive must be paid for ten years commencing with the commissioning of the system. The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner.

Sec. 2. **[216B.1641] COMMUNITY SOLAR GARDEN.**

(a) The public utility subject to section 116C.779 shall file by September 30, 2013, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Other public utilities may file an application at their election. The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c or other limitations provided in law or regulations.

(b) A solar garden is a facility that generates electricity by means of a ground mounted or roof mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. The solar garden must have a nameplate capacity of no more than one megawatt. Each subscription shall be sized to represent at least 200 watts of the community solar garden's generating capacity and to supply, when combined with other distributed generation resources serving the premises, no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

(c) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility located in the same county or a county contiguous to where the facility is located.

(d) The public utility must purchase from the community solar garden all energy generated by the solar garden. The purchase shall be at the rate calculated under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission, the applicable retail rate. A solar garden is eligible for any incentive programs offered under either section 116C.7792 or section 216C.415. A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill.

(e) The commission may approve, disapprove, or modify a community solar garden program. Any plan approved by the commission must:

(1) reasonably allow for the creation, financing, and accessibility of community solar gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;

(3) not apply different requirements to utility and non-utility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

(6) include a program implementation schedule;

(7) identify all proposed rules, fees, and charges; and

(8) identify the means by which the program will be promoted.

(f) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

(g) Within 180 days of commission approval of a plan under this section, a utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

(h) For the purposes of this section, the following terms have the meanings given:

(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility; and

(2) "subscription" means a contract between a subscriber and the owner of a solar garden.

Sec. 3. Minnesota Statutes 2012, section 216B.1691, is amended by adding a subdivision to read:

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a and 2b, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy. At least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less.

(b) The solar energy standard established in this subdivision is subject to all the provisions of this section governing a utility's standard obligation under subdivision 2a .

(c) It is an energy goal of the state of Minnesota that by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy.

(d) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

(1) an iron mining extraction and processing facility, including a scram mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16; or

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer.

Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.

(e) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

(f) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after the effective date of this act but before 2020 may be used to meet the solar energy standard established under this subdivision.

(g) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.

Sec. 4. Minnesota Statutes 2012, section 216B.2411, subdivision 3, is amended to read:

Subd. 3. **Other provisions.** (a) Electricity generated by a facility constructed with funds provided under this section and using an eligible renewable energy source may be counted toward the renewable energy objectives in section 216B.1691, subject to the provisions of that section, except as provided in paragraph (c).

(b) Two or more entities may pool resources under this section to provide assistance jointly to proposed eligible renewable energy projects. The entities shall negotiate and agree among themselves for allocation of benefits associated with a project, such as the ability to count energy generated by a project toward a utility's renewable energy objectives under section 216B.1691, except as provided in paragraph (c). The entities shall provide a summary of the allocation of benefits to the commissioner. A utility may spend funds under this section for projects in Minnesota that are outside the service territory of the utility.

(c) Electricity generated by a solar photovoltaic device constructed with funds provided under this section may be counted toward a public utility's solar energy standard under section 216B.1691, subdivision 2f.

ARTICLE 11

MADE IN MINNESOTA

Section 1. **[216C.411] DEFINITIONS.**

For the purposes of sections 216C.411 to 216C.415, the following terms have the meanings given.

(a) "Made in Minnesota" means the manufacture in this state of solar photovoltaic modules:

(1) at a manufacturing facility located in Minnesota that is registered and authorized to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved independent certification agency;

(2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency, which must be physically applied to the modules at a manufacturing facility described in clause (1); and

(3) that are manufactured in Minnesota:

(i) by manufacturing processes that must include tabbing, stringing, and lamination; or

(ii) by interconnecting low-voltage direct current photovoltaic elements that produce the final useful photovoltaic output of the modules.

A solar photovoltaic module that is manufactured by attaching microinverters, direct current optimizers, or other power electronics to a laminate or solar photovoltaic module that has received UL 1703 certification marks outside Minnesota from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency is not "Made in Minnesota" under this paragraph.

(b) "Solar photovoltaic module" has the meaning given in section 116C.7791, subdivision 1, paragraph (e).

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

Sec. 2. **[216C.412] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE ACCOUNT.**

Subdivision 1. **Account established; account management.** A "Made in Minnesota" solar energy production incentive account is established as a separate account in the special revenue fund in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be credited to the account. Funds remaining in the account at the end of a fiscal year do not cancel to the general fund but remain in the account. There is annually appropriated from the account to the commissioner of commerce money sufficient to make the incentive payments under section 216C.415, the transfers under 216C.416, and to administer sections 216C.412 to 216C.415.

Subd. 2. **Payments from public utilities.** (a) Beginning January 1, 2014, and each January 1 thereafter, through 2023, for a total of ten years, each electric public utility subject to section 216B.241 must annually pay to the commissioner of commerce five percent of the minimum amount it is required to spend on energy conservation improvements under section 216B.241, subdivision 1a. Payments under this subdivision must be included in the calculation of whether a utility's other spending on generation exceeds the limits authorized for spending on generation under section 216B.2411, subdivision 1, for investments proposed for commissioner of commerce approval after July 1, 2013. The limits on spending in section 216B.2411 do not limit or apply to payments required by this subdivision. Payments made under this paragraph count towards satisfying expenditure obligations of a public utility under section 216B.241, subdivision 1a. The commissioner shall, upon receipt of the funds, deposit them in the account established in subdivision 1. A public utility subject to this paragraph must be credited energy-savings for the purpose of satisfying its energy savings requirement under section 216B.241, subdivision 1c, based on its payment to the commissioner.

(b) Notwithstanding section 116C.779, subdivision 1, paragraph (g), beginning January 1, 2014, and continuing through January 1, 2023, for a total of ten years, the public utility that manages the account under section 116C.779 must annually pay from that account to the commissioner an amount that, when added to the total amount paid to the commissioner of commerce under paragraph (a), totals $15,000,000 annually. The commissioner shall, upon receipt of the payment, deposit it in the account established in subdivision 1.

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

Sec. 3. **[216C.413] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; QUALIFICATION.**

Subdivision 1. **Application.** A manufacturer of solar photovoltaic modules seeking to qualify those modules as eligible to receive the "Made in Minnesota" solar energy production incentive must submit an application to the commissioner of commerce on a form prescribed by the commissioner. The application must contain:

(1) a technical description of the solar photovoltaic module and the processes used to manufacture it, excluding proprietary details;

(2) documentation that the solar photovoltaic module meets all the required applicable parts of the "Made in Minnesota" definition in section 216C.411, including evidence of the UL 1703 right to mark for all solar photovoltaic modules seeking to qualify as "Made in Minnesota";

(3) any additional nonproprietary information requested by the commissioner of commerce; and

(4) certification signed by the chief executive officer of the manufacturing company attesting to the truthfulness of the contents of the application and supporting materials under penalty of perjury.

Subd. 2. **Certification.** If the commissioner determines that a manufacturer's solar photovoltaic module meets the definition of "Made in Minnesota" in section 216C.411, the commissioner shall issue the manufacturer a "Made in Minnesota" certificate containing the name and model numbers of the certified solar photovoltaic modules and the date of certification. The commissioner must issue or deny the issuance of a certificate within 90 days of receipt of a completed application. A copy of the certificate must be provided to each purchaser of the solar photovoltaic module.

Subd. 3. **Revocation of certification.** The commissioner may revoke a certification of a module as "Made in Minnesota" if the commissioner finds that the module no longer meets the requirements to be certified. The revocation does not affect incentive payments awarded prior to the revocation.

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

Sec. 4. **[216C.414] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE.**

Subdivision 1. **Setting incentive.** Within 90 days of a module being certified as "Made in Minnesota" the commissioner of commerce shall set a solar energy production incentive amount for that solar photovoltaic module for the purpose of the incentive payment under section 216C.415. The incentive is a performance-based financial incentive expressed as a per kilowatt-hour amount. The amount shall be used for incentive applications approved in the year to which the incentive amount is applicable for the ten-year duration of the incentive payments. An incentive amount must be calculated for each module for each calendar year, through 2023.

Subd. 2. **Criteria for determining incentive amount.** (a) The commissioner shall set the incentive payment amount by determining the average amount of incentive payment required to allow an average owner of installed solar photovoltaic modules a reasonable return on their investment. In setting the incentive amount the commissioner shall consider:

(1) an estimate of the installed cost per kilowatt-direct current, based on the cost data supplied by the manufacturer in the application submitted under section 216C.413, and an estimate of the average installation cost based on a representative sample of Minnesota solar photovoltaic installed projects;

(2) the average insolation rate in Minnesota;

(3) an estimate of the decline in the generation efficiency of the solar photovoltaic modules over time;

(4) the rate paid by public utilities to owners of solar photovoltaic modules under section 216B.164 or other law;

(5) applicable federal tax incentives for installing solar photovoltaic modules; and

(6) the estimated levelized cost per kilowatt-hour generated.

(b) The commissioner shall annually, for incentive applications received in a year, revise each incentive amount based on the factors in paragraph (a), clauses (1) to (6), general market conditions, and the availability of other incentives. In no case shall the "Made in Minnesota" incentive amount result in the "Made in Minnesota" incentives paid exceeding 40 percent, net of average applicable taxes on the ten-year incentive payments, of the average historic installation cost per kilowatt. The commissioner may exceed the 40 percent cap if the commissioner determines it is necessary to fully expend funds available for incentive payments in a particular year.

Subd. 3. **Metering of production.** A public utility must, at the expense of a customer, provide a meter to measure the production of a solar photovoltaic module system that is approved to receive incentive payments. The public utility must furnish the commissioner with information sufficient for the commissioner to determine the incentive payment. The information must be provided on a calendar year basis by no later than March 1. The commissioner shall provide a public utility with forms to use to provide the production information. A customer must attest to the accuracy of the production information.

Subd. 4. **Payment due date.** Payments must be made no later than July 1 following the year of production.

Subd. 5. **Renewable energy credits.** Renewable energy credits associated with energy provided to a public utility for which an incentive payment is made belong to the utility.

Sec. 5. **[216C.415] "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; PAYMENT.**

Subdivision 1. **Incentive payment.** Incentive payments may be made under this section only to an owner of grid-connected solar photovoltaic modules with a total nameplate capacity below 40 kilowatts direct current who:

(1) has submitted to the commissioner, on a form established by the commissioner, an application to receive the incentive that has been approved by the commissioner;

(2) has received a "Made in Minnesota" certificate under section 216C.413 for the module; and

(3) has installed on residential or commercial property solar photovoltaic modules that are generating electricity and has received a "Made in Minnesota" certificate under section 216C.413.

Subd. 2. **Application process.** Applications for an incentive payment must be received by the commissioner between January 1 and February 28. The commissioner shall by a random method approve the number of applications the commissioner reasonably determines will exhaust the funds available for payment for the ten-year period of incentive payments. Applications for residential and commercial installations shall be separately randomly approved.

Subd. 3. **Commissioner approval of incentive application.** The commissioner must approve an application for an incentive for an owner to be eligible for incentive payments. The commissioner must not approve an application in a calendar year if the commissioner determines there will not be sufficient funding available to pay an incentive to the applicant for any portion of the ten-year duration of payment. The commissioner shall annually establish a cap on the cumulative capacity for a program year based on funds available and historic average installation costs. Receipt of an incentive is not an entitlement and payment need only be made from available funds in the "Made in Minnesota" solar production incentive account.

Subd. 4. **Eligibility window; payment duration.** (a) Payments may be made under this section only for electricity generated from new solar photovoltaic module installations that are commissioned between January 1, 2014, and December 31, 2023.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar system is commissioned.

(c) An owner of solar photovoltaic modules may receive payments under this section for a particular module for a period of ten years provided that sufficient funds are available in the account.

(d) No payment may be made under this section for electricity generated after December 31, 2033.

(e) An owner of solar photovoltaic modules may not first begin to receive payments under this section after December 31, 2024.

Subd. 5. **Allocation of payments.** (a) If there are sufficient applications, approximately 50 percent of the incentive payment shall be for owners of eligible solar photovoltaic modules installed on residential property, and approximately 50 percent shall be for owners of eligible solar photovoltaic modules installed on commercial property.

(b) The commissioner shall endeavor to distribute incentives paid under this section to owners of solar photovoltaic modules installed in a manner so that the amount of payments received in an area of the state reasonably approximates the amount of payments made by a utility serving that area.

(c) For purposes of this subdivision:

(1) "residential property" means residential real estate that is occupied and used as a homestead by its owner or by a renter and includes "multifamily housing development" as defined in section 462C.02, subdivision 5, except that residential property on which solar photovoltaic modules (i) whose capacity exceeds 10 kilowatts is installed; or (ii) connected to a utility's distribution system and whose electricity is purchased by several residents, each of whom own a share of the electricity generated, shall be deemed commercial property; and

(2) "commercial property" means real property on which is located a business, government, or nonprofit establishment.

Subd. 6. **Limitation.** An owner receiving an incentive payment under this section may not receive a rebate under section 116C.7791 for the same solar photovoltaic modules.

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

Sec. 6. **[216C.416] SOLAR THERMAL REBATES.**

Subdivision 1. **Rebate program created.** The commissioner of commerce shall operate a program to provide rebates for the installation of "Made in Minnesota" solar thermal systems in the state. "Solar thermal system" means a flat plate or evacuated tube that meets the requirements of section 216C.25 with a fixed orientation that collects the sun's radiant energy and transfers it to a storage medium for distribution as energy to heat or cool air or water. A solar thermal system is

"Made in Minnesota" if components of the system are manufactured in Minnesota and the solar thermal system is certified by the Solar Rating and Certification Corporation. The solar thermal system may be installed in residential and commercial facilities for, among other purposes, hot water, space heating, or pool heating purposes.

Subd. 2. **Account; funding.** (a) The solar thermal system rebate account is created as a separate account in the special revenue fund in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be credited to the account. Funds in the account are appropriated to the commissioner of commerce for the purpose of making the rebate payments under this section and administering this section.

(b) Beginning January 1, 2014, and each January 1 thereafter to January 1, 2023, the commissioner of commerce shall annually transfer $250,000 from the account created in section 216C.412, for deposit in the account created in this subdivision.

(c) To the extent there are sufficient applications, the commissioner shall annually spend for rebates under this section from 2014 to 2023, for a total of ten years, approximately $250,000 per year. If sufficient applications are not received to spend the money available for rebates in a year under this section, the unspent money must be returned to the account from which it was transferred, provided that funds available for 2014 applications shall remain available for 2015 applications.

Subd. 3. **Individual incentives.** The maximum rebate for a single family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or $2,500. The maximum rebate for a multiple family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or $5,000. The maximum rebate for a commercial installation is the lesser of 25 percent of the installation cost of the complete system or $25,000. The system must be installed by a factory authorized installer. The commissioner shall allocate approximately 50 percent of the rebates in each year to solar thermal hot water and 50 percent to solar thermal air projects if sufficient applications are made for each.

Subd. 4. **Application process.** Applications for incentives must be made to the commissioner of commerce on forms provided by the commissioner. The commissioner shall use a random process for the selection of recipients of incentives except to the extent necessary to allocate rebates as required by this section.

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

ARTICLE 12

ENERGY POLICY DEVELOPMENT

Section 1. **[3.8852] PLANNING STRATEGY FOR SUSTAINABLE ENERGY FUTURE.**

(a) The Legislative Energy Commission, in consultation with the commissioner of commerce and other state agencies, shall develop a framework for the state of Minnesota to transition to a renewable energy economy that ends Minnesota's contribution to greenhouse gases from burning fossil fuels within the next few decades. The framework and strategy should aim to make Minnesota the first state in the nation to use only renewable energy.

(b) In developing the framework for this transition, the commission must consult with stakeholders, including, but not limited to, representatives from cooperative, municipal, and investor-owned utilities, natural resources and environmental advocacy groups, labor and industry, and technical and scientific experts to examine the challenges and opportunities involved to develop a strategy and timeline to protect the environment and create jobs. The timeline must establish goals and strategies to reach the state's renewable energy standards and prepare for the steps beyond reaching those standards. The Department of Commerce, Division of Energy Resources shall provide technical support.

(c) The commission and its stakeholders must consider the following in creating the framework:

(1) the economic and environmental costs of continued reliance on fossil fuels;

(2) the creation of jobs and industry in the state that result from moving ahead of other states in transitioning to a sustainable energy economy;

(3) the appropriate energy efficiency and renewable energy investments in Minnesota to reduce the economic losses to the Minnesota economy from importation of fossil fuels; and

(4) the new technologies for energy efficiency, storage, transmission, and renewable generation needed to reliably meet the demand for energy.

(d) The framework shall be modified as needed to take advantage of new technological developments to facilitate ending fossil fuel use in power generation, heating and cooling, industry, and transportation.

(e) The commission shall report to the legislative committees and divisions with jurisdiction over energy policy by January 15, 2014, and annually thereafter, on progress towards achieving the framework goals.

Sec. 2. Minnesota Statutes 2012, section 216B.2401, is amended to read:

216B.2401 ENERGY ~~CONSERVATION~~ SAVINGS POLICY GOAL.

The legislature finds that energy savings are an energy resource, and that cost-effective energy savings are preferred over all other energy resources. The legislature further finds that cost-effective energy savings should be procured systematically and aggressively in order to reduce utility costs for businesses and residents, improve the competitiveness and profitability of businesses, create more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and emissions that cause climate change. Therefore, it is the energy policy of the state of Minnesota to achieve annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas ~~directly~~ through cost-effective energy conservation improvement programs and rate design, ~~and indirectly through~~ energy efficiency achieved by energy consumers without direct utility involvement, energy codes and appliance standards, programs designed to transform the market or change consumer behavior, energy savings resulting from efficiency improvements to the utility infrastructure and system, and other efforts to promote energy efficiency and energy conservation.

Sec. 3. Minnesota Statutes 2012, section 216C.05, is amended to read:

216C.05 FINDINGS AND PURPOSE.

Subdivision 1. **Energy planning.** The legislature finds and declares that continued growth in demand for energy will cause severe social and economic dislocations, and that the state has a vital interest in providing for: increased efficiency in energy consumption, the development and use of renewable energy resources wherever possible, and the creation of an effective energy forecasting, planning, and education program.

The legislature further finds and declares that the protection of life, safety, and financial security for citizens during an energy crisis is of paramount importance.

Therefore, the legislature finds that it is in the public interest to review, analyze, and encourage those energy programs that will minimize the need for annual increases in fossil fuel consumption by 1990 and the need for additional electrical generating plants, and provide for an optimum combination of energy sources and energy conservation consistent with environmental protection and the protection of citizens.

The legislature intends to monitor, through energy policy planning and implementation, the transition from historic growth in energy demand to a period when demand for traditional fuels becomes stable and the supply of renewable energy resources is readily available and adequately utilized.

The legislature further finds that for economic growth, environmental improvement, and protection of citizens, it is in the public interest to encourage those energy programs that will provide an optimum combination of energy resources, including energy savings.

Therefore, the legislature, through its committees, must monitor and evaluate progress towards greater reliance on cost-effective energy efficiency and renewable energy and lesser dependence on fossil fuels in order to reduce the economic burden of fuel imports, diversify utility-owned and consumer-owned energy resources, reduce utility costs for businesses and residents, improve the competitiveness and profitability of Minnesota businesses, create more energy-related jobs that contribute to the Minnesota economy, and reduce pollution and emissions that cause climate change.

Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas be achieved through cost-effective energy efficiency;

~~(1)~~ (2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the year 2015, through increased reliance on energy efficiency and renewable energy alternatives; and

~~(2)~~ (3) 25 percent of the total energy used in the state be derived from renewable energy resources by the year 2025.

Sec. 4. **INTEGRATION AND TRANSMISSION STUDY FOR FUTURE RENEWABLE ENERGY STANDARD.**

(a) The commission shall order all Minnesota electric utilities, as defined in Minnesota Statutes, section 216B.1691, subdivision 1, paragraph (b), and all transmission companies, as defined in Minnesota Statutes, section 216B.02, to conduct an engineering study of the impacts on reliability and costs of, and to study and develop plans for the transmission network enhancements necessary to support, increasing the renewable energy standard established in Minnesota Statutes, section 216B.1691, subdivision 2a, to 40 percent by 2030, and to higher proportions thereafter, while maintaining system reliability.

(b) The Minnesota electric utilities and transmission companies must complete the study work under the direction of the commissioner of commerce. Prior to the start of the study, the commissioner, in consultation with Minnesota electric utilities and transmission companies, shall appoint a technical review committee consisting of up to 15 individuals with experience and expertise in electric transmission system engineering, electric power systems operations, and renewable energy generation technology to review the study's proposed methods and assumptions, ongoing work, and preliminary results.

(c) As part of the planning process, the Minnesota electric utilities and transmission companies must incorporate and build upon the analyses that have previously been done or that are in progress including but not limited to the 2006 Minnesota Wind Integration Study and ongoing work to address geographically dispersed development plans, the 2007 Minnesota Transmission for Renewable Energy Standard Study, the 2008 and 2009 Statewide Studies of Dispersed Renewable Generation, the 2009 Minnesota RES Update, Corridor, and Capacity Validation Studies, the 2010 Regional Generation Outlet Study, the 2011 Multi Value Project Portfolio Study, and recent and ongoing Midcontinent Independent System Operator transmission expansion planning work. The utilities and transmission companies shall collaborate with the Midcontinent Independent System Operator to optimize and integrate, to the extent possible, Minnesota's transmission plans with other regional considerations and to encourage the Midcontinent Independent System Operator to incorporate Minnesota's planning work into its transmission expansion future planning.

(d) The study must be completed and submitted to the Minnesota Public Utilities Commission by November 1, 2014. The report shall include a description of the analyses that have been conducted and the results, including:

(1) a conceptual plan for transmission necessary for generation interconnection and delivery and for access to regional geographic diversity and regional supply and demand side flexibility; and

(2) identification and development of potential solutions to any critical issues encountered to support increasing the renewable energy standard to 40 percent by 2030, and to higher proportions thereafter, while maintaining system reliability.

Sec. 5. **VALUE OF ON-SITE ENERGY STORAGE STUDY.**

(a) The commissioner of commerce shall contract with an independent consultant selected through a request for proposal process to produce a report analyzing the potential costs and benefits of installing utility-managed, grid-connected energy storage devices in residential and commercial buildings in this state. The study must:

(1) estimate the potential value of on-site energy storage devices as a load-management tool to reduce costs for individual customers and for the utility, including but not limited to reductions in energy, particularly peaking, costs, and capacity costs;

(2) examine the interaction of energy storage devices with on-site solar photovoltaic devices; and

(3) analyze existing barriers to the installation of on-site energy storage devices by utilities, and examine strategies and design potential economic incentives to overcome those barriers.

(b) The commissioner of commerce shall assess an amount necessary under Minnesota Statutes, section 216B.241, subdivision 1e, in addition to the assessment already authorized under that subdivision, for the purpose of completing the study described in this section.

(c) By January 1, 2014, the commissioner of commerce shall submit the study to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy and finance.

Sec. 6. **VALUE OF SOLAR THERMAL STUDY.**

(a) The commissioner of commerce shall contract with an independent consultant selected through a request for proposal process to produce a report analyzing the potential costs and benefits of expanding the installation of solar thermal projects, as defined in Minnesota Statutes, section 216B.2411, subdivision 2, in residential and commercial buildings in this state. The study must examine the potential for solar thermal projects to reduce heating and cooling costs for individual customers and to reduce costs at the utility level as well. The study must also analyze existing barriers to the installation of on-site energy storage devices by utilities and examine strategies and design potential economic incentives to overcome those barriers. By January 1, 2014, the commissioner of commerce shall submit the study to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy and finance.

(b) The commissioner of commerce shall assess an amount necessary under Minnesota Statutes, section 216B.241, subdivision 1e, in addition to the assessment already authorized under that subdivision, for the purpose of completing the study described in this section.

Sec. 7. **SCOPING FOR RENEWABLE ENERGY STUDY.**

(a) The commissioner of commerce, in consultation with the Legislative Energy Commission, shall develop the scope for a Minnesota energy future study on how Minnesota can achieve a sustainable energy system that does not rely on the burning of fossil fuels.

(b) The study must include energy use in the electrical, transportation, thermal and industrial sectors of the state economy. The study shall evaluate options for different mixes of renewable energy, efficiency, energy storage, and new technologies that can best transform each sector of energy use to become fully sustainable and no longer rely on fossil fuels in a cost-effective manner.

(c) The study must analyze both costs and benefits. The study must include at least the following considerations: system reliability, utility rates, energy prices, jobs, economic development, public health, and environmental quality. Calculation of costs and benefits must be based on full cost, life-cycle accounting methods that include the benefits of avoided externalities. The study must be designed to develop appropriate timelines and accommodate modifications that will occur as new technologies and efficiencies develop.

(d) In developing the scope, the commissioner shall engage stakeholders concerning the study's parameters and assumptions. The commissioner must report the results of the scoping process to the Legislative Energy Commission by January 1, 2014. The commissioner may assess up to $100,000 under Minnesota Statutes, section 216B.62, to scope and develop this energy study proposal.

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

Sec. 8. **DEPARTMENT OF COMMERCE; DIVISION OF ENERGY RESOURCES; STUDY.**

(a) The Division of Energy Resources of the Department of Commerce must conduct public meetings with stakeholders and members of the public and shall produce a report on findings and legislative recommendations to accomplish the following purposes:

(1) clarify statewide energy-savings policies and utility energy-savings goals;

(2) maximize long-term cost-effective energy savings and minimize energy waste;

(3) maximize carbon reductions and economic benefits by increasing the efficiency of all sectors of the state's energy system;

(4) minimize total utility costs and rate impacts for ratepayers in all sectors;

(5) determine appropriate funding sources for nonconservation projects and programs, cogeneration, and combined heat and power projects;

(6) determine the appropriate consideration in the integrated resource planning and certificate of need processes of the requirements to meet the state's energy conservation and renewable energy goals; and

(7) provide the utility the appropriate incentives to meet the state's energy conservation and renewable energy goals.

(b) The report must be submitted by January 15, 2014, to the chairs and ranking minority members of the committees of the legislature with primary jurisdiction over energy policy.

(c) The division must provide public notice of the meetings.

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

ARTICLE 13

MISCELLANEOUS

Section 1. Minnesota Statutes 2012, section 16C.144, subdivision 2, is amended to read:

Subd. 2. **Guaranteed energy-savings agreement.** The commissioner may enter into a guaranteed energy-savings agreement with a qualified provider if:

(1) the qualified provider is selected through a competitive process in accordance with the guaranteed energy-savings program guidelines within the Department of Administration;

(2) the qualified provider agrees to submit an engineering report prior to the execution of the guaranteed energy-savings agreement. The cost of the engineering report may be considered as part of the implementation costs if the commissioner enters into a guaranteed energy-savings agreement with the provider;

(3) the term of the guaranteed energy-savings agreement shall not exceed ~~15~~ 25 years from the date of final installation;

(4) the commissioner finds that the amount it would spend on the utility cost-savings measures recommended in the engineering report will not exceed the amount to be saved in utility operation and maintenance costs over ~~15~~ 25 years from the date of implementation of utility cost-savings measures;

(5) the qualified provider provides a written guarantee that the annual utility, operation, and maintenance cost savings during the term of the guaranteed energy-savings agreement will meet or exceed the annual payments due under a lease purchase agreement. The qualified provider shall reimburse the state for any shortfall of guaranteed utility, operation, and maintenance cost savings; and

(6) the qualified provider gives a sufficient bond in accordance with section 574.26 to the commissioner for the faithful implementation and installation of the utility cost-savings measures.

Sec. 2. Minnesota Statutes 2012, section 216B.241, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section and section 216B.16, subdivision 6b, the terms defined in this subdivision have the meanings given them.

(a) "Commission" means the Public Utilities Commission.

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

(c) "Department" means the Department of Commerce.

(d) "Energy conservation" means demand-side management of energy supplies resulting in a net reduction in energy use. Load management that reduces overall energy use is energy conservation.

(e) "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat ~~recovery~~ that is recovered and converted into electricity, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636. Energy conservation improvement also includes waste heat recovered and used as thermal energy.

(f) "Energy efficiency" means measures or programs, including energy conservation measures or programs, that target consumer behavior, equipment, processes, or devices designed to produce either an absolute decrease in consumption of electric energy or natural gas or a decrease in consumption of electric energy or natural gas on a per unit of production basis without a reduction in the quality or level of service provided to the energy consumer.

(g) "Gross annual retail energy sales" means annual electric sales to all retail customers in a utility's or association's Minnesota service territory or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. For purposes of this section, gross annual retail energy sales exclude:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to natural gas sales made to the large customer facility; and

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (c), with respect to natural gas sales made to the commercial gas customer facility; and

(2) electric sales to a large customer facility whose electric utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to electric sales made to the large customer facility.

(h) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement, including but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no-interest or below-market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

(i) "Large customer facility" means all buildings, structures, equipment, and installations at a single site that collectively (1) impose a peak electrical demand on an electric utility's system of not less than 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electrical demand for billing purposes or (2) consume not less than 500 million cubic feet of natural gas annually. In calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy demand from the large customer facility's mining and processing operations.

(j) "Large energy facility" has the meaning given it in section 216B.2421, subdivision 2, clause (1).

(k) "Load management" means an activity, service, or technology to change the timing or the efficiency of a customer's use of energy that allows a utility or a customer to respond to wholesale market fluctuations or to reduce peak demand for energy or capacity.

(l) "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income persons, including low-income renters.

(m) "Qualifying utility" means a utility that supplies the energy to a customer that enables the customer to qualify as a large customer facility.

<u>(n) "Waste heat recovered and used as thermal energy" means capturing heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes and productively using such recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand side consumption of natural gas, electric energy, or both.</u>

~~(n)~~ <u>(o)</u> "Waste heat recovery converted into electricity" means an energy recovery process that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or the reduction of high pressure in water or gas pipelines.

Sec. 3. Minnesota Statutes 2012, section 216B.241, subdivision 1e, is amended to read:

Subd. 1e. **Applied research and development grants.** (a) The commissioner may, by order, approve and make grants for applied research and development projects of general applicability that identify new technologies or strategies to maximize energy savings, improve the effectiveness of energy conservation programs, or document the carbon dioxide reductions from energy conservation programs. When approving projects, the commissioner shall consider proposals and comments from utilities and other interested parties. The commissioner may assess up to $3,600,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

(b) The commissioner, as part of the assessment authorized under paragraph (a), shall annually assess and grant up to $500,000 for the purpose of subdivision 9.

(c) The commissioner, as part of the assessment authorized under paragraph (a), each state fiscal year shall assess $500,000 for a grant to the partnership created by section 216C.385, subdivision 2. The grant must be used to exercise the powers and perform the duties specified in section 216C.385, subdivision 3.

(d) By February 15 annually, the commissioner shall report to the chairs and ranking minority members of the committees of the legislature with primary jurisdiction over energy policy and energy finance on the assessments made under this subdivision for the previous calendar year and the use of the assessment. The report must clearly describe the activities supported by the assessment and the parties that engaged in those activities.

EFFECTIVE DATE. Paragraph (c) is effective for assessments for state fiscal years commencing on or after July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 216B.241, is amended by adding a subdivision to read:

Subd. 10. **Waste heat recovery; thermal energy distribution.** Demand side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility, is eligible to be counted towards a utility's natural gas or electric energy savings goals, subject to department approval.

Sec. 5. **SEVERABILITY.**

If any provision of this act is found to be unconstitutional and void, the remaining provisions of this act are valid.

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

Sec. 6. **REPEALER.**

Minnesota Statutes 2012, section 216B.1637, is repealed."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for jobs and economic development; modifying labor and industry; employment, economic development, and workforce development; unemployment insurance; miscellaneous provisions; commerce and consumer protection; utility regulation; energy and solar energy regulations; creating various renewable energy incentives; imposing penalties; increasing fees; requiring reports; authorizing rulemaking; appropriating money to various state boards, agencies, and departments; amending Minnesota Statutes 2012, sections 16B.122, subdivision 2; 16C.144, subdivision 2; 45.0135, subdivision 6; 60A.14, subdivision 1; 65B.84, subdivision 1; 116J.70, subdivision 2a; 116J.8731, subdivisions 2, 3, 8, 9; 116L.17, subdivision 4, by adding a subdivision; 116U.26; 136F.37; 154.001, by adding a subdivision; 154.003; 154.02; 154.05; 154.06; 154.065, subdivision 2; 154.07, subdivision 1; 154.08; 154.09; 154.10, subdivision 1; 154.11, subdivision 1; 154.12; 154.14; 154.15, subdivision 2; 154.26; 155A.23, subdivisions 3, 8, 11; 155A.25, subdivisions 1a, 4; 155A.27, subdivisions 4, 7, 10; 155A.29, subdivision 2; 155A.30, by adding a subdivision; 177.27, subdivision 4; 216B.16, subdivision 7b; 216B.1635; 216B.164, subdivisions 2, 3, 4, 6, by adding subdivisions; 216B.1691, subdivision 2e, by adding a subdivision; 216B.1692, subdivisions 1, 8, by adding a subdivision; 216B.1695, subdivision 5, by adding a subdivision; 216B.2401; 216B.241, subdivisions 1, 1e, by adding a subdivision; 216B.2411, subdivision 3; 216C.05; 216C.435, subdivision 8, by adding a subdivision; 216C.436, subdivisions 2, 7, 8; 239.101, subdivision 3; 245.4712, subdivision 1; 268.051, subdivision 5; 268.07, subdivision 3b; 268.125, subdivisions 1, 3, 4, 5; 268.136, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 268.23; 268A.13; 268A.14, subdivision 1; 298.22, subdivision 1; 298.28, subdivision 9c; 326.02, subdivision 5; 326A.04, subdivisions 2, 3, 5, 7; 326A.10; 326B.081, subdivision 3; 326B.082, subdivision 11; 326B.093, subdivision 4; 326B.101; 326B.103, subdivision 11; 326B.121, subdivision 1; 326B.163, by adding subdivisions; 326B.184, subdivisions 1, 2, by adding a subdivision; 326B.187; 326B.31, by adding a subdivision; 326B.33, subdivisions 19, 21; 326B.36, subdivision 7; 326B.37, by adding a subdivision; 326B.43, subdivision 2; 326B.49, subdivisions 2, 3; 326B.89, subdivision 1; 327B.04, subdivision 4; 341.21, subdivision 3a; 341.221; 341.27; 341.29; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 429.101, subdivision 2; 462.358, subdivision 2b; 462A.37, subdivision 1; 507.235, subdivision 2; 559.211, subdivision 2; Laws 2005, chapter 97, article 10, section 3; Laws 2006, chapter 269, section 2, as amended; Laws 2011, First Special Session chapter 2, article 2, section 3, subdivision 4; Laws 2012, chapter 201, article 1, section 3; proposing coding for new law in Minnesota Statutes, chapters 3; 116C; 116J; 116L; 154; 155A; 161; 179; 216B; 216C; 268; 326B; 383D; 559; proposing coding for new law as Minnesota Statutes, chapter 80G; repealing Minnesota Statutes 2012, sections 116W.01; 116W.02; 116W.03; 116W.035; 116W.04; 116W.05; 116W.06; 116W.20; 116W.21; 116W.23; 116W.24; 116W.25; 116W.26; 116W.27; 116W.28; 116W.29; 116W.30; 116W.31; 116W.32; 116W.33; 116W.34; 155A.25, subdivision 1; 216B.1637; 237.012, subdivision 3; 326A.03, subdivisions 2, 5, 8; 326B.31, subdivisions 18, 19, 22; 326B.978, subdivision 4; 507.235, subdivision 4; Minnesota Rules, parts 1105.0600; 1105.2550; 1105.2700; 1307.0032; 3800.3520, subpart 5, items C, D; 3800.3602, subpart 2, item B."

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

House Conferees: Tim Mahoney, Joe Atkins, Karen Clark, Sheldon Johnson

Senate Conferees: David J. Tomassoni, Tom Saxhaug, Dan Sparks, James P. Metzen, Torrey N. Westrom

Senator Tomassoni moved that the foregoing recommendations and Conference Committee Report on H.F. No. 729 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

CALL OF THE SENATE

Senator Tomassoni imposed a call of the Senate for the balance of the proceedings on H.F. No. 729. The Sergeant at Arms was instructed to bring in the absent members.

Senator Osmek moved that the Senate do now recess.

The question was taken on the adoption of the motion.

Senator Tomassoni moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 28 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Chamberlain	Gazelka	Housley	Limmer
Benson	Dahms	Hall	Ingebrigtsen	Miller
Brown	Fischbach	Hann	Kiffmeyer	Nelson

Newman	Osmek	Pratt	Senjem	Westrom
Nienow	Pederson, J.	Rosen	Thompson	
Ortman	Petersen, B.	Ruud	Weber	

Those who voted in the negative were:

Bakk	Eaton	Koenen	Saxhaug	Tomassoni
Bonoff	Eken	Latz	Scalze	Torres Ray
Champion	Franzen	Marty	Schmit	Wiger
Clausen	Hawj	Metzen	Sheran	Wiklund
Cohen	Hayden	Pappas	Skoe	
Dahle	Hoffman	Reinert	Sparks	
Dziedzic	Johnson	Rest	Stumpf	

The motion did not prevail.

H.F. No. 729 was read the third time, as amended by the Conference Committee, and placed on its repassage.

Senator Brown moved that the Senate do now recess.

The question was taken on the adoption of the motion.

Senator Sieben moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 28 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Thompson
Brown	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	Westrom
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

Those who voted in the negative were:

Bakk	Eken	Koenen	Rest	Sparks
Bonoff	Franzen	Latz	Saxhaug	Stumpf
Clausen	Goodwin	Lourey	Scalze	Tomassoni
Cohen	Hawj	Marty	Schmit	Torres Ray
Dahle	Hayden	Metzen	Sheran	Wiger
Dziedzic	Hoffman	Pappas	Sieben	Wiklund
Eaton	Johnson	Reinert	Skoe	

The motion did not prevail.

The question was taken on the repassage of H.F. No. 729, as amended by the Conference Committee.

The roll was called, and there were yeas 40 and nays 27, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Jensen	Pappas	Skoe
Bonoff	Eaton	Johnson	Reinert	Sparks
Carlson	Eken	Kent	Rest	Stumpf
Champion	Franzen	Koenen	Saxhaug	Tomassoni
Clausen	Goodwin	Latz	Scalze	Torres Ray
Cohen	Hawj	Lourey	Schmit	Westrom
Dahle	Hayden	Marty	Sheran	Wiger
Dibble	Hoffman	Metzen	Sieben	Wiklund

Those who voted in the negative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Thompson
Brown	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12.5, Senator Bonoff moved that the following members be excused for a Conference Committee on S.F. No. 1236 from 6:00 to 6:45 p.m.:

Senators Bonoff, Eken, Miller and Clausen. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12.5, Senator Sieben moved that the following members be excused for a Conference Committee on H.F. No. 894 at 7:00 p.m.:

Senators Sieben, Eken and Newman. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12.5, Senator Tomassoni moved that the following members be excused for a Conference Committee on H.F. No. 976 at 7:15 p.m.:

Senators Tomassoni, Saxhaug, Sparks, Metzen and Westrom. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

SPECIAL ORDERS

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

S.F. Nos. 1276, 796, 460, 894 and 1340.

SPECIAL ORDER

S.F. No. 1276: A bill for an act relating to real estate; requiring loss mitigation by mortgage lenders and servicers; amending Minnesota Statutes 2012, sections 580.02; 580.041, subdivisions 1b, 1c, 2a; 580.15; proposing coding for new law in Minnesota Statutes, chapters 580; 582.

Senator Torres Ray moved to amend S.F. No. 1276 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 580.02, is amended to read:

580.02 REQUISITES FOR FORECLOSURE.

To entitle any party to make such foreclosure, it is requisite:

(1) that some default in a condition of such mortgage has occurred, by which the power to sell has become operative;

(2) that no action or proceeding has been instituted at law to recover the debt then remaining secured by such mortgage, or any part thereof, or, if the action or proceeding has been instituted, that the same has been discontinued, or that an execution upon the judgment rendered therein has been returned unsatisfied, in whole or in part;

(3) that the mortgage has been recorded and, if it has been assigned, that all assignments thereof have been recorded; provided, that, if the mortgage is upon registered land, it shall be sufficient if the mortgage and all assignments thereof have been duly registered; ~~and~~

(4) before the notice of pendency as required under section 580.032 is recorded, the party has complied with section 580.021; and

(5) before the foreclosure sale, the party has complied with section 582.043, if applicable.

Sec. 2. Minnesota Statutes 2012, section 580.041, subdivision 1b, is amended to read:

Subd. 1b. **Form and delivery of foreclosure advice notice.** The foreclosure advice notice required by this section must be in 14-point boldface type and must be printed on colored paper that is other than the color of the notice of foreclosure required by sections 580.03 and 580.04 and the notice of redemption rights required by this section, and that does not obscure or overshadow the content of the notice. The title of the notice must be in 20-point boldface type. The notice must be on its own page. The foreclosure advice notice required by this section must be delivered with the notice of foreclosure required by sections 580.03 and 580.04. The foreclosure advice notice required by this section also must be delivered with each subsequent written communication regarding the foreclosure mailed to the mortgagor by the foreclosing party up to the day of ~~redemption~~ foreclosure sale. A foreclosing mortgagee will be deemed to have complied with this section if it sends the foreclosure advice notice required by this section at least once every 60 days ~~during the period of~~ up to the date of the foreclosure ~~process~~ sale. The foreclosure advice notice required by this section must not be published.

Sec. 3. **[582.043] LOSS MITIGATION; MORTGAGE FORECLOSURE DUAL TRACKING.**

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

(b) "Foreclosure sale date" means either:

(1) the date of the foreclosure sale contained in the notice that has been either served or published as required under section 580.03, or 550.18 and 550.19; or

(2) the date to which the foreclosure sale is postponed by the borrower under section 580.07, subdivision 2, whichever is later.

(c) "Loss mitigation option" means a temporary or permanent loan modification, a forbearance agreement, a repayment agreement, a principal reduction, capitalizing arrears, or any other relief, intended to allow a mortgagor to retain ownership of the property.

(d) "Mortgagor" means a person who is liable on the promissory note secured by the mortgage, except that the mortgagor does not include a person who has surrendered the mortgaged property, as evidenced by either a letter or other written notice confirming the surrender or by delivery of the keys to the property to the servicer or authorized agent.

(e) "Servicer" means a residential mortgage servicer as defined in section 58.02, subdivision 20.

(f) "Small servicer" means a servicer that is either:

(1) a small servicer, as defined in Code of Federal Regulations, title 12, section 1026.41, paragraph (e), clause (4); or

(2) a Housing Finance Agency, as defined in Code of Federal Regulations, title 24, section 266.5.

Until August 1, 2014, "small servicer" also means a servicer that has conducted 125 or fewer foreclosure sales during the preceding 12 months.

Subd. 2. **Applicability.** This section applies only to first lien mortgages subject to foreclosure under chapters 580 or 581 that are secured by owner-occupied residential real property containing no more than four dwelling units and where the subject mortgage does not secure a loan for business, commercial, or agricultural purposes. For purposes of this subdivision, "owner-occupied" means that the property is the principal residence of the owner.

Nothing in this section imposes a duty on a servicer to provide any mortgagor with any specific loan modification option.

Subd. 3. **Compliance required.** A servicer shall not conduct a foreclosure sale unless the servicer has complied with subdivisions 5, 6, and 7, if applicable.

Subd. 4. **Small servicer requirements.** A small servicer is not subject to this section, except that a small servicer shall not refer a mortgage loan to an attorney for foreclosure, record the notice of pendency or lis pendens, or conduct a foreclosure sale if a mortgagor is performing pursuant to the terms of a loan modification or other loss mitigation agreement.

Subd. 5. **Loss mitigation.** A servicer must:

(1) notify a mortgagor in writing of available loss mitigation options offered by the servicer that are applicable to the mortgagor's loan before referring the mortgage loan to an attorney for foreclosure;

(2) after receiving a request for a loan modification or other loss mitigation option, exercise reasonable diligence in obtaining documents and information from the mortgagor to complete a loss mitigation application, facilitate the submission and review of loss mitigation applications, and give the mortgagor a reasonable amount of time to provide the required documents;

(3) upon the timely receipt of a loss mitigation application, evaluate the mortgagor for all available loss mitigation options prior to referring a mortgage loan to an attorney for foreclosure;

(4) after review of the loss mitigation application, timely offer the mortgagor a loan modification if the mortgagor is eligible or, if not, timely offer the mortgagor any other loss mitigation option for which the mortgagor is eligible; and

(5) comply with any applicable appeal period and procedures applicable to the specific loss mitigation option.

Subd. 6. **Dual tracking.** (a) If the servicer has received a loss mitigation application and the subject mortgage loan has not already been referred to an attorney for foreclosure, a servicer shall not refer the subject mortgage loan to an attorney for foreclosure while the mortgagor's application is pending, unless:

(1) the servicer determines that the mortgagor is not eligible for any loss mitigation option, the servicer informs the mortgagor of the determination in writing, and the applicable appeal period has expired without an appeal or the appeal has been properly denied;

(2) where a written offer is made and a written acceptance is required, the mortgagor fails to accept the loss mitigation offer within the time frame specified in the offer or within 14 days after the date of the offer, whichever is longer; or

(3) the mortgagor declines the loss mitigation offer in writing.

(b) If the servicer receives a loss mitigation application after the subject mortgage loan has been referred to an attorney for foreclosure, but before a foreclosure sale has been scheduled, a servicer shall not move for an order of foreclosure, seek a foreclosure judgment, or conduct a foreclosure sale unless:

(1) the servicer determines that the mortgagor is not eligible for a loss mitigation option, the servicer informs the mortgagor of this determination in writing, and the applicable appeal period has expired without an appeal or the appeal has been properly denied;

(2) where a written offer is made and a written acceptance is required, the mortgagor fails to accept the loss mitigation offer within the time frame specified in the offer or within 14 days after the date of the offer, whichever is longer; or

(3) the mortgagor declines a loss mitigation offer in writing.

(c) If the servicer receives a loss mitigation application after the foreclosure sale has been scheduled, but before midnight of the seventh business day prior to the foreclosure sale date, the servicer must halt the foreclosure sale and evaluate the application. If required to halt the foreclosure sale and evaluate the application, the servicer must not move for an order of foreclosure, seek a foreclosure judgment, or conduct a foreclosure sale unless:

(1) the servicer determines that the mortgagor is not eligible for a loss mitigation option, the servicer informs the mortgagor of this determination in writing, and the applicable appeal period has expired without an appeal or the appeal has been properly denied;

(2) where a written offer is made and a written acceptance is required, the mortgagor fails to accept the loss mitigation offer within the time frame specified in the offer or within 14 days after the date of the offer, whichever is longer; or

(3) the mortgagor declines a loss mitigation offer in writing.

(d) A servicer shall not move for an order of foreclosure or conduct a foreclosure sale under any of the following circumstances:

(1) the mortgagor is in compliance with the terms of a trial or permanent loan modification, or other loss mitigation option; or

(2) a short sale has been approved by all necessary parties and proof of funds or financing has been provided to the servicer.

Subd. 7. **Relief.** (a) A mortgagor has a cause of action, based on a violation of this section, to enjoin or set aside a sale. A mortgagor who prevails in an action to set aside or enjoin a sale, or who successfully defends a foreclosure by action, based on a violation of this section is entitled to reasonable attorney fees and costs.

(b) A lis pendens must be recorded prior to the expiration of the mortgagor's applicable redemption period under section 580.23 or 582.032 for an action taken under paragraph (a). The failure to record the lis pendens creates a conclusive presumption that the servicer has complied with this section.

Sec. 4. Minnesota Statutes 2012, section 582.25, is amended to read:

582.25 MORTGAGES; VALIDATING FORECLOSURE SALES.

Every mortgage foreclosure sale by advertisement in this state under power of sale contained in any mortgage duly executed and recorded in the office of the county recorder or registered with the registrar of titles of the proper county of this state, together with the record of such foreclosure sale, is, after expiration of the period specified in section 582.27, hereby legalized and made valid and effective to all intents and purposes, as against any or all of the following objections:

(1) that the power of attorney, recorded or filed in the proper office provided for by section 580.05:

(a) did not definitely describe and identify the mortgage,

(b) did not definitely describe and identify the mortgage, but instead described another mortgage between the same parties,

(c) did not have the corporate seal affixed thereto, if executed by a corporation,

(d) had not been executed and recorded or filed prior to sale, or had been executed prior to, but not recorded or filed until after such sale,

(e) was executed subsequent to the date of the printed notice of sale or subsequent to the date of the first publication of such notice;

(2) that no power of attorney to foreclose such mortgage as provided in section 580.05, was ever given, or recorded, or registered;

(3) that the notice of sale:

(a) was published only three, four or five times, or that it was published six times but not for six weeks prior to the date of sale,

(b) properly described the property to be sold in one or more of the publications thereof but failed to do so in the other publications thereof, the correct description having been contained in the copy of said notice served on the occupant of the premises,

(c) correctly stated the date of the month and hour and place of sale but named a day of the week which did not fall on the date given for such sale, or failed to state or state correctly the year of such sale,

(d) correctly described the real estate but omitted the county and state in which said real estate is located,

(e) correctly described the land by government subdivision, township and range, but described it as being in a county other than that in which said mortgage foreclosure proceedings were pending, and other than that in which said government subdivision was actually located,

(f) did not state the amount due or failed to state the correct amount due or claimed to be due,

(g) incorrectly stated the municipal status of the place where the sale was to occur,

(h) in one or more of the publications thereof, or in the notice served on the occupant or occupants designated either a place or a time of sale other than that stated in the certificate of sale,

(i) failed to state the names of one or more of the assignees of the mortgage and described the subscriber thereof as mortgagee instead of assignee,

(j) failed to state or incorrectly stated the name of the mortgagor, the mortgagee, or assignee of mortgagee,

(k) was not served upon persons whose possession of the mortgaged premises was otherwise than by their personal presence thereon, if a return or affidavit was recorded or filed as a part of the foreclosure record that at a date at least four weeks prior to the sale the mortgaged premises were vacant and unoccupied,

(l) was not served upon all of the parties in possession of the mortgaged premises, provided it was served upon one or more of such parties,

(m) was not served upon the persons in possession of the mortgaged premises, if, at least two weeks before the sale was actually made, a copy of the notice was served upon the owner in the manner provided by law for service upon the occupants, or the owner received actual notice of the proposed sale,

(n) gave the correct description at length, and an incorrect description by abbreviation or figures set off by the parentheses, or vice versa,

(o) was served personally upon the occupants of the premises as such, but said service was less than four weeks prior to the appointed time of sale,

(p) did not state the original principal amount secured, or failed to state the correct original principal amount secured;

(4) that distinct and separate parcels of land were sold together as one parcel and to one bidder for one bid for the whole as one parcel;

(5) that no authenticated copy of the order appointing, or letters issued to a foreign representative of the estate of the mortgagee or assignee, was properly filed or recorded, provided such order or letters have been filed or recorded in the proper office prior to one year after the last day of the redemption period of the mortgagor, the mortgagor's personal representatives or assigns;

(6) that a holder of a mortgage was a representative appointed by a court of competent jurisdiction in another state or county in which before the foreclosure sale an authenticated copy of the representative's letters or other record of authority were filed for record in the office of the county recorder of the proper county but no certificate was filed and recorded therewith showing that said letters or other record of authority were still in force;

(7)(a) that said mortgage was assigned by a decree of a court exercising probate jurisdiction in which decree the mortgage was not specifically or sufficiently described,

(b) that the mortgage foreclosed had been assigned by the final decree of the court exercising probate jurisdiction to the heirs, devisees, or legatees of the deceased mortgagee, or the mortgagee's assigns, and subsequent thereto and before the representative of the estate had been discharged by order of the court, the representative had assigned the mortgage to one of the heirs, devisees, or legatees named in such final decree, and such assignment placed on record and the foreclosure proceedings conducted in the name of such assignee and without any assignment of the mortgage from the heirs, devisees, or legatees named in such final decree, and the mortgaged premises bid in at the sale by such assignee, and the sheriff's certificate of sale, with accompanying affidavits recorded in the office of the county recorder of the proper county,

(c) that a mortgage owned by joint tenants or tenants in common was foreclosed by only one tenant;

(8) that the sheriff's certificate of sale or the accompanying affidavits and return of service were not executed, filed or recorded within 20 days after the date of sale, but have been executed and filed or recorded prior to the last day of the redemption period of the mortgagor, the mortgagor's personal representatives or assigns;

(9) that the year, or the month, or the day, or the hour of the sale is omitted or incorrectly or insufficiently stated in the notice of sale or the sheriff's certificate of sale;

(10)(a) that prior to the foreclosure no registration tax was paid on the mortgage, provided such tax had been paid prior to one year after the last day of the redemption period of the mortgagor, the mortgagor's personal representatives or assigns,

(b) that an insufficient registration tax has been paid on the mortgage;

(11) that the date of the mortgage or any assignment thereof or the date, the month, the day, hour, book, and page, or document number of the record or filing of the mortgage or any assignment thereof, in the office of the county recorder or registrar of titles is omitted or incorrectly or insufficiently stated in the notice of sale or in any of the foreclosure papers, affidavits or instruments;

(12) that the notice of mortgage foreclosure sale or sheriff's certificate of sale designated the place of sale as the office of a county official located in the court house of the county when such office was not located in such court house;

(13) that no notice of the pendency of the proceedings to enforce or foreclose the mortgage as provided in section 508.57, was filed with the registrar of titles or no memorial thereof was entered on the register at the time of or prior to the commencement of such proceedings; or that when required by section 508.57, the notice of mortgage foreclosure sale failed to state the fact of registration;

(14) that the power of attorney to foreclose or the notice of sale was signed by the person who was the representative of an estate, but failed to state or correctly state the person's representative capacity;

(15) that the complete description of the property foreclosed was not set forth in the sheriff's certificate of sale, if said certificate correctly refers to the mortgage by book and page numbers or document number and date of filing and the premises are accurately described in the printed notice of sale annexed to said foreclosure sale record containing said sheriff's certificate of sale;

(16) that the date of recording of the mortgage was improperly stated in the sheriff's certificate of mortgage foreclosure sale, the mortgage being otherwise properly described in said sheriff's certificate of mortgage foreclosure sale and said certificate of mortgage foreclosure sale further referring to the printed notice of mortgage foreclosure sale attached to said sheriff's certificate of mortgage foreclosure sale in which printed notice the mortgage and its recording was properly described;

(17) that prior to the first publication of the notice of sale in foreclosure of a mortgage by advertisement, an action or proceeding had been instituted for the foreclosure of said mortgage or the recovery of the debt secured thereby and such action or proceeding had not been discontinued;

(18) that at the time and place of sale the sheriff considered and accepted a bid submitted prior to the date of the sale by the owner of the mortgage and sold the mortgaged premises for the amount of such bid, no other bid having been submitted, and no one representing the owner of the mortgage being present at the time and place of sale;

(19) that such sale was postponed by the sheriff to a date or time subsequent to the one specified in the notice of sale but there was no publication or posting of a notice of such postponement;

(20) that there was not recorded with letters or other record of authority issued to a representative appointed by a court of competent jurisdiction in another state or county, a certificate that said letters or other record of authority were still in force and effect;

(21) that the sheriff's affidavit of sale correctly stated in words the sum for which said premises were bid in and purchased by the mortgagee, but incorrectly stated the same in figures immediately following the correct amount in words;

(22) that the notice of pendency of the foreclosure as required by section 580.032 was not filed for record before the first date of publication of the foreclosure notice, but was filed before the date of sale; and

(23) that the servicer did not comply with the requirements of section 582.043.

Sec. 5. Minnesota Statutes 2012, section 582.27, subdivision 1, is amended to read:

Subdivision 1. **Section 582.25.** Upon expiration of the periods specified in this section, the provisions of section 582.25 apply to a mortgage foreclosure sale subject to this section:

(A) as to all of the provisions of section 582.25, except ~~clause (2)~~ clauses (2) and (23), one year after the last day of the redemption period of the mortgagor, the mortgagor's personal representatives or assigns;

(B) as to clause (2), ten years after the date of the foreclosure sale.

(C) as to clause (23), the expiration of the mortgagor's applicable redemption period as specified in sections 580.23 or 582.032.

Sec. 6. **EFFECTIVE DATE.**

Sections 1, 4, and 5, are effective August 1, 2013, for foreclosures with a notice of pendency under Minnesota Statutes, section 580.032, or a lis pendens for a foreclosure under Minnesota Statutes, chapter 581, recorded on or after August 1, 2013.

Section 2 is effective August 1, 2013.

Section 3 is effective August 1, 2013, for foreclosures with a notice of pendency under Minnesota Statutes, section 580.032, or a lis pendens for a foreclosure under Minnesota Statutes, chapter 581, recorded on or after August 1, 2013, except that subdivision 6 is effective October 31, 2013."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. 1276 was read the third time, as amended, and placed on its final passage.

Senator Hayden moved that those not voting be excused from voting. The motion prevailed.

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

The roll was called, and there were yeas 61 and nays 1, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Petersen, B.

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

SPECIAL ORDER

S.F. No. 796: A bill for an act relating to natural resources; modifying game and fish laws; modifying trespassing laws; providing for certain license seizure; modifying fees; modifying invasive species laws; modifying watercraft provisions; modifying exemptions for the Minnesota Zoological Garden; requiring rulemaking; amending Minnesota Statutes 2012, sections 84.027, subdivision 13, by adding subdivisions; 84D.01, subdivision 15a; 84D.03, subdivision 4; 84D.09; 84D.10, subdivisions 1, 4; 84D.105, subdivision 2; 84D.11, by adding subdivisions; 84D.13, subdivision 2, by adding a subdivision; 85A.02, subdivision 10; 86B.005, subdivision 18, by adding subdivisions; 86B.13, by adding a subdivision; 86B.301, subdivision 2; 86B.501, subdivision 1; 86B.825, subdivision 2; 97A.051, subdivision 2; 97A.135, subdivision 3; 97A.420, subdivision 1; 97A.441, subdivision 6; 97A.445, subdivision 1; 97A.451, subdivisions 3, 3b, 4, 5, by adding a subdivision; 97A.475, subdivisions 2, 3, 8; 97A.485, subdivision 6; 97B.001, subdivisions 3, 4; 97B.0215; 97B.022, subdivision 2; 97B.031, subdivision 5; 97B.055, subdivision 2; 97B.071; 97B.112; 97C.341; 97C.345, subdivisions 1, 2; 97C.376, subdivisions 1, 2, 3; repealing Minnesota Statutes 2012, sections 84D.01, subdivision 22; 97A.451, subdivision 4a; 97C.346.

Senator Senjem moved to amend S.F. No. 796 as follows:

Page 25, after line 18, insert:

"Sec. 51. Minnesota Statutes 2012, section 299F.011, is amended by adding a subdivision to read:

Subd. 4d. **Single-family dwelling; fire sprinklers.** (a) The State Building Code, the State Fire Code, or a political subdivision of the state by code, by ordinance, as a condition of receiving public funding, or in any other way, must not require the installation of fire sprinklers, any fire sprinkler system components, or automatic fire-extinguishing equipment or devices in any new or existing single-family detached dwelling unit.

(b) This subdivision does not affect or limit a requirement for smoke or fire detectors, alarms, or their components.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 796 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 60 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Clausen	Fischbach	Hayden	Koenen
Benson	Cohen	Franzen	Hoffman	Latz
Bonoff	Dahle	Gazelka	Housley	Limmer
Brown	Dahms	Goodwin	Ingebrigtsen	Lourey
Carlson	Dibble	Hall	Jensen	Marty
Chamberlain	Dziedzic	Hann	Kent	Metzen
Champion	Eken	Hawj	Kiffmeyer	Miller

Nelson	Pappas	Rosen	Senjem	Tomassoni
Newman	Pederson, J.	Ruud	Sheran	Torres Ray
Nienow	Petersen, B.	Saxhaug	Sparks	Weber
Ortman	Pratt	Scalze	Stumpf	Westrom
Osmek	Reinert	Schmit	Thompson	Wiklund

Those who voted in the negative were:

Bakk	Eaton	Rest	Sieben	Skoe

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

SPECIAL ORDER

S.F. No. 460: A bill for an act relating to human services; modifying provisions related to children and family services; changing data practices provisions; changing provisions related to contractual agreements with tribes, child care programs, community action agencies, general assistance, group residential housing, the Minnesota family investment program, and reporting maltreatment; amending Minnesota Statutes 2012, sections 13.46, subdivision 2; 119B.02, subdivision 2; 119B.09, subdivisions 6, 13; 256D.05, by adding a subdivision; 256D.405, subdivision 1; 256E.30, by adding a subdivision; 256I.04, subdivision 1a; 256J.09, subdivision 3; 256J.20, subdivision 3; 256J.21, subdivision 2; 256J.24, subdivision 3; 256J.30, subdivisions 4, 12; 256J.32, subdivisions 6, 8; 256J.38, subdivision 6; 256J.49, subdivision 13; 256J.521, subdivisions 1, 2; 256J.53, subdivisions 2, 5; 256J.621; 256J.626, subdivisions 5, 6, 7, 8; 256J.67; 256J.68, subdivisions 1, 2, 4, 7, 8; 256J.751, subdivision 2; 256K.26, subdivision 4; 260C.503, subdivision 2; 260C.615; 626.556, subdivisions 2, 7, 11c; 626.5561, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 260D.

Senator Chamberlain moved to amend S.F. No. 460 as follows:

Page 6, after line 8, insert:

"Sec. 2. **[119B.012] ANNUAL EVALUATION.**

The commissioner of human services shall annually on July 1 from 2014 to 2019, determine whether the number of family child care providers is less than the number of family child care providers on July 1 of the prior year. If it is less, then authority to charge membership dues or fair share fees to, or on behalf of, family child care providers under chapter 179A is immediately revoked. For purposes of this section, "family child care providers" means an individual, either licensed or unlicensed, who provides legal child care services as defined under section 245A.03, except for providers licensed under Minnesota Rules, chapter 9503, or excluded from licensure under section 245A.03, subdivision 2, paragraph (a), clause (5), and who receives child care assistance to subsidize child care services for a child or children currently in their care, under sections 119B.03; 119B.05; and 119B.011, subdivisions 20 and 20a."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Hayden questioned whether the amendment was germane.

CALL OF THE SENATE

Senator Champion imposed a call of the Senate for the balance of the proceedings on S.F. No. 460. The Sergeant at Arms was instructed to bring in the absent members.

The President ruled that the Chamberlain amendment was germane.

The question was taken on the adoption of the Chamberlain amendment.

The roll was called, and there were yeas 28 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Miller	Pederson, J.	Sheran
Benson	Hall	Nelson	Petersen, B.	Thompson
Bonoff	Housley	Newman	Pratt	Weber
Brown	Ingebrigtsen	Nienow	Rosen	Westrom
Chamberlain	Kiffmeyer	Ortman	Ruud	
Dahms	Limmer	Osmek	Senjem	

Those who voted in the negative were:

Carlson	Eken	Johnson	Pappas	Skoe
Champion	Franzen	Kent	Reinert	Sparks
Clausen	Goodwin	Koenen	Rest	Stumpf
Dahle	Hawj	Latz	Saxhaug	Tomassoni
Dibble	Hayden	Lourey	Scalze	Torres Ray
Dziedzic	Hoffman	Marty	Schmit	Wiger
Eaton	Jensen	Metzen	Sieben	Wiklund

The motion did not prevail. So the amendment was not adopted.

S.F. No. 460 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 894: A bill for an act relating to health; making changes to resident reimbursement classifications; amending Minnesota Statutes 2012, section 144.0724.

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 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1340: A bill for an act relating to human services; modifying provisions related to licensing data, human services licensing, child care programs, financial fraud and abuse investigations, and vendors of chemical dependency treatment services; modifies background studies; amending Minnesota Statutes 2012, sections 13.46, subdivisions 3, 4; 119B.125, subdivision 1b; 168.012, subdivision 1; 245A.02, subdivision 5a; 245A.04, subdivisions 1, 5, 11; 245A.06, subdivision 1; 245A.07, subdivisions 2, 3, by adding a subdivision; 245A.08, subdivisions 2a, 5a; 245A.146, subdivisions 3, 4; 245A.50, subdivision 4; 245A.65, subdivision 1; 245A.66, subdivision 1; 245B.02, subdivision 10; 245B.04; 245B.05, subdivisions 1, 7; 245B.07, subdivisions 5, 9, 10; 245C.04; 245C.05, subdivision 6; 245C.08, subdivision 1; 245C.16, subdivision 1; 245C.20, subdivision 1; 245C.22, subdivision 1; 245C.23, subdivision 2; 245C.28, subdivisions 1, 3; 245C.29, subdivision 2; 254B.05, subdivision 5; 256.01, subdivision 18d; 256.045, subdivision 3b; 268.19, subdivision 1; 471.346; proposing coding for new law in Minnesota Statutes, chapter 245A; repealing Minnesota Statutes 2012, sections 245B.02, subdivision 8a; 245B.07, subdivision 7a.

Senator Hayden moved to amend S.F. No. 1340 as follows:

Page 13, after line 19, insert:

"Sec. 8. Minnesota Statutes 2012, section 245A.07, subdivision 2a, is amended to read:

Subd. 2a. **Immediate suspension expedited hearing.** (a) Within five working days of receipt of the license holder's timely appeal, the commissioner shall request assignment of an administrative law judge. The request must include a proposed date, time, and place of a hearing. A hearing must be conducted by an administrative law judge within 30 calendar days of the request for assignment, unless an extension is requested by either party and granted by the administrative law judge for good cause. The commissioner shall issue a notice of hearing by certified mail or personal service at least ten working days before the hearing. The scope of the hearing shall be limited solely to the issue of whether the temporary immediate suspension should remain in effect pending the commissioner's final order under section 245A.08, regarding a licensing sanction issued under subdivision 3 following the immediate suspension. The burden of proof in expedited hearings under this subdivision shall be limited to the commissioner's demonstration that reasonable cause exists to believe that the license holder's actions or failure to comply with applicable law or rule poses, or if the actions of other individuals or conditions in the program poses an imminent risk of harm to the health, safety, or rights of persons served by the program. "Reasonable cause" means there exist specific articulable facts or circumstances which provide the commissioner with a reasonable suspicion that there is an imminent risk of harm to the health, safety, or rights of persons served by the program.

(b) The administrative law judge shall issue findings of fact, conclusions, and a recommendation within ten working days from the date of hearing. The parties shall have ten calendar days to submit exceptions to the administrative law judge's report. The record shall close at the end of the ten-day period for submission of exceptions. The commissioner's final order shall be issued within ten working days from the close of the record. When an appeal of a temporary immediate suspension is withdrawn or dismissed, the commissioner shall issue a final order affirming the temporary immediate suspension within ten calendar days of the commissioner's receipt of the withdrawal or dismissal. Within 90 calendar days after a final order affirming an immediate suspension, the commissioner shall make a determination regarding whether a final licensing sanction shall be issued under subdivision 3. The license holder shall continue to be prohibited from operation of the program during this 90-day period.

(c) When the final order under paragraph (b) affirms an immediate suspension, and a final licensing sanction is issued under subdivision 3 and the license holder appeals that sanction, the license holder continues to be prohibited from operation of the program pending a final commissioner's order under section 245A.08, subdivision 5, regarding the final licensing sanction."

Page 21, delete section 15

Page 44, line 26, after the period, insert "Fingerprints collected under this paragraph shall not be saved by the commissioner after they have been used to verify the identity of the background study subject against the particular criminal record in question."

Page 52, after line 3, insert:

"Sec. 12. **BACKGROUND STUDY REVIEW.**

(a) The Office of the Legislative Auditor is requested to conduct a review of the background study provisions contained in Minnesota Statutes, chapter 245C. The review should include:

(1) the appropriateness of the statutory list of disqualifying crimes and their various lookback periods;

(2) the agency authority to disqualify an individual who has no conviction, but for whom the commissioner has determined there is a preponderance of the evidence that the individual committed the disqualifying offense;

(3) the role of expungement in the agency's access to criminal records; the impact and justification for the lifetime bar of some disqualified individuals based on certain criminal offenses or alleged offenses;

(4) the available and relevant data on the demographics of applicants and those disqualified, such as race and gender; and

(5) set-aside and variance policies.

(b) As part of the review process, the auditor shall collect information from impacted stakeholders, including individuals who have been disqualified and those who represent individuals in the background study process. The legislative auditor is requested to submit the results of the review to the Legislative Audit Commission and the chairs of the senate and house of representatives policy committees having jurisdiction over the Department of Human Services background studies activities by January 1, 2014."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1340 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 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 946, 392, 647 and 792.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 16, 2013

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 946: A bill for an act relating to public safety; providing immunity for underage possession or consumption of alcohol for a person contacting 911 to seek assistance for another; amending Minnesota Statutes 2012, section 340A.503, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 744, now on General Orders.

H.F. No. 392: A bill for an act relating to judiciary; modifying provisions governing records in juvenile court proceedings; amending Minnesota Statutes 2012, section 260B.171, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 286, now on General Orders.

H.F. No. 647: A bill for an act relating to commerce; renaming the division of insurance fraud; regulating subpoenas issued by the commissioner; modifying certain continuing education requirements; requiring and regulating an annual statement of actuarial opinions of reserves and supporting documentation of property and casualty companies; modifying risk-based capital requirements for certain insurers; regulating certain coverages; prohibiting certain exclusions; modifying no-fault benefits and coverages, arbitration, and health claims appeals; modifying funding provisions for workers' compensation self-insurance plans; regulating real estate appraiser licenses; modifying service requests in connection with Public Utility Commission matters; modifying petroleum product specifications; repealing certain unnecessary laws; amending Minnesota Statutes 2012, sections 45.0135; 45.027, subdivision 2; 45.307; 45.43; 60A.62, subdivision 1; 65B.44, subdivisions 3, 4; 65B.525, subdivision 1; 65B.54, by adding a subdivision; 72A.327; 79A.04, subdivision 3a; 82B.08, by adding a subdivision; 82B.094; 82B.095, subdivision 2; 82B.10, subdivision 1; 82B.13, subdivisions 1, 4, 5, 8, by adding a subdivision; 216.17, subdivisions 2, 4; 216B.18; 239.761, subdivision 8, as amended; 299C.40, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 60A; repealing Minnesota Statutes 2012, sections 82B.095, subdivision 1; 115C.09, subdivision 3k; Laws 2000, chapter 488, article 3, section 37.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 650, now on General Orders.

H.F. No. 792: A bill for an act relating to civil actions; prohibiting waivers of liability for negligent conduct; proposing coding for new law in Minnesota Statutes, chapter 604.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 768, now on General Orders.

MEMBERS EXCUSED

Senator Pratt was excused from the Session of today from 2:15 to 2:45 p.m. Senator Wiger was excused from the Session of today from 3:00 to 7:30 p.m. Senator Skoe was excused from the Session of today from 3:45 to 6:00 p.m. Senator Bakk was excused from the Session of today from 3:45 to 6:00 p.m. and from 7:20 to 8:40 p.m. Senator Fischbach was excused from the Session of today from 8:00 to 8:30 p.m. Senator Hann was excused from the Session of today from 8:15 to 8:45 p.m. Senator Nelson was excused from the Session of today from 8:35 to 8:45 p.m.

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 11:00 a.m., Friday, May 17, 2013. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate