

FORTY-SIXTH DAY

St. Paul, Minnesota, Friday, April 24, 2015

The Senate met at 12:00 noon 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.

The members of the Senate paused for a moment of silent prayer and reflection.

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

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 23, 2015

The Honorable Sandra L. Pappas
President of the Senate

Dear Madam President:

Please be advised that I have received, approved, signed and deposited in the Office of the Secretary of State, Chapter 8, S.F. No 1563.

Sincerely,
Mark Dayton, Governor

April 23, 2015

The Honorable Kurt L. Daudt
Speaker of the House of Representatives

The Honorable Sandra L. Pappas
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2015 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2015	Date Filed 2015
1563		8	3:40 p.m. April 23	April 23

Sincerely,
Steve Simon
Secretary of State

April 23, 2015

The Honorable Sandra L. Pappas
President of the Senate

Dear Senator Pappas:

Pursuant to Rule 10.6 of the Rules of the Senate, we hereby make the following changes in committee membership:

Committee on Finance - delete Senator Goodwin and add Senator Johnson.

Thank you for your attention to this matter.

Sincerely,
Thomas M. Bakk, Chair
Committee on Rules and Administration
Senate District 3

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

Subd. 2. Protection Services 17,958,000 18,677,000

<u>Appropriations by Fund</u>		
	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>17,380,000</u>	<u>18,099,000</u>
<u>Agricultural</u>	<u>190,000</u>	<u>190,000</u>
<u>Remediation</u>	<u>388,000</u>	<u>388,000</u>

\$388,000 the first year and \$388,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

\$300,000 the first year and \$250,000 the second year are for compensation for destroyed or crippled animals under Minnesota Statutes, section 3.737. This appropriation may be spent to compensate for animals that were destroyed or crippled during fiscal years 2014 and 2015. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

\$50,000 the first year and \$50,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

\$225,000 the first year and \$225,000 the second year are for deposit in the noxious weed and invasive plant species assistance account established under Minnesota Statutes, section 18.89, to be used to

implement the noxious weed grant program under Minnesota Statutes, section 18.90.

Notwithstanding Minnesota Statutes, section 18B.05, \$90,000 the first year and \$90,000 the second year are from the pesticide regulatory account in the agricultural fund for an increase in the operating budget for the Laboratory Services Division.

\$100,000 the first year and \$100,000 the second year are from the pesticide regulatory account in the agricultural fund to update and modify applicator education and training materials.

\$3,475,000 the first year and \$4,244,000 the second year are for increased protection services.

Subd. 3. Agricultural Marketing and Development

4,823,000

3,873,000

\$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for Minnesota grown grants in this paragraph are available until June 30, 2019.

\$634,000 the first year and \$634,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a detailed accomplishment

report and a work plan detailing future plans for, and anticipated accomplishments from, expenditures under this program to the chairs and ranking minority members of the legislative committees with jurisdiction over agricultural policy and finance on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs and ranking minority members.

The commissioner may use money appropriated in this subdivision for annual cost-share payments to resident farmers or entities that sell, process, or package agricultural products in this state for the costs of organic certification. The commissioner may allocate these funds for assistance for persons transitioning from conventional to organic agriculture.

\$100,000 the first year is to (1) enhance the commissioner's efforts to identify existing and emerging opportunities for Minnesota's agricultural producers and processors to export their products to Cuba, consistent with federal law, and (2) effectively communicate these opportunities to the producers and processors. This is a onetime appropriation.

\$350,000 the first year is for grants to communities to develop or expand food hubs and other alternative community-based food distribution systems. Of this amount, \$50,000 is for the commissioner to consult with existing food hubs, alternative community-based food distribution systems, and University of Minnesota Extension to identify best practices for use by other Minnesota communities. No later than December 15, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture and health regarding the status of emerging alternative community-based food distribution systems in the state along with recommendations to eliminate any barriers to success. This is a onetime appropriation.

\$500,000 the first year is for urban agriculture development grants under Minnesota Statutes, section 17.1095. This is a onetime appropriation.

Subd. 4. Bioenergy and Value-Added Agriculture

7,235,000

7,235,000

\$6,235,000 the first year and \$6,235,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. No later than February 1, 2016, and February 1, 2017, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance regarding the commissioner's accomplishments and anticipated accomplishments in the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify products; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms, including loans under Minnesota Statutes, section 41B.056; research on conventional and cover crops; sustainable agriculture on farm research and demonstration; and research on bioenergy, biobased content, or biobased formulated products and other renewable energy development.

The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants in this subdivision are available until June 30, 2019.

Money appropriated in this subdivision may be used for grants under this paragraph. The NextGen Energy Board, established in Minnesota Statutes, section 41A.105, shall make recommendations to the commissioner on grants for owners of Minnesota facilities producing bioenergy, biobased content, or a biobased formulated product; for organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse strands of prairie plants and other perennials for bioenergy systems; or for certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material, as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic materials via gasification or other processes. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy, biobased content, or biobased formulated product production or \$500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The board shall make a good-faith effort to select projects that have merit and, when taken together, represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer provide certification on the technology and fuel source. Grantees must provide reports at the request of the commissioner.

Notwithstanding Minnesota Statutes, section 41A.12, subdivision 3, of the amount appropriated in this subdivision, \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture.

Of the amount appropriated in this subdivision, up to \$2,500,000 the first year and \$2,500,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.14, 41A.15, and 41A.16. Up to 4.5 percent of the amount available under this paragraph may be used for administration of the incentive payments.

Subd. 5. Administration and Financial Assistance 15,948,000 15,833,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>15,148,000</u>	<u>15,033,000</u>
<u>Agricultural</u>	<u>800,000</u>	<u>800,000</u>

\$47,000 the first year and \$47,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

\$18,000 the first year and \$18,000 the second year are for a grant to the Minnesota Livestock Breeders Association.

\$235,000 the first year and \$235,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

\$474,000 the first year and \$474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations shall be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

\$1,000 the first year and \$1,000 the second year are for grants to the Minnesota State Poultry Association.

\$108,000 the first year and \$108,000 the second year are for annual grants to the Minnesota Turf Seed Council for basic

and applied research on: (1) the improved production of forage and turf seed related to new and improved varieties; and (2) native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research.

\$500,000 the first year and \$500,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Second Harvest food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses.

\$500,000 the first year and \$500,000 the second year are for grants to Second Harvest Heartland on behalf of the six Feeding America food banks that serve Minnesota to compensate agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits,

vegetables, or other agricultural commodities that would otherwise go unharvested, be discarded, or be sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible to receive food from the food banks. Surplus food acquired under this appropriation must be from Minnesota producers and processors. Second Harvest Heartland must report when required by, and in the form prescribed by, the commissioner. Second Harvest Heartland may use up to 11 percent of any grant received for administrative expenses, and up to four percent to reimburse for transportation expenses.

\$94,000 the first year and \$94,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for statewide mental health counseling support to farm families and business operators through farm business management programs at Central Lakes College and Ridgewater College.

\$17,000 the first year and \$17,000 the second year are for grants to the Minnesota Horticultural Society.

\$25,000 the first year is for the livestock industry study required in this act. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 18C.131, \$800,000 the first year and \$800,000 the second year are from the fertilizer account in the agricultural fund for grants for fertilizer research as awarded by the Minnesota Agricultural Fertilizer Research and Education Council under Minnesota Statutes, section 18C.71. The amount appropriated in either fiscal year must not exceed 57 percent of the inspection fee revenue collected under Minnesota Statutes, section 18C.425, subdivision 6, during the previous fiscal year. No later than February 1, 2017, the commissioner shall report to the legislative committees with jurisdiction

over agriculture finance. The report must include the progress and outcome of funded projects as well as the sentiment of the council concerning the need for additional research funds.

\$8,500,000 the first year and \$8,500,000 the second year are for transfer to the fund created in Minnesota Statutes, section 41A.18, subdivision 2. Of these amounts:

(1) at least \$2,000,000 each year is for agriculture rapid response under Minnesota Statutes, section 41A.18, subdivision 1, clause (2);

(2) at least \$1,000,000 each year is for agricultural education under Minnesota Statutes, section 41A.18, subdivision 1, clause (3); and

(3) at least \$500,000 each year is for farm business management under Minnesota Statutes, section 41A.18, subdivision 1, clause (3).

To the extent practicable, funds expended under Minnesota Statutes, section 41A.18, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The base amount for this program in fiscal year 2018 and thereafter is \$3,500,000.

\$300,000 the first year is for grants to the director of the University of Minnesota Extension for a grant program to expand the Takeoff 4-H Science, Technology, Engineering, Arts, and Mathematics (STEAM) Club for Somali youth throughout Minnesota. The University of Minnesota Extension may use a portion of each grant for grant administration and direct costs related to the Takeoff 4-H STEAM partnership between the University of Minnesota Extension and Ka Joog.

Sec. 3. BOARD OF ANIMAL HEALTH

\$

5,318,000 \$

5,384,000

Sec. 4. **AGRICULTURAL UTILIZATION****RESEARCH INSTITUTE**

\$	<u>2,643,000</u>	\$	<u>2,643,000</u>
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ARTICLE 2**AGRICULTURE STATUTORY CHANGES**

Section 1. Minnesota Statutes 2014, section 13.643, subdivision 1, is amended to read:

Subdivision 1. **Department of Agriculture data.** (a) **Loan and grant applicant data.** The following data on applicants, collected by the Department of Agriculture in its sustainable agriculture revolving loan and grant programs under ~~sections 17.115 and section 17.116~~, are private or nonpublic: nonfarm income; credit history; insurance coverage; machinery and equipment list; financial information; and credit information requests.

(b) **Farm advocate data.** The following data supplied by farmer clients to Minnesota farm advocates and to the Department of Agriculture are private data on individuals: financial history, including listings of assets and debts, and personal and emotional status information.

Sec. 2. **[17.1095] PILOT URBAN AGRICULTURE DEVELOPMENT GRANTS.**

Subdivision 1. **Establishment.** (a) The commissioner shall establish and administer a pilot grant program to provide financial and technical assistance to cities, organizations, or individuals for urban agriculture projects. Grant applications must be submitted to the commissioner on forms provided by the commissioner. The commissioner shall award grants to meritorious projects within the limits of available funding.

(b) For purposes of this section, "eligible city" means a Minnesota home rule or statutory city located in:

- (1) the seven-county metropolitan area, as defined under section 473.121, subdivision 2; or
- (2) the core county or counties of a metropolitan statistical area.

(c) The commissioner shall take steps to ensure that eligible organizations serving ethnic communities are made aware of the grant and that they are encouraged to apply.

Subd. 2. **Grants to organizations or individuals.** The commissioner shall solicit grant applications from individuals and organizations for projects located in urban agriculture development zones in eligible cities. The commissioner shall rank applications based on the project's ability to:

- (1) increase fresh food access, including access to affordable organic foods, to improve both local and regional food security through the development of urban agriculture projects; and
- (2) reduce or eliminate health disparities related to food access.

Subd. 3. **Grants to cities.** The commissioner shall solicit grant applications from eligible cities that have adopted a zoning ordinance that designates urban agriculture development zones. Applicant cities must certify to the commissioner that the ordinance will remain in effect for at least ten years and must repay any grant funds received under this section if the ordinance is repealed or amended to prohibit urban agriculture during the ten-year period.

Subd. 4. **Expiration.** This section expires July 1, 2018.

Sec. 3. Minnesota Statutes 2014, section 18B.01, subdivision 28, is amended to read:

Subd. 28. **Structural pest.** "Structural pest" means a ~~an~~ invertebrate pest, other than a plant, or commensal rodent in, on, under, or near a structure such as a residential or commercial building.

Sec. 4. Minnesota Statutes 2014, section 18B.01, subdivision 29, is amended to read:

Subd. 29. **Structural pest control.** "Structural pest control" means the control of any structural pest through the use of a device, a procedure, or application of pesticides or through other means in or around a building or other structures, including trucks, boxcars, ships, aircraft, docks, and fumigation vaults, and the business activity related to use of a device, a procedure, or application of a pesticide.

Sec. 5. Minnesota Statutes 2014, section 18B.32, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not engage in structural pest control applications:

(1) for hire without a structural pest control license; and

(2) as a sole proprietorship, company, partnership, or corporation unless the person is or employs a licensed master in structural pest control operations.

(b) A structural pest control licensee must have a valid license identification card when applying to purchase a restricted use pesticide or apply pesticides for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

(c) Notwithstanding the licensing requirements of this subdivision, a person may control the following nuisance or economically damaging wild animals, by trapping, without a structural pest control license:

(1) fur-bearing animals, as defined in section 97A.015, with a valid trapping license or special permit from the commissioner of natural resources; and

(2) skunks, woodchucks, gophers, porcupines, coyotes, moles, and weasels.

Sec. 6. Minnesota Statutes 2014, section 18B.33, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire without a commercial applicator license for the appropriate use categories or a structural pest control license.

(b) A commercial applicator licensee must have a valid license identification card when applying to purchase a restricted use pesticide or apply pesticides for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The commissioner shall prescribe the information required on the license identification card.

Sec. 7. Minnesota Statutes 2014, section 18B.34, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator, certified private applicator, or licensed structural pest control applicator, a person, including a government employee, may not purchase or use a restricted use pesticide in performance of official duties without having a noncommercial applicator license for an appropriate use category.

(b) A licensee must have a valid license identification card when applying pesticides and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

Sec. 8. Minnesota Statutes 2014, section 18G.10, subdivision 3, is amended to read:

Subd. 3. **Cooperative agreements.** The commissioner may enter into cooperative agreements with federal and state agencies for administration of the export certification program. ~~An exporter of plants or plant products desiring to originate shipments from Minnesota to a foreign country requiring a phytosanitary certificate or export certificate must submit an application to the commissioner.~~

Sec. 9. Minnesota Statutes 2014, section 18G.10, subdivision 4, is amended to read:

Subd. 4. **Phytosanitary and export certificates.** An exporter of plants or plant products desiring to originate shipments from Minnesota to a foreign country requiring a phytosanitary certificate or export certificate must submit an application to the commissioner. Application for phytosanitary certificates or export certificates must be made on forms provided or approved by the commissioner. The commissioner ~~shall~~ may conduct inspections of plants, plant products, or facilities for persons that have applied for or intend to apply for a phytosanitary certificate or export certificate from the commissioner. ~~Inspections must include one or more of the following as requested or required:~~

~~(1) an inspection of the plants or plant products intended for export under a phytosanitary certificate or export certificate;~~

~~(2) field inspections of growing plants to determine presence or absence of plant diseases, if necessary;~~

~~(3) laboratory diagnosis for presence or absence of plant diseases, if necessary;~~

~~(4) observation and evaluation of procedures and facilities utilized in handling plants and plant products, if necessary; and~~

~~(5) review of United States Department of Agriculture, Federal Grain Inspection Service Official Export Grain Inspection Certificate logs.~~

The commissioner may issue a phytosanitary certificate or export certificate if the plants or plant products satisfactorily meet the requirements of the importing foreign country and the United States Department of Agriculture requirements. The requirements of the destination countries must be met by the applicant.

Sec. 10. Minnesota Statutes 2014, section 18H.02, subdivision 20, is amended to read:

Subd. 20. **Nursery stock.** "Nursery stock" means a plant intended for planting or propagation, including, but not limited to, trees, shrubs, vines, perennials, biennials, grafts, cuttings, and buds that may be sold for propagation, whether cultivated or wild, and all viable parts of these plants. Nursery stock does not include:

(1) field and forage crops or sod;

(2) ~~the seeds of grasses, cereal grains, vegetable crops, and flowers;~~

(3) vegetable plants, bulbs, or tubers;

- (4) cut flowers, unless stems or other portions are intended for propagation;
- (5) annuals; or
- (6) Christmas trees.

Sec. 11. Minnesota Statutes 2014, section 18H.02, is amended by adding a subdivision to read:

Subd. 32a. **Sod.** "Sod" means the upper portion of soil that contains the roots of grasses and the living grass plants.

Sec. 12. Minnesota Statutes 2014, section 18H.02, is amended by adding a subdivision to read:

Subd. 35. **Tropical plant.** "Tropical plant" means a plant that has a United States Department of Agriculture hardiness zone designation of zone 6 or greater, or an annual minimum hardiness temperature of -9 degrees Fahrenheit.

Sec. 13. Minnesota Statutes 2014, section 18H.06, subdivision 2, is amended to read:

Subd. 2. **Occasional sales.** (a) An individual may offer nursery stock for sale and be exempt from the requirement to obtain a nursery stock dealer certificate if:

- (1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;
 - (2) all nursery stock sold or distributed by the individual is intended for planting in Minnesota;
 - (3) all nursery stock purchased or procured for resale or distribution was grown in Minnesota and has been certified by the commissioner; and
 - (4) conducts sales or distributions of nursery stock on ten or fewer days in a calendar year.
- (b) The commissioner may prescribe the conditions of the exempt nursery sales under this subdivision and may conduct routine inspections of the nursery stock offered for sale.

Sec. 14. Minnesota Statutes 2014, section 18J.01, is amended to read:

18J.01 DEFINITIONS.

(a) The definitions in sections 18G.02, 18H.02, 18K.03, 27.01, 223.16, 231.01, and 232.21 apply to this chapter.

(b) For purposes of this chapter, "associated rules" means rules adopted under this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232, or sections 21.80 to 21.92.

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

Sec. 15. Minnesota Statutes 2014, section 18J.02, is amended to read:

18J.02 DUTIES OF COMMISSIONER.

The commissioner shall administer and enforce this chapter, chapters 18G, 18H, 18K, 27, 223, 231, and 232; sections 21.80 to 21.92; and associated rules.

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

Sec. 16. Minnesota Statutes 2014, section 18J.03, is amended to read:

18J.03 CIVIL LIABILITY.

A person regulated by this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232, or sections 21.80 to 21.92, is civilly liable for any violation of one of those statutes or associated rules by the person's employee or agent.

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

Sec. 17. Minnesota Statutes 2014, section 18J.04, subdivision 1, is amended to read:

Subdivision 1. **Access and entry.** The commissioner, upon presentation of official department credentials, must be granted immediate access at reasonable times to sites where a person manufactures, distributes, uses, handles, disposes of, stores, or transports seeds, plants, grain, household goods, general merchandise, produce, or other living or nonliving products or other objects regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

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

Sec. 18. Minnesota Statutes 2014, section 18J.04, subdivision 2, is amended to read:

Subd. 2. **Purpose of entry.** (a) The commissioner may enter sites for:

(1) inspection of inventory and equipment for the manufacture, storage, handling, distribution, disposal, or any other process regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

(2) sampling of sites, seeds, plants, products, grain, household goods, general merchandise, produce, or other living or nonliving objects that are manufactured, stored, distributed, handled, or disposed of at those sites and regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

(3) inspection of records related to the manufacture, distribution, storage, handling, or disposal of seeds, plants, products, grain, household goods, general merchandise, produce, or other living or nonliving objects regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

(4) investigating compliance with chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules; or

(5) other purposes necessary to implement chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

(b) The commissioner may enter any public or private premises during or after regular business hours without notice of inspection when a suspected violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules may threaten public health or the environment.

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

Sec. 19. Minnesota Statutes 2014, section 18J.04, subdivision 3, is amended to read:

Subd. 3. **Notice of inspection samples and analyses.** (a) The commissioner shall provide the owner, operator, or agent in charge with a receipt describing any samples obtained. If requested, the commissioner shall split any samples obtained and provide them to the owner, operator, or agent in charge. If an analysis is made of the samples, a copy of the results of the analysis must be furnished to the owner, operator, or agent in charge within 30 days after an analysis has been performed. If an analysis is not performed, the commissioner must notify the owner, operator, or agent in charge within 30 days of the decision not to perform the analysis.

(b) The sampling and analysis must be done according to methods provided for under applicable provisions of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules. In cases not covered by those sections and methods or in cases where methods are available in which improved applicability has been demonstrated the commissioner may adopt appropriate methods from other sources.

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

Sec. 20. Minnesota Statutes 2014, section 18J.04, subdivision 4, is amended to read:

Subd. 4. **Inspection requests by others.** (a) A person who believes that a violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules has occurred may request an inspection by giving notice to the commissioner of the violation. The notice must be in writing, state with reasonable particularity the grounds for the notice, and be signed by the person making the request.

(b) If after receiving a notice of violation the commissioner reasonably believes that a violation has occurred, the commissioner shall make a special inspection in accordance with the provisions of this section as soon as practicable, to determine if a violation has occurred.

(c) An inspection conducted pursuant to a notice under this subdivision may cover an entire site and is not limited to the portion of the site specified in the notice. If the commissioner determines that reasonable grounds to believe that a violation occurred do not exist, the commissioner must notify the person making the request in writing of the determination.

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

Sec. 21. Minnesota Statutes 2014, section 18J.05, subdivision 1, is amended to read:

Subdivision 1. **Enforcement required.** (a) A violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or an associated rule is a violation of this chapter.

(b) Upon the request of the commissioner, county attorneys, sheriffs, and other officers having authority in the enforcement of the general criminal laws must take action to the extent of their authority necessary or proper for the enforcement of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules or valid orders, standards, stipulations, and agreements of the commissioner.

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

Sec. 22. Minnesota Statutes 2014, section 18J.05, subdivision 2, is amended to read:

Subd. 2. **Commissioner's discretion.** If minor violations of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules occur or the commissioner believes the

public interest will be best served by a suitable notice of warning in writing, this section does not require the commissioner to:

- (1) report the violation for prosecution;
- (2) institute seizure proceedings; or
- (3) issue a withdrawal from distribution, stop-sale, or other order.

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

Sec. 23. Minnesota Statutes 2014, section 18J.05, subdivision 6, is amended to read:

Subd. 6. **Agent for service of process.** All persons licensed, permitted, registered, or certified under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules must appoint the commissioner as the agent upon whom all legal process may be served and service upon the commissioner is deemed to be service on the licensee, permittee, registrant, or certified person.

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

Sec. 24. Minnesota Statutes 2014, section 18J.06, is amended to read:

18J.06 FALSE STATEMENT OR RECORD.

A person must not knowingly make or offer a false statement, record, or other information as part of:

- (1) an application for registration, license, certification, or permit under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;
- (2) records or reports required under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules; or
- (3) an investigation of a violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

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

Sec. 25. Minnesota Statutes 2014, section 18J.07, subdivision 3, is amended to read:

Subd. 3. **Cancellation of registration, permit, license, certification.** The commissioner may cancel or revoke a registration, permit, license, or certification provided for under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules or refuse to register, permit, license, or certify under provisions of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules if the registrant, permittee, licensee, or certified person has used fraudulent or deceptive practices in the evasion or attempted evasion of a provision of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

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

Sec. 26. Minnesota Statutes 2014, section 18J.07, subdivision 4, is amended to read:

Subd. 4. **Service of order or notice.** (a) If a person is not available for service of an order, the commissioner may attach the order to the facility, site, seed or seed container, plant or other living

or nonliving object regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules and notify the owner, custodian, other responsible party, or registrant.

(b) The seed, seed container, plant, or other living or nonliving object regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules may not be sold, used, tampered with, or removed until released under conditions specified by the commissioner, by an administrative law judge, or by a court.

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

Sec. 27. Minnesota Statutes 2014, section 18J.07, subdivision 5, is amended to read:

Subd. 5. **Unsatisfied judgments.** (a) An applicant for a license, permit, registration, or certification under provisions of this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules may not allow a final judgment against the applicant for damages arising from a violation of those statutes or rules to remain unsatisfied for a period of more than 30 days.

(b) Failure to satisfy, within 30 days, a final judgment resulting from a violation of this chapter results in automatic suspension of the license, permit, registration, or certification.

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

Sec. 28. Minnesota Statutes 2014, section 18J.09, is amended to read:

18J.09 CREDITING OF PENALTIES, FEES, AND COSTS.

Penalties, cost reimbursements, fees, and other money collected under this chapter must be deposited into the state treasury and credited to the appropriate nursery and phytosanitary, industrial hemp, or seed account.

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

Sec. 29. Minnesota Statutes 2014, section 18J.11, subdivision 1, is amended to read:

Subdivision 1. **General violation.** Except as provided in subdivisions 2 and, 3, and 4, a person is guilty of a misdemeanor if the person violates this chapter or an order, standard, stipulation, agreement, or schedule of compliance of the commissioner.

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

Sec. 30. Minnesota Statutes 2014, section 18J.11, is amended by adding a subdivision to read:

Subd. 4. **Controlled substance offenses.** Prosecution under this section does not preclude prosecution under chapter 152.

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

Sec. 31. **[18K.01] SHORT TITLE.**

This chapter may be referred to as the "Industrial Hemp Development Act."

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

Sec. 32. **[18K.03] DEFINITIONS.**

Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of agriculture.

Subd. 3. **Industrial hemp.** "Industrial hemp" means the plant Cannabis sativa L. and any part of the plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis. Industrial hemp is not marijuana as defined in section 152.01, subdivision 9.

Subd. 4. **Marijuana.** "Marijuana" has the meaning given in section 152.01, subdivision 9.

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

Sec. 33. **[18K.035] PILOT PROGRAM; OTHER RESEARCH AUTHORIZED.**

Subdivision 1. **Authorized activity.** The commissioner may grow or cultivate industrial hemp pursuant to a pilot program administered by the commissioner to study the growth, cultivation, or marketing of industrial hemp. The commissioner may: (1) authorize institutions of higher education to grow or cultivate industrial hemp as part of the commissioner's pilot program or as is necessary to perform other agricultural, renewable energy, or academic research; and (2) contract with public or private entities for testing or other activities authorized under this subdivision. Authorized activity under this section may include collecting seed from wild hemp sources.

Subd. 2. **Site registration.** Before growing or cultivating industrial hemp pursuant to this section, each site must be registered with and certified by the commissioner. A person must register each site annually in the form prescribed by the commissioner and must pay the annual registration and certification fee established by the commissioner in accordance with section 16A.1285, subdivision 2.

Subd. 3. **Rulemaking.** The commissioner may adopt rules that govern the pilot program pursuant to this section and Public Law 113-79.

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

Sec. 34. **[18K.04] AGRICULTURAL CROP; POSSESSION AUTHORIZED.**

Industrial hemp is an agricultural crop in this state. A person may possess, transport, process, sell, or buy industrial hemp that is grown pursuant to this chapter.

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

Sec. 35. **[18K.05] LICENSING.**

Subdivision 1. **Requirement; issuance; presumption.** (a) A person must obtain a license from the commissioner before growing industrial hemp for commercial purposes. A person must apply to the commissioner in the form prescribed by the commissioner and must pay the annual registration and inspection fee established by the commissioner in accordance with section 16A.1285, subdivision 2. The license application must include the name and address of the applicant and the legal description of the land area or areas where industrial hemp will be grown by the applicant.

(b) When an applicant has paid the fee and completed the application process to the satisfaction of the commissioner, the commissioner must issue a license which is valid until December 31 of the year of application.

(c) A person licensed under this section is presumed to be growing industrial hemp for commercial purposes.

Subd. 2. **Background check; data classification.** The commissioner must require each first-time applicant for a license to submit to a background investigation conducted by the Bureau of Criminal Apprehension as a condition of licensure. As part of the background investigation, the Bureau of Criminal Apprehension must conduct criminal history checks of Minnesota records and is authorized to exchange fingerprints with the United States Department of Justice, Federal Bureau of Investigation for the purpose of a criminal background check of the national files. The cost of the investigation must be paid by the applicant. Criminal history records provided to the commissioner under this section must be treated as private data on individuals, as defined in section 13.02, subdivision 12.

Subd. 3. **Federal requirements.** The applicant must demonstrate to the satisfaction of the commissioner that the applicant has complied with all applicable federal requirements pertaining to the production, distribution, and sale of industrial hemp.

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

Sec. 36. **[18K.06] ANNUAL REPORT; SALES NOTIFICATION.**

(a) Annually, a licensee must file with the commissioner:

(1) documentation demonstrating to the commissioner's satisfaction that the seeds planted by the licensee are of a type and variety that contain no more than three-tenths of one percent delta-9 tetrahydrocannabinol; and

(2) a copy of any contract to grow industrial hemp.

(b) Within 30 days, a licensee must notify the commissioner of each sale or distribution of industrial hemp grown by the licensee including, but not limited to, the name and address of the person receiving the industrial hemp and the amount of industrial hemp sold or distributed.

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

Sec. 37. **[18K.07] RULEMAKING.**

(a) The commissioner shall adopt rules governing the production, testing, and licensing of industrial hemp.

(b) Rules adopted under paragraph (a) must include, but not be limited to, provisions governing:

(1) the supervision and inspection of industrial hemp during its growth and harvest;

(2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;

(3) the use of background checks results required under section 18K.05 to approve or deny a license application; and

(4) any other provision or procedure necessary to carry out the purposes of this chapter.

(c) Rules issued under this section must be consistent with federal law regarding the production, distribution, and sale of industrial hemp.

EFFECTIVE DATE. This section is effective the day after the federal government authorizes the commercial production of industrial hemp in this country.

Sec. 38. **[18K.08] FEES.**

Fees collected under this chapter must be credited to the industrial hemp account, which is hereby established in the agricultural fund in the state treasury. Interest earned in the account accrues to the account. Funds in the industrial hemp account are annually appropriated to the commissioner to implement and enforce this chapter.

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

Sec. 39. **[18K.09] DEFENSE FOR POSSESSION OF MARIJUANA.**

It is an affirmative defense to a prosecution for the possession of marijuana under chapter 152 if:

(1) the defendant possesses industrial hemp grown pursuant to this chapter; or

(2) the defendant has a valid controlled substance registration from the United States Department of Justice, Drug Enforcement Administration, if required under federal law.

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

Sec. 40. Minnesota Statutes 2014, section 21.81, is amended by adding a subdivision to read:

Subd. 1a. **Address.** "Address" means the complete primary mailing address of the labeler or the person or firm selling seed. A complete address includes the street address, post office box, or rural route, and city, state, and zip code or postal code.

Sec. 41. Minnesota Statutes 2014, section 21.81, is amended by adding a subdivision to read:

Subd. 27a. **Total viable.** "Total viable" means the sum of the germination percentage, plus hard seeds, dormant seeds, or both.

Sec. 42. Minnesota Statutes 2014, section 21.82, subdivision 2, is amended to read:

Subd. 2. **Content.** For agricultural, vegetable, flower, or wildflower seeds offered for sale as agricultural seed, except as otherwise provided in subdivisions 4, 5, and 6, the label must contain:

(a) The name of the kind or kind and variety for each seed component in excess of five percent of the whole and the percentage by weight of each in order of its predominance. The commissioner shall by rule designate the kinds that are required to be labeled as to variety. If the variety of those kinds generally labeled as to variety is not stated and it is not required to be stated, the label shall show the name of the kind and the words: "Variety not stated." The heading "pure seed" must be indicated on the seed label in close association with other required label information.

(1) The percentage that is hybrid shall be at least 95 percent of the percentage of pure seed shown unless the percentage of pure seed which is hybrid seed is shown separately. If two or more kinds or varieties are present in excess of five percent and are named on the label, each that is hybrid shall be designated as hybrid on the label. Any one kind or kind and variety that has pure seed which is less than 95 percent but more than 75 percent hybrid seed as a result of incompletely controlled pollination in a cross shall be labeled to show the percentage of pure seed that is hybrid seed or a

statement such as "contains from 75 percent to 95 percent hybrid seed." No one kind or variety of seed shall be labeled as hybrid if the pure seed contains less than 75 percent hybrid seed. The word hybrid shall be shown on the label in conjunction with the kind.

(2) Blends shall be listed on the label using the term "blend" in conjunction with the kind.

(3) Mixtures shall be listed on the label using the term "mixture," "mix," or "mixed."

(b) Lot number or other lot identification.

(c) Origin, if known, or that the origin is unknown.

(d) Percentage by weight of all weed seeds present. This percentage may not exceed one percent. The heading "weed seed" must be indicated on the seed label in close association with other required label information.

(e) Name and rate of occurrence per pound of each kind of restricted noxious weed seeds present. They must be listed under the heading "noxious weed seeds" in close association with other required label information.

(f) Percentage by weight of seeds other than those kinds and varieties required to be named on the label. They must be listed under the heading "other crop" in close association with other required label information.

(g) Percentage by weight of inert matter. The heading "inert matter" must be indicated on the seed label in close association with other required label information.

(h) Net weight of contents, to appear on either the container or the label.

(i) For each named kind or variety of seed:

(1) percentage of germination, exclusive of hard or dormant seed or both;

(2) percentage of hard or dormant seed or both, if present; and

(3) the calendar month and year the percentages were determined by test or the statement "sell by (month and year)" which may not be more than 12 months from the date of test, exclusive of the month of test.

The headings for "germination" and "hard seed or dormant seed" percentages must be stated separately on the seed label. A separate percentage derived from combining these percentages may also be stated on the seed label, ~~but the heading for this percentage must be "total germination and hard seed or dormant seed when applicable."~~ They must not be stated as "total live seed," "total germination," or in any other unauthorized manner, as "total viable."

(j) Name and address of the person who labeled the seed or who sells the seed within this state, or a code number which has been registered with the commissioner.

Sec. 43. Minnesota Statutes 2014, section 21.82, subdivision 4, is amended to read:

Subd. 4. **Hybrid seed corn.** For hybrid seed corn purposes a label must contain:

(1) a statement indicating the number of seeds in the container may be listed along with or in lieu of the net weight of contents; and

(2) for each variety of hybrid seed field corn, the day classification as determined by the originator or owner. The day classification must approximate the number of days of growing season necessary from emergence of the corn plant above ground to relative maturity and must conform to the day classification established by the director of be within three days of maturity ratings determined in comparative trials by the Minnesota agricultural experiment station for the appropriate zone.

Sec. 44. Minnesota Statutes 2014, section 21.85, subdivision 2, is amended to read:

Subd. 2. **Seed laboratory.** (a) The commissioner shall establish and maintain a seed laboratory for seed testing, employing necessary agents and assistants to administer and enforce sections 21.80 to 21.92, who shall be governed by chapter 43A.

(b) The laboratory procedures for testing official seed samples are the procedures set forth in the Rules for Testing Seeds that is published annually by the Association of Official Seed Analysts. If a laboratory procedure rule does not exist for a particular type of seed, then laboratory procedures from other recognized seed testing sources may be used, including procedures under the Code of Federal Regulations, title 7, part 201, or the International Rules for Testing Seeds.

Sec. 45. Minnesota Statutes 2014, section 21.85, is amended by adding a subdivision to read:

Subd. 15. **Prohibited and restricted seeds.** The commissioner shall determine species that are considered prohibited weed seeds and restricted noxious weed seeds and the allowable rate of occurrence of restricted noxious weed seeds.

Sec. 46. Minnesota Statutes 2014, section 21.89, subdivision 2, is amended to read:

Subd. 2. **Permits; issuance and revocation.** The commissioner shall issue a permit to the initial labeler of agricultural, vegetable, flower, and wildflower seeds which are sold for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92. The categories of permits are as follows:

(1) for initial labelers who sell 50,000 pounds or less of agricultural seed each calendar year, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (b);

(2) for initial labelers who sell vegetable, flower, and wildflower seed packed for use in home gardens or household plantings, and initial labelers who sell native grasses and wildflower seed in commercial or agricultural quantities, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (c), based upon the gross sales from the previous year; and

(3) for initial labelers who sell more than 50,000 pounds of agricultural seed each calendar year, a permanent permit issued for a fee established in section 21.891, subdivision 2, paragraph (d).

In addition, the person shall furnish to the commissioner an itemized statement of all seeds sold in Minnesota for the periods established by the commissioner. This statement shall be delivered, along with the payment of the fee, based upon the amount and type of seed sold, to the commissioner no later than 30 days after the end of each reporting period. Any person holding a permit shall show as part of the analysis labels or invoices on all agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the commissioner requires. The commissioner may revoke any permit in the event of failure to comply with applicable laws and rules.

Sec. 47. [28A.152] COTTAGE FOODS EXEMPTION.

Subdivision 1. **Licensing provisions applicability.** (a) The licensing provisions of sections 28A.01 to 28A.16 do not apply to the following:

(1) an individual who prepares and sells food that is not potentially hazardous food, as defined in Minnesota Rules, part 4626.0020, subpart 62, if the following requirements are met:

(i) the prepared food offered for sale under this clause is labeled to accurately reflect the name and address of the person preparing and selling the food, the date on which the food was prepared, and the ingredients and any possible allergens; and

(ii) the individual displays at the point of sale a clearly legible sign or placard stating: "These products are homemade and not subject to state inspection"; and

(2) an individual who prepares and sells home-processed and home-canned food products if the following requirements are met:

(i) the products are pickles, vegetables, or fruits having an equilibrium pH value of 4.6 or lower;

(ii) the products are home-processed and home-canned in Minnesota;

(iii) the individual displays at the point of sale a clearly legible sign or placard stating: "These canned goods are homemade and not subject to state inspection"; and

(iv) each container of the product sold or offered for sale under this clause is accurately labeled to provide the name and address of the person who processed and canned the goods, the date on which the goods were processed and canned, and ingredients and any possible allergens.

(b) An individual who qualifies for an exemption under paragraph (a), clause (2), is also exempt from the provisions of sections 31.31 and 31.392.

Subd. 2. **Direct sales to consumers.** (a) An individual qualifying for an exemption under subdivision 1 may sell the exempt food:

(1) directly to the ultimate consumer;

(2) at a community event or farmers' market; or

(3) directly from the individual's home to the consumer, to the extent allowed by local ordinance.

(b) If an exempt food product will be delivered to the ultimate consumer upon sale of the food product, the individual who prepared the food product must be the person who delivers the food product to the ultimate consumer.

(c) Food products exempt under subdivision 1, paragraph (a), clause (2), may not be sold outside of Minnesota.

(d) Food products exempt under subdivision 1 may be sold over the Internet but must be delivered directly to the ultimate consumer by the individual who prepared the food product. The statement "These products are homemade and not subject to state inspection" must be displayed on the Web site that offers the exempt foods for purchase.

Subd. 3. **Limitation on sales.** An individual selling exempt foods under this section is limited to total sales with gross receipts of \$18,000 or less in a calendar year.

Subd. 4. **Registration.** Before an individual sells food that is exempt under this section, the individual must register with the commissioner on a form prescribed by the commissioner. The individual must renew the individual's registration every three years. The registration fee is \$50. An individual with \$5,000 or less in annual gross receipts from the sale of exempt food under this section is not required to pay the registration fee.

Subd. 5. **Training.** An individual who prepares and sells exempt food under subdivision 1 must complete a safe food handling training course that is approved by the commissioner. The training shall not exceed eight hours and must be completed every three years while the individual is registered under subdivision 4.

Subd. 6. **Local ordinances.** This section does not preempt the application of any business licensing requirement or sanitation, public health, or zoning ordinance of a political subdivision.

Subd. 7. **Account established.** A cottage foods account is created as a separate account in the special revenue fund in the state treasury for depositing money received by the commissioner under this section. Money in the account, including interest, is appropriated to the commissioner for costs under this section.

Sec. 48. **[41A.13] DEFINITIONS.**

(a) For the purposes of sections 41A.13 to 41A.17, the terms defined in this section have the meanings given them.

(b) "Advanced biofuels" has the meaning given in section 239.051, subdivision 1a.

(c) "Biomass thermal production" means the generation of energy for commercial heat or industrial process heat from a cellulosic material or other material composed of forestry or agricultural feedstocks for a new or expanding capacity facility or a facility that is displacing existing use of fossil fuel after the effective date of this section.

(d) "Cellulosic biomass" means material primarily made up of cellulose, hemicellulose, or lignin, or a combination of those ingredients.

(e) "Cellulosic sugar" means sugar derived from cellulosic biomass from agricultural or forestry resources.

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

(g) "Cover crops" means grasses, legumes, forbs, or other herbaceous plants that are known to be noninvasive and not listed as a noxious weed in Minnesota and that are either interseeded into living cash crops or planted on agricultural fields during fallow periods for seasonal cover and conservation purposes.

(h) "MMbtu" means one million British thermal units.

(i) "Perennial crops" means agriculturally produced plants that are known to be noninvasive and not listed as a noxious weed in Minnesota and that have a life cycle of at least three years at the location where the plants are being cultivated. Biomass from alfalfa produced in a two-year rotation shall be considered a perennial crop.

(j) "Renewable chemical" means a chemical with biobased content as defined in section 41A.105, subdivision 1a.

Sec. 49. [41A.14] ADVANCED BIOFUEL PRODUCTION INCENTIVE.

(a) A facility eligible for payment under this program must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources or from solid waste. The production facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin operation above 95,000 MMbtu of annual biofuel production before July 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced biofuel production capacity, or retrofitting existing capacity, as well as new companies and facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible. Advanced biofuel facilities must produce at least 30,000 MMbtu a year to be eligible for the program.

(b) The commissioner shall make payments to eligible producers of advanced biofuel. For the purpose of this section, an entity that holds a controlling interest in more than one advanced biofuel facility is considered a single eligible producer. The amount of the payment for each eligible producer's annual production is \$2.1053 per MMbtu for advanced biofuel production from cellulosic biomass, and \$1.053 per MMbtu for advanced biofuel production from sugar or starch at a specific location for ten years after the start of production. Cellulosic biofuel facilities utilizing crop residues, other than cellulosic biofuel using corn kernel fiber, or biogas, shall derive at least ten percent of total energy production from perennial crops or biomass from cover crops in the first year of receiving production incentives, and in the third year, at least 30 percent of total energy production shall be derived from perennial crops or biomass from cover crops, and in the fifth year, at least 50 percent of total energy production shall be derived from perennial crops or biomass from cover crops and maintain at least 50 percent for the remainder of the production incentive payment period. All forestry-derived cellulosic biomass must be produced using Minnesota state biomass harvesting guidelines or the equivalent. All biomass from brushlands must be produced using Minnesota brushland harvesting biomass harvest guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest stewardship plan.

(c) An eligible producer who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing plan for approval by the commissioner prior to applying for payments under this section. The commissioner shall make the plan publicly available. The plan must:

(1) provide a detailed explanation for how agricultural cellulosic biomass will be produced and managed in a way that preserves soil quality, does not increase soil and nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts on wildlife habitat, and reduces greenhouse gas emissions;

(2) include the producer's approach to verifying that biomass suppliers are following the plan;

(3) discuss how new technologies and practices that are not yet commercially viable may be encouraged and adopted during the life of the facility, and how the producer will encourage continuous improvement during the life of the project;

(4) include specific numeric goals and timelines for making progress;

(5) require agronomic practices that result in a positive NRCS Soil Conditioning Index score for acres from which biomass from corn stover will be harvested; and

(6) include biennial soil sampling to verify maintained or increased levels of soil organic matter.

(d) An eligible producer who utilizes agricultural cellulosic biomass and receives payments under this section shall submit an annual report on the producer's responsible biomass sourcing plan to the commissioner by January 15 each year. The report must include data on progress made by the producer in meeting specific goals laid out in the plan. The commissioner shall make the report publicly available. The commissioner shall perform an annual review of submitted reports and make a determination whether the producer is following the plan and meeting the criteria in paragraph (c) based on the reports submitted. The commissioner may take appropriate steps, including reducing or ceasing payments until the producer is in compliance with the plan.

(e) No payments shall be made for advanced biofuel production that occurs after June 30, 2035, for those eligible biofuel producers under paragraph (b). An eligible producer of advanced biofuel shall not transfer the producer's eligibility for payments under this section to an advanced biofuel facility at a different location.

(f) Total payments under this section to an eligible biofuel producer in a fiscal year may not exceed the amount necessary for 2,850,000 MMBtu of biofuel production. Total payments under this section to all eligible biofuel producers in a fiscal year may not exceed the amount necessary for 17,100,000 MMBtu of biofuel production.

(g) By the last day of October, January, April, and July, each eligible biofuel producer shall file a claim for payment for advanced biofuel production during the preceding three calendar months. An eligible biofuel producer that files a claim under this paragraph shall include a statement of the eligible biofuel producer's total advanced biofuel production in Minnesota during the quarter covered by the claim. For each claim and statement of total advanced biofuel production filed under this paragraph, the volume of advanced biofuel production must be examined by an independent certified public accountant firm licensed under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(h) Payments must be made November 15, February 15, May 15, and August 15. A separate payment must be made for each claim filed.

(i) Any producer that ceases production for any reason is ineligible to receive payments under the program until they begin producing again.

(j) Renewable chemical production for which payment has been received under section 41A.15, and biomass thermal production for which payment has been received under section 41A.16, is not eligible for payment under this section.

Sec. 50. [41A.15] RENEWABLE CHEMICAL PRODUCTION INCENTIVE.

(a) A facility eligible for payment under this program must source at least 80 percent biobased content, as defined in section 41A.105, subdivision 1a, clause (1), from Minnesota. If a facility is sited 50 miles or less from the state border, biobased content may be sourced from within a 100-mile radius. Biobased content must be from agricultural or forestry sources or from solid waste. The production facility must be located in Minnesota, must begin production at a specific

location by June 30, 2025, and must not begin production of 3,000,000 pounds of chemicals annually before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Renewable chemical facilities must produce at least 3,000,000 pounds per year to be eligible for the program. Renewable chemicals produced through processes that are fully commercial before January 1, 2000, are not eligible.

(b) The commissioner shall make payments to eligible producers of renewable chemicals located in the state. For the purpose of this subdivision, an entity that holds a controlling interest in more than one renewable chemical production facility is considered a single eligible producer. The amount of the payment for each producer's annual production is \$0.03 per pound of sugar-derived renewable chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of cellulosic-derived renewable chemical produced at a specific location for ten years after the start of production. All forestry-derived cellulosic biomass must be produced using Minnesota state biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands must be produced using Minnesota brushland harvesting biomass harvest guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest stewardship plan. An eligible facility producing renewable chemicals using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each MMBtu produced from agricultural biomass that is derived from perennial crops or from acres where cover crops are used.

(c) An eligible producer who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing plan to the commissioner prior to applying for payments under this section. The plan must:

(1) provide a detailed explanation for how agricultural cellulosic biomass will be produced and managed in a way that preserves soil quality, does not increase soil and nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts on wildlife habitat, and reduces greenhouse gas emissions;

(2) include the producer's approach to verifying that biomass suppliers are following the plan;

(3) discuss how new technologies and practices that are not yet commercially viable may be encouraged and adopted during the life of the facility, and how the producer will encourage continuous improvement during the life of the project; and

(4) include specific numeric goals and timelines for making progress.

(d) An eligible producer who utilizes agricultural cellulosic biomass and receives payments under this section shall submit an annual report on the producer's responsible biomass sourcing plan to the commissioner by January 15 each year. The report must include data on progress made by the producer in meeting specific goals laid out in the plan. The commissioner shall make the report publicly available. The commissioner shall perform an annual review of submitted reports and is authorized to make a determination that the producer is not following the plan based on the reports submitted. The commissioner may take appropriate steps, including reducing or ceasing payments until the producer is in compliance with the plan.

(e) No payments shall be made for renewable chemical production that occurs after June 30, 2035, for those eligible renewable chemical producers under paragraph (b). An eligible producer of renewable chemicals shall not transfer the producer's eligibility for payments under this section to a renewable chemical facility at a different location.

(f) Total payments under this section to an eligible renewable chemical producer in a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable chemical production. Total payments under this section to all eligible renewable chemical producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of renewable chemical production.

(g) By the last day of October, January, April, and July, each eligible renewable chemical producer shall file a claim for payment for renewable chemical production during the preceding three calendar months. An eligible renewable chemical producer that files a claim under this paragraph shall include a statement of the eligible producer's total renewable chemical production in Minnesota during the quarter covered by the claim. For each claim and statement of total renewable chemical production filed under this paragraph, the volume of renewable chemical production must be examined by an independent certified public accountant firm licensed under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(h) Payments must be made November 15, February 15, May 15, and August 15. A separate payment must be made for each claim filed.

(i) Any producer that ceases production for any reason is ineligible to receive payments under the program until they begin producing again.

(j) Advanced biofuel production for which payment has been received under section 41A.14, and biomass thermal production for which payment has been received under section 41A.16, is not eligible for payment under this section.

Sec. 51. [41A.16] BIOMASS THERMAL PRODUCTION INCENTIVE.

(a) A facility eligible for payment under this program must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources. The production facility must be located in Minnesota and must not begin before July 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Biomass thermal production facilities must produce at least 1,000 MMBtu per year to be eligible for the program.

(b) The commissioner shall make payments to eligible producers of biomass thermal located in the state that have begun production at a specific location by June 30, 2025. For the purpose of this subdivision, an entity that holds a controlling interest in more than one biomass thermal production facility is considered a single eligible producer. The amount of the payment for each producer's annual production is \$5.00 per MMBtu of biomass thermal production produced at a specific location for ten years after the start of production. All forestry-derived cellulosic biomass must be produced using Minnesota state biomass harvesting guidelines or the equivalent. All biomass from brushland must be produced using Minnesota brushland harvesting biomass guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal

land must be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest stewardship plan. An eligible facility producing biomass thermal using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural biomass that is derived from perennial crops or from acres where cover crops are used.

(c) An eligible producer who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing plan to the commissioner prior to applying for payments under this section. The plan must:

(1) provide a detailed explanation for how agricultural cellulosic biomass will be produced and managed in a way that preserves soil quality, does not increase soil and nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts on wildlife habitat, and reduces greenhouse gas emissions;

(2) include the producer's approach to verifying that biomass suppliers are following the plan;

(3) discuss how new technologies and practices that are not yet commercially viable may be encouraged and adopted during the life of the facility, and how the producer will encourage continuous improvement during the life of the project; and

(4) include specific numeric goals and timelines for making progress.

(d) An eligible producer who utilizes agricultural cellulosic biomass and receives payments under this section shall submit an annual report on the producer's responsible biomass sourcing plan to the commissioner by January 15 each year. The report must include data on progress made by the producer in meeting specific goals laid out in the plan. The commissioner shall make the report publicly available. The commissioner shall perform an annual review of submitted reports and is authorized to make a determination that the producer is not following the plan based on the reports submitted. The commissioner may take appropriate steps, including reducing or ceasing payments until the producer is in compliance with the plan.

(e) No payments shall be made for biomass thermal production that occurs after June 30, 2035, for those eligible biomass thermal producers under paragraph (b). A producer of biomass thermal production shall not transfer the producer's eligibility for payments under this section to a biomass thermal production facility at a different location.

(f) Total payments under this section to an eligible thermal producer in a fiscal year may not exceed the amount necessary for 30,000 MMbtu of thermal production. Total payments under this section to all eligible thermal producers in a fiscal year may not exceed the amount necessary for 150,000 MMbtu of total thermal production.

(g) An eligible facility may blend a cellulosic feedstock with other fuels in the biomass thermal production facility, but only the percentage attributable to cellulosic material listed is eligible to receive the producer payment.

(h) By the last day of October, January, April, and July, each producer shall file a claim for payment for biomass thermal production during the preceding three calendar months. A producer that files a claim under this paragraph shall include a statement of the producer's total biomass thermal production in Minnesota during the quarter covered by the claim. For each claim and statement of total biomass thermal production filed under this paragraph, the volume of biomass

thermal production must be examined by an independent certified public accountant firm licensed under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(i) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed.

(j) Biofuel production for which payment has been received under section 41A.14, and renewable chemical production for which payment has been received under section 41A.15, is not eligible for payment under this section.

Sec. 52. [41A.17] REPORT; INCENTIVE PROGRAMS.

By January 15 each year, the commissioner shall report on the incentive programs under sections 41A.14, 41A.15, and 41A.16 to the legislative policy and finance committees with primary jurisdiction over environment and agriculture. The report shall include information on production and expenditures for incentives under the programs.

Sec. 53. [41A.18] AGRICULTURE RESEARCH, EDUCATION, EXTENSION, AND TECHNOLOGY TRANSFER GRANT PROGRAM.

Subdivision 1. **Duties; grants.** The agriculture research, education, extension, and technology transfer grant program is created. The purpose of the grant program is to provide investments that will most efficiently achieve long-term agricultural sustainability and productivity increases through improved infrastructure, vision, and accountability. The scope and intent of the grants, to the extent possible, shall provide for a long-term base funding that allows the research grantee to continue the functions of the research, education, and extension efforts to a practical conclusion. Priority for grants shall be given to human infrastructure. To be eligible for grants under this section, the dean of the College of Food, Agricultural and Natural Resource Sciences, in consultation with the dean of the College of Veterinarian Medicine, and the dean of the University of Minnesota Extension Service must consult with stakeholders representing general farm, forestry, and agricultural producer organizations. The commissioner shall provide grants for:

(1) agricultural research and technology transfer needs and recipients including, but not limited to, agricultural research and extension at the University of Minnesota, research and outreach centers, the College of Food, Agricultural and Natural Resource Sciences, the Minnesota Agricultural Experiment Station, University of Minnesota Extension Service, the University of Minnesota Veterinary School, the Veterinary Diagnostic Laboratory, the Stakman-Borlaug Center, and the Minnesota Agriculture Fertilizer Research and Education Council;

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

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

Subd. 2. **Fund.** An agriculture research, education, extension, and technology transfer fund is created in the state treasury. The fund consists of money received in the form of gifts, grants, reimbursement, or appropriations from any source for any of the purposes provided in subdivision 1, and any interest or earnings of the fund. Money in the fund is appropriated to the commissioner of agriculture for the purposes under subdivision 1.

Sec. 54. Minnesota Statutes 2014, section 41B.03, subdivision 6, is amended to read:

Subd. 6. **Application fee.** The authority may impose a reasonable nonrefundable application fee for each application submitted for a beginning farmer loan or a seller-sponsored loan. The application fee is initially \$50. The authority may review the fee annually and make adjustments as necessary. The fee must be deposited in the state treasury and credited to ~~an account in the special revenue fund. Money in the account is appropriated to the commissioner for administrative expenses of the beginning farmer and seller-sponsored loan programs~~ the Rural Finance Authority administrative account established in subdivision 7.

Sec. 55. Minnesota Statutes 2014, section 41B.03, is amended by adding a subdivision to read:

Subd. 7. **Rural Finance Authority administrative account.** There is established in the special revenue fund a Rural Finance Authority administrative account. Money in the account, including interest, is appropriated to the commissioner for the administrative expenses of the loan programs administered by the Rural Finance Authority.

Sec. 56. Minnesota Statutes 2014, section 41B.04, subdivision 17, is amended to read:

Subd. 17. **Application and origination fee.** The authority may impose a reasonable nonrefundable application fee for each application and an origination fee for each loan issued under the loan restructuring program. The origination fee is 1.5 percent of the authority's participation interest in the loan and the application fee is \$50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to ~~an account in the special revenue fund. Money in the account is appropriated to the commissioner for administrative expenses of the loan restructuring program~~ the Rural Finance Authority administrative account established in section 41B.03.

Sec. 57. Minnesota Statutes 2014, section 41B.043, subdivision 3, is amended to read:

Subd. 3. **Application and origination fee.** The authority may impose a reasonable nonrefundable application fee for each application submitted for a participation issued under the agricultural improvement loan program. The application fee is initially \$50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to ~~an account in the special revenue fund. Money in this account is appropriated to the commissioner for administrative expenses of the agricultural improvement loan program~~ the Rural Finance Authority administrative account established in section 41B.03.

Sec. 58. Minnesota Statutes 2014, section 41B.045, subdivision 3, is amended to read:

Subd. 3. **Specifications.** ~~No loan may be made to refinance an existing debt.~~ Each loan participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 59. Minnesota Statutes 2014, section 41B.045, subdivision 4, is amended to read:

Subd. 4. **Application and origination fee.** The authority may impose a reasonable nonrefundable application fee for each application for a loan participation and an origination fee for each loan issued under the livestock expansion loan program. The origination fee initially shall be set at 1.5 percent and the application fee at \$50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to ~~an account in the special revenue fund. Money in this account is appropriated to the commissioner~~

~~for administrative expenses of the livestock expansion loan program~~ the Rural Finance Authority administrative account established in section 41B.03.

Sec. 60. Minnesota Statutes 2014, section 41B.046, subdivision 5, is amended to read:

Subd. 5. **Loans.** (a) The authority may participate in a stock loan with an eligible lender to a farmer who is eligible under subdivision 4. Participation is limited to 45 percent of the principal amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed 50 percent of the lender's interest rate.

(b) No more than 95 percent of the purchase price of the stock may be financed under this program.

(c) Security for stock loans must be the stock purchased, a personal note executed by the borrower, and whatever other security is required by the eligible lender or the authority.

(d) The authority may impose a reasonable nonrefundable application fee for each application for a stock loan. The authority may review the fee annually and make adjustments as necessary. The application fee is initially \$50. Application fees received by the authority must be deposited in the ~~revolving loan account established in section 41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

(e) Stock loans under this program will be made using money in the revolving loan account established in section 41B.06.

(f) The authority may not grant stock loans in a cumulative amount exceeding \$2,000,000 for the financing of stock purchases in any one cooperative.

(g) Repayments of financial assistance under this section, including principal and interest, must be deposited into the revolving loan account established in section 41B.06.

Sec. 61. Minnesota Statutes 2014, section 41B.047, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The authority shall establish and implement a disaster recovery loan program to help farmers:

(1) clean up, repair, or replace farm structures and septic and water systems, as well as replace seed, other crop inputs, feed, and livestock, when damaged by high winds, hail, tornado, or flood; ~~or~~

(2) purchase watering systems, irrigation systems, and other drought mitigation systems and practices when drought is the cause of the purchase; ~~or~~ or

(3) restore farmland.

Sec. 62. Minnesota Statutes 2014, section 41B.047, subdivision 4, is amended to read:

Subd. 4. **Loans.** (a) The authority may participate in a disaster recovery loan with an eligible lender to a farmer who is eligible under subdivision 3. Participation is limited to 45 percent of the principal amount of the loan or \$50,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed four percent.

(b) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

(c) Security for the disaster recovery loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) The authority may impose a reasonable nonrefundable application fee for a disaster recovery loan. The authority may review the fee annually and make adjustments as necessary. The application fee is initially \$50. Application fees received by the authority must be deposited in the ~~revolving loan account established under section 41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

(e) Disaster recovery loans under this program will be made using money in the revolving loan account established under section 41B.06.

(f) Repayments of financial assistance under this section, including principal and interest, must be deposited into the revolving loan account established under section 41B.06.

Sec. 63. Minnesota Statutes 2014, section 41B.048, subdivision 6, is amended to read:

Subd. 6. **Loans.** (a) The authority may disburse loans through a fiscal agent to farmers and agricultural landowners who are eligible under subdivision 5. The total accumulative loan principal must not exceed \$75,000 per loan.

(b) The fiscal agent may impose a loan origination fee in the amount of one percent of the total approved loan. This fee is to be paid by the borrower to the fiscal agent at the time of loan closing.

(c) The loan may be disbursed over a period not to exceed 12 years.

(d) A borrower may receive loans, depending on the availability of funds, for planted areas up to 160 acres for up to:

(1) the total amount necessary for establishment of the crop;

(2) the total amount of maintenance costs, including weed control, during the first three years; and

(3) 70 percent of the estimated value of one year's growth of the crop for years four through 12.

(e) Security for the loan must be the crop, a personal note executed by the borrower, an interest in the land upon which the crop is growing, and whatever other security is required by the fiscal agent or the authority. All recording fees must be paid by the borrower.

(f) The authority may prescribe forms and establish an application process for applicants to apply for a loan.

(g) The authority may impose a reasonable, nonrefundable application fee for each application for a loan under this program. The application fee is initially \$50. Application fees received by the authority must be deposited in the ~~revolving loan account established under section 41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

(h) Loans under the program must be made using money in the revolving loan account established under section 41B.06.

(i) All repayments of financial assistance granted under this section, including principal and interest, must be deposited into the revolving loan account established under section 41B.06.

(j) The interest payable on loans made by the authority for the agroforestry loan program must, if funded by revenue bond proceeds, be at a rate not less than the rate on the revenue bonds, and may be established at a higher rate necessary to pay costs associated with the issuance of the revenue bonds and a proportionate share of the cost of administering the program. The interest payable on loans for the agroforestry loan program funded from sources other than revenue bond proceeds must be at a rate determined by the authority.

(k) Loan principal balance outstanding plus all assessed interest must be repaid within 120 days of harvest, but no later than 15 years from planting.

Sec. 64. Minnesota Statutes 2014, section 41B.049, subdivision 4, is amended to read:

Subd. 4. **Loans.** (a) The authority may make a direct loan or participate in a loan with an eligible lender to a farmer who is eligible under subdivision 3. Repayment terms of the authority's participation interest may differ from repayment terms of the lender's retained portion of the loan. Loans made under this section must be no-interest loans.

(b) Application for a direct loan or a loan participation must be made on forms prescribed by the authority.

(c) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

(d) Security for the loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(e) No loan proceeds may be used to refinance a debt existing prior to application.

(f) The authority may impose a reasonable nonrefundable application fee for each application for a direct loan or a loan participation. The authority may review the application fees annually and make adjustments as necessary. The application fee is initially set at \$100 for a loan under subdivision 1. The fees received by the authority must be deposited in the ~~revolving loan account established in section 41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

Sec. 65. Minnesota Statutes 2014, section 41B.055, subdivision 3, is amended to read:

Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan equal to 90 percent of the purchased equipment value with an eligible lender to a farmer who is eligible under subdivision 2. Participation is limited to 45 percent of the principal amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed three percent. The authority may review the interest annually and make adjustments as necessary.

(b) Standards for loan amortization must be set by the Rural Finance Authority and must not exceed ten years.

(c) Security for a livestock equipment loan must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) Refinancing of existing debt is not an eligible purpose.

(e) The authority may impose a reasonable, nonrefundable application fee for a livestock equipment loan. The authority may review the fee annually and make adjustments as necessary. The initial application fee is \$50. Application fees received by the authority must be deposited in the ~~revolving loan account established in section 41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Sec. 66. Minnesota Statutes 2014, section 41B.056, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Intermediary" means any lending institution or other organization of a for-profit or nonprofit nature that is in good standing with the state of Minnesota that has the appropriate business structure and trained personnel suitable to providing efficient disbursement of loan funds and the servicing and collection of loans.

(c) "Specialty crops" means agricultural crops, such as annuals, flowers, perennials, and other horticultural products, that are intensively cultivated.

(d) "Eligible livestock" means ~~poultry that has been allowed access to the outside, sheep, or goats~~ beef cattle, dairy cattle, swine, poultry, goats, mules, farmed cervidae, ratitae, bison, sheep, horses, and llamas.

Sec. 67. **[41B.057] FARM OPPORTUNITY LOAN PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of agriculture shall establish a farm opportunity loan program to provide loans that enable farmers to:

- (1) add value to crops or livestock produced in Minnesota;
- (2) adopt best management practices that emphasize sufficiency and self-sufficiency;
- (3) reduce or improve management of agricultural inputs resulting in environmental improvements; or
- (4) increase production of on-farm energy.

Subd. 2. **Loan criteria.** (a) The farm opportunity loan program shall provide loans for purchase of new or used equipment and installation of equipment for projects that make environmental improvements and enhance farm profitability. The loan program shall also be used to add value to crops or livestock produced in Minnesota by, but not limited to, initiating or expanding livestock product processing; purchasing equipment to initiate, upgrade, or modernize value-added agricultural businesses; or increasing farmers' processing and aggregating capacity facilitating entry into farm-to-institution and other markets. Eligible loan uses do not include expenses related to seeds, fertilizer, fuel, or other operating expenses.

(b) The authority may impose a reasonable, nonrefundable application fee for a farm opportunity loan. The authority may review the fee annually and make adjustments as necessary. The initial application fee is \$50. Application fees received by the authority must be deposited in the Rural Finance Authority administrative account established in section 41B.03.

(c) Loans may only be made to Minnesota residents engaged in farming. Standards for loan amortization must be set by the Rural Finance Authority and must not exceed ten years.

(d) The borrower must show the ability to repay the loan.

(e) Refinancing of existing debt is not an eligible expense.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Subd. 3. **Loan participation.** The authority may participate in a farm opportunity loan with an eligible lender, as defined in section 41B.02, subdivision 8, to a farmer or a group of farmers on joint projects who are eligible under subdivision 2, paragraph (c), and who are actively engaged in farming. Participation is limited to 45 percent of the principal amount of the loan or \$45,000 per individual, whichever is less. For loans to a group made up of four or more individuals, participation is limited to 45 percent of the principal amount of the loan or \$180,000, whichever is less. The interest rate on the loans must not exceed six percent.

Sec. 68. Minnesota Statutes 2014, section 41B.06, is amended to read:

41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.

There is established in the rural finance administration fund a Rural Finance Authority revolving loan account that is eligible to receive appropriations and the transfer of loan funds from other programs. All repayments of financial assistance granted from this account, including principal and interest, must be deposited into this account. Interest earned on money in the account accrues to the account, and the money in the account is appropriated to the commissioner of agriculture for purposes of the Rural Finance Authority livestock equipment, methane digester, disaster recovery, value-added agricultural product, agroforestry, and agricultural microloan, and farm opportunity loan programs, including costs incurred by the authority to establish and administer the programs.

Sec. 69. Minnesota Statutes 2014, section 375.30, subdivision 2, is amended to read:

Subd. 2. **Wild hemp.** A county board, by resolution, may appropriate and spend money as necessary to spray and otherwise eradicate wild hemp, ~~commonly known as marijuana~~, on private property within the county. The county board may authorize the use of county equipment, personnel and supplies and materials to spray or otherwise eradicate wild hemp on private property, and may pro rate the expenses involved between the county and owner or occupant of the property. Industrial hemp grown by a person licensed under chapter 18K is not wild hemp.

Sec. 70. CORRECTIONAL FACILITY BUTCHER TRAINING PILOT PROGRAM.

Subdivision 1. **Pilot program.** The commissioner of agriculture must coordinate a pilot program operated by the Northeast Regional Corrections Center to train inmates for careers as butchers upon release. The commissioner must facilitate program development and ensure that the program prepares inmates to meet applicable food safety and licensure requirements.

Subd. 2. **Program development.** In facilitating development of the pilot program, the commissioner must consult with the commissioner of employment and economic development and a representative of each of the following organizations:

(1) Northeast Regional Corrections Center; and

(2) United Food and Commercial Workers.

Subd. 3. **Report required.** No later than February 1, 2017, the commissioner must report on the progress and outcomes of the program to the legislative committees with jurisdiction over agriculture, higher education, and public safety.

Subd. 4. **Expiration.** This section expires July 1, 2017.

Sec. 71. **BALANCES TRANSFERRED; ACCOUNTS ABOLISHED.**

The balances in the accounts created under Minnesota Statutes, sections 41B.03, subdivision 6; 41B.04, subdivision 17; 41B.043, subdivision 3; and 41B.045, subdivision 4, are transferred to the Rural Finance Authority administrative account established under Minnesota Statutes, section 41B.03, subdivision 7, and the original accounts are abolished.

The balance in the account created under Minnesota Statutes, section 17.115, is transferred to the Rural Finance Authority revolving loan account established under Minnesota Statutes, section 41B.06, and the original account is abolished.

Sec. 72. **LIVESTOCK INDUSTRY STUDY.**

The commissioner of agriculture must identify causes of the relative growth or decline of poultry and livestock production in Minnesota, Iowa, North Dakota, South Dakota, Wisconsin, and Nebraska over the last ten years. The commissioner shall include the most recent ten years of data on the number of livestock farms for each of the states that are compared. No later than February 1, 2016, the commissioner must report findings by poultry and livestock sector and provide recommendations on how to strengthen and expand Minnesota animal agriculture to the legislative committees with jurisdiction over agriculture policy and finance.

Sec. 73. **REPEALER.**

Minnesota Statutes 2014, sections 17.115; 28A.15, subdivisions 9 and 10; and 41A.12, subdivision 4, are repealed.

ARTICLE 3

ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS

Section 1. **ENVIRONMENT AND NATURAL RESOURCES 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 "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017. Appropriations for the fiscal year ending June 30, 2015, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30

	<u>2016</u>	<u>2017</u>
Sec. 2. <u>POLLUTION CONTROL AGENCY</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$ 94,682,000</u>	<u>\$ 91,884,000</u>

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>5,495,000</u>	<u>5,477,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>75,000</u>	<u>75,000</u>
<u>Environmental</u>	<u>74,130,000</u>	<u>74,548,000</u>
<u>Remediation</u>	<u>14,982,000</u>	<u>11,784,000</u>

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

Subd. 2. <u>Water</u>	<u>26,438,000</u>	<u>26,231,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>4,207,000</u>	<u>3,777,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>75,000</u>	<u>75,000</u>
<u>Environmental</u>	<u>22,156,000</u>	<u>22,379,000</u>

\$1,959,000 the first year and \$1,959,000 the second year are for grants to delegated counties to administer the county feedlot program under Minnesota Statutes, section 116.0711, subdivisions 2 and 3. Money remaining after the first year is available for the second year.

\$753,000 the first year and \$765,000 the second year are from the environmental fund to address the need for continued increased activity in the areas of new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, section 165.

\$400,000 the first year and \$400,000 the second year are for the clean water partnership program. Any unexpended balance in the first year does not cancel but is available in the second year. Priority shall be given to projects preventing impairments and degradation of lakes, rivers, streams, and groundwater according to Minnesota Statutes, section 114D.20, subdivision 2, clause (4).

\$673,000 the first year and \$683,000 the second year are from the environmental fund for subsurface sewage treatment system (SSTS) program administration and community technical assistance and education, including grants and technical assistance to communities for water quality protection. Of this amount, \$129,000 each year is for assistance to counties through grants for SSTS program administration. A county receiving a grant from this appropriation shall submit the results achieved with the grant to the commissioner as part of its annual SSTS report. Any unexpended balance in the first year does not cancel but is available in the second year.

\$107,000 the first year and \$109,000 the second year are from the environmental fund for registration of wastewater laboratories.

\$150,000 the first year from the environmental fund is for wild rice water quality rulemaking and implementation provided for in this act. This is a onetime appropriation.

\$200,000 the first year is for a grant to the Red River Basin Commission for development of a water quality strategic plan for the Red River of the North, in cooperation with the Red River Board of the International Joint Commission. The appropriation must be matched by equal amounts from both North Dakota and Manitoba and a proportionate amount from South Dakota. This is a onetime appropriation and does not cancel. The plan must include, but is not limited to, consistency

in water quality goals and objectives for the Red River of the North and pollution reduction allocations for both point and nonpoint sources on the Red River of the North and for individual major watersheds tributary to the Red River of the North. The Red River Basin Commission must involve the interests of local, state, and federal government, business and industry, environmental groups, and Red River basin landowners. The Red River Basin Commission must report progress on the plan to the house of representatives and senate committees and divisions with jurisdiction over environment policy and finance by February 15 in 2016 and 2017 and must submit the completed plan by December 31, 2017.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2017, as grants or contracts for SSTS's, surface water and groundwater assessments, total maximum daily loads, storm water, and water quality protection in this subdivision are available until June 30, 2020.

<u>Subd. 3. Air</u>	<u>15,640,000</u>	<u>16,087,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>Environmental</u>	<u>15,640,000</u>	<u>16,087,000</u>

\$202,000 the first year and \$204,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

Up to \$150,000 the first year and \$150,000 the second year may be transferred from the environmental fund to the small business environmental improvement loan account established in Minnesota Statutes, section 116.993.

\$126,000 the first year and \$127,000 the second year are from the environmental fund

for monitoring ambient air for hazardous pollutants in the metropolitan area.

\$214,000 the first year and \$219,000 the second year are from the environmental fund for systematic, localized monitoring efforts in the state that sample ambient air to determine whether significant localized differences exist. The commissioner, when selecting areas to monitor, shall give priority to areas where low income, indigenous American Indians, and communities of color are disproportionately impacted by pollution from highway traffic, air traffic, and industrial sources.

\$691,000 the first year and \$693,000 the second year are from the environmental fund for emission reduction activities and grants to small businesses and other nonpoint emission reduction efforts. Any unexpended balance in the first year does not cancel but is available in the second year.

<u>Subd. 4. Land</u>	<u>22,013,000</u>	<u>18,934,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>Environmental</u>	<u>7,031,000</u>	<u>7,150,000</u>
<u>Remediation</u>	<u>14,982,000</u>	<u>11,784,000</u>

All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of management and budget that maximizes the utilization of resources and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2017.

\$4,279,000 the first year and \$4,343,000 the second year are from the remediation fund for purposes of the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks, and to the petroleum remediation program for purposes of vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

\$252,000 the first year and \$252,000 the second year are from the remediation fund for transfer to the commissioner of health for private water supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities and drinking water advisories and public information activities for areas contaminated by hazardous releases.

\$743,000 the first year is transferred from the general account in the remediation fund to the dry cleaner environmental response and reimbursement account in the remediation fund for the purpose of remediating land contaminated by a release from a dry cleaning facility, as provided under Minnesota Statutes, section 115B.50. The commissioner shall prioritize expenditures from this transfer to address contaminated sites that pose the greatest risk to public health or welfare or to the environment, as established in Minnesota Statutes, section 115B.17, subdivision 13. This is a onetime transfer.

\$868,000 the first year is from the remediation fund for a grant to the city of Mountain Iron for remediation of the abandoned wastewater treatment pond of the former Nichols Township. This is a onetime appropriation that is available until June 30, 2019.

Subd. 5. Environmental Assistance and Cross-Media

30,591,000

30,632,000

Appropriations by Fund

2016

2017

<u>Environmental</u>	<u>29,303,000</u>	<u>28,932,000</u>
<u>General</u>	<u>1,288,000</u>	<u>1,700,000</u>

\$17,250,000 the first year and \$17,250,000 the second year are from the environmental fund for SCORE block grants to counties.

\$119,000 the first year and \$119,000 the second year are from the environmental fund for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716. Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

\$90,000 the first year and \$90,000 the second year are from the environmental fund for duties related to harmful chemicals in products under Minnesota Statutes, sections 116.9401 to 116.9407. Of this amount, \$57,000 each year is transferred to the commissioner of health.

\$400,000 the second year is to enhance awareness of and reduce priority chemicals in consumer products. Of this amount, \$90,000 the second year is for transfer to the Department of Commerce and \$90,000 the second year is for transfer to the Department of Health. This is a onetime appropriation. The agency base for fiscal year 2018 shall include \$826,000 for this purpose.

\$203,000 the first year and \$207,000 the second year are from the environmental fund for the costs of implementing general operating permits for feedlots over 1,000 animal units.

\$565,000 the first year and \$569,000 the second year are from the general fund and \$192,000 the first year and \$192,000 the second year are from the environmental fund for Environmental Quality Board operations and support.

\$500,000 the first year from the environmental fund is a onetime

appropriation to the Environmental Quality Board for development of a Web-based environmental review tool.

\$50,000 the first year and \$50,000 the second year are from the environmental fund for transfer to the Office of Administrative Hearings to establish sanitary districts.

\$502,000 the first year and \$503,000 the second year are from the general fund for the Environmental Quality Board to lead an interagency team to provide technical assistance regarding the mining, processing, and transporting of silica sand.

All money deposited in the environmental fund for the metropolitan solid waste landfill fee in accordance with Minnesota Statutes, section 473.843, and not otherwise appropriated, is appropriated for the purposes of Minnesota Statutes, section 473.844.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2017, as contracts or grants for surface water and groundwater assessments; environmental assistance awarded under Minnesota Statutes, section 115A.0716; technical and research assistance under Minnesota Statutes, section 115A.152; technical assistance under Minnesota Statutes, section 115A.52; and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2019.

Subd. 6. Remediation Fund

The commissioner shall transfer up to \$42,000,000 from the environmental fund to the remediation fund for the purposes of the remediation fund under Minnesota Statutes, section 116.155, subdivision 2. \$2,500,000 of the amount transferred under this subdivision is appropriated in the first year from the remediation fund to the commissioner for a grant to the city of Paynesville to add an air stripping treatment process to a water

treatment plant for removal of volatile organic compounds.

Subd. 7. Transfer

By June 30, 2016, the commissioner of management and budget shall transfer \$33,276,000 from the closed landfill investment fund to the general fund.

Sec. 3. NATURAL RESOURCES

<u>Subdivision 1. Total Appropriation</u>	<u>\$ 267,802,000</u>	<u>\$ 262,288,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	76,484,000	74,994,000
<u>Natural Resources</u>	84,786,000	85,236,000
<u>Game and Fish</u>	106,232,000	101,758,000
<u>Remediation</u>	100,000	100,000
<u>Permanent School</u>	200,000	200,000

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

<u>Subd. 2. Land and Mineral Resources Management</u>	<u>5,461,000</u>	<u>5,521,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	1,585,000	1,585,000
<u>Natural Resources</u>	3,332,000	3,392,000
<u>Game and Fish</u>	344,000	344,000
<u>Permanent School</u>	200,000	200,000

\$68,000 the first year and \$68,000 the second year are for minerals cooperative environmental research, of which \$34,000 the first year and \$34,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind.

\$251,000 the first year and \$251,000 the second year are for iron ore cooperative

research. Of this amount, \$200,000 each year is from the minerals management account in the natural resources fund. \$175,000 the first year and \$175,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind. Any unencumbered balance from the first year does not cancel and is available in the second year.

\$2,755,000 the first year and \$2,815,000 the second year are from the minerals management account in the natural resources fund for use as provided in Minnesota Statutes, section 93.2236, paragraph (c), for mineral resource management, projects to enhance future mineral income, and projects to promote new mineral resource opportunities.

\$200,000 the first year and \$200,000 the second year are from the state forest suspense account in the permanent school fund to accelerate land exchanges, land sales, and commercial leasing of school trust lands and to identify, evaluate, and lease construction aggregate located on school trust lands. This appropriation is to be used for securing long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

Prior to June 30, 2015, the commissioner shall offer to renegotiate mineral royalty rates under Minnesota Statutes, section 93.20. In renegotiating the royalty rates, the commissioner shall consider the long-term effect of the royalty rates on the beneficiary funds, including the effect of the royalty rates on the long-term health of the mining industry in Minnesota. This paragraph is effective the day following final enactment.

Subd. 3. <u>Ecological and Water Resources</u>	<u>32,768,000</u>	<u>32,506,000</u>
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Appropriations by Fund

2016

2017

<u>General</u>	<u>17,491,000</u>	<u>17,046,000</u>
<u>Natural Resources</u>	<u>10,487,000</u>	<u>10,546,000</u>
<u>Game and Fish</u>	<u>4,790,000</u>	<u>4,914,000</u>

\$3,242,000 the first year and \$3,242,000 the second year are from the invasive species account in the natural resources fund and \$3,206,000 the first year and \$3,206,000 the second year are from the general fund for management, public awareness, assessment and monitoring research, and water access inspection to prevent the spread of invasive species; management of invasive plants in public waters; and management of terrestrial invasive species on state-administered lands.

\$5,000,000 the first year and \$5,000,000 the second year are from the water management account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 103G.27, subdivision 2.

\$124,000 the first year and \$124,000 the second year are for a grant to the Mississippi Headwaters Board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under the board's jurisdiction.

\$10,000 the first year and \$10,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement the band's portion of the comprehensive plan for the upper Mississippi.

\$264,000 the first year and \$264,000 the second year are for grants for up to 50 percent of the cost of implementation of the Red River mediation agreement.

\$2,393,000 the first year and \$2,393,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$950,000 the first year and \$950,000 the second year are from the nongame wildlife

management account in the natural resources fund for the purpose of nongame wildlife management. Notwithstanding Minnesota Statutes, section 290.431, \$100,000 the first year and \$100,000 the second year may be used for nongame wildlife information, education, and promotion.

\$6,000,000 the first year and \$6,000,000 the second year are from the general fund for the following activities:

(1) financial reimbursement and technical support to soil and water conservation districts or other local units of government for groundwater level monitoring;

(2) surface water monitoring and analysis, including installation of monitoring gauges;

(3) groundwater analysis to assist with water appropriation permitting decisions;

(4) permit application review incorporating surface water and groundwater technical analysis;

(5) precipitation data and analysis to improve the use of irrigation;

(6) information technology, including electronic permitting and integrated data systems; and

(7) compliance and monitoring.

\$150,000 is for the commissioner of natural resources, in cooperation with the commissioners of the Pollution Control Agency and health, the Public Facilities Authority, and local units of government to conduct a study and report to the legislature on:

(1) the feasibility of constructing a wastewater treatment facility for communities surrounding White Bear Lake that will provide treated wastewater to be used to augment water levels in White Bear Lake; and

(2) design and construction of an augmentation supply from Sucker Lake to White Bear Lake. The commissioner shall submit the report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources policy and finance no later than January 15, 2016.

\$400,000 the first year is for grants to assist in the construction of flood protection rural and farmstead ring levees in the Red River watershed. Grants may not exceed 50 percent of the cost of the projects. This is a onetime appropriation and is available until June 30, 2019.

Subd. 4. Forest Management

40,456,000

39,860,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>28,046,000</u>	<u>27,450,000</u>
<u>Natural Resources</u>	<u>11,123,000</u>	<u>11,123,000</u>
<u>Game and Fish</u>	<u>1,287,000</u>	<u>1,287,000</u>

\$7,145,000 the first year and \$7,145,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. The amount necessary to pay for presuppression and suppression costs during the biennium is appropriated from the general fund.

By January 15 of each year, the commissioner of natural resources shall submit a report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over environment and natural resources finance, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the

commissioner from any source other than federal mobilizations shall be deposited into the general fund.

\$11,123,000 the first year and \$11,123,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

\$1,287,000 the first year and \$1,287,000 the second year are from the heritage enhancement account in the game and fish fund to advance ecological classification systems (ECS) scientific management tools for forest and invasive species management. This appropriation is from revenue deposited in the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$880,000 the first year and \$880,000 the second year are for the Forest Resources Council for implementation of the Sustainable Forest Resources Act.

\$1,000,000 the first year is for a pilot program to increase forest road maintenance. The commissioner shall use the money to perform needed maintenance on forest roads in conjunction with timber sales. Optional forest road maintenance contracts may be offered to successful purchasers of state timber sales at the commissioner's discretion. This is a onetime appropriation.

\$250,000 the first year and \$250,000 the second year are for the FORIST system.

The commissioner shall contract with a telecommunication provider to place a cell phone transmitter on the ranger tower on Side Lake in St. Louis County.

The general fund base budget for forest management in fiscal year 2018 and thereafter is \$27,450,000.

Subd. 5. Parks and Trails Management

73,414,000

73,800,000

	<u>Appropriations by Fund</u>	
	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>23,627,000</u>	<u>23,777,000</u>
<u>Natural Resources</u>	<u>47,521,000</u>	<u>47,750,000</u>
<u>Game and Fish</u>	<u>2,266,000</u>	<u>2,273,000</u>

\$1,075,000 the first year and \$1,075,000 the second year are from the water recreation account in the natural resources fund for enhancing public water access facilities.

\$5,740,000 the first year and \$5,740,000 the second year are from the natural resources fund for state trail, park, and recreation area operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

\$1,005,000 the first year and \$1,005,000 the second year are from the natural resources fund for park and trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grants. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$8,424,000 the first year and \$8,424,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$1,460,000 the first year and \$1,460,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, \$1,210,000 each year is from the all-terrain vehicle account; \$150,000 each year is from the off-highway motorcycle account; and \$100,000 each year is from the off-road vehicle account. Any

unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$968,000 the first year and \$968,000 the second year are from the off-road vehicle account in the natural resources fund. Of this amount, \$568,000 each year is for parks and trails management for off-road vehicle purposes; \$325,000 is for the off-road vehicle grant-in-aid program; and \$75,000 is for a new full-time employee position or contract in northern Minnesota to work in conjunction with the Minnesota Four-Wheel Drive Association to address off-road vehicle touring routes and other issues related to off-road vehicle activities. This is a onetime appropriation.

\$75,000 the first year and \$75,000 the second year are from the cross-country ski account in the natural resources fund for grooming and maintaining cross-country ski trails in state parks, trails, and recreation areas.

\$250,000 the first year and \$250,000 the second year are from the state land and water conservation account (LAWCON) in the natural resources fund for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 84.0264, and the federal Land and Water Conservation Fund Act. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$65,000 the first year is from the water recreation account in the natural resources fund to cooperate with local units of government in marking routes and designating river accesses and campsites under Minnesota Statutes, section 85.32. This is a onetime appropriation and is available until June 30, 2019.

\$190,000 from the natural resources fund the first year is for a grant to the city of Virginia

for the additional cost of supporting a trail due to the rerouting of U.S. Highway No. 53. This is a onetime appropriation and is available until June 30, 2019.

\$50,000 the first year is for development of a master plan for the Mississippi Blufflands Trail, including work on possible extensions or connections to other state or regional trails. This is a onetime appropriation that is available until June 30, 2017.

\$61,000 from the natural resources fund the first year is for a grant to the city of East Grand Forks for payment under a reciprocity agreement for the Red River State Recreation Area.

Subd. 6. Fish and Wildlife Management

75,320,000

71,003,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>Natural Resources</u>	<u>1,908,000</u>	<u>1,912,000</u>
<u>Game and Fish</u>	<u>73,412,000</u>	<u>69,091,000</u>

\$8,167,000 the first year and \$8,167,000 the second year are from the heritage enhancement account in the game and fish fund only for activities specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). Notwithstanding Minnesota Statutes, section 297A.94, five percent of this appropriation may be used for expanding hunter and angler recruitment and retention.

\$5,000,000 the first year from the game and fish fund is for trap, skeet, and archery shooting sports facility grants under Minnesota Statutes, section 87A.10. This is a onetime appropriation and is available until June 30, 2018.

Notwithstanding Minnesota Statutes, section 84.943, \$13,000 the first year and \$13,000 the second year from the critical habitat private sector matching account may be used to publicize the critical habitat license plate match program.

Subd. 7. Enforcement39,313,00038,528,000Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>4,985,000</u>	<u>4,386,000</u>
<u>Natural Resources</u>	<u>10,095,000</u>	<u>10,193,000</u>
<u>Game and Fish</u>	<u>24,133,000</u>	<u>23,849,000</u>
<u>Remediation</u>	<u>100,000</u>	<u>100,000</u>

\$870,000 the first year and \$130,000 the second year from the general fund and \$1,330,000 the first year and \$220,000 the second year from the game and fish fund are for aviation services. This appropriation is onetime.

\$1,718,000 the first year and \$1,718,000 the second year are from the general fund for enforcement efforts to prevent the spread of aquatic invasive species.

\$1,520,000 the first year and \$1,563,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). The base for these purposes in fiscal year 2018 and thereafter is \$1,590,000.

\$1,082,000 the first year and \$1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$315,000 the first year and \$315,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$250,000 the first year and \$250,000 the second year are from the all-terrain vehicle account for grants to qualifying organizations to assist in safety and environmental education and monitoring trails on public lands under Minnesota Statutes, section 84.9011. Grants issued under this paragraph must be issued through a formal agreement with the organization. By December 15 each year, an organization receiving a grant under this paragraph shall report to the commissioner with details on expenditures and outcomes from the grant. Of this appropriation, \$25,000 each year is for administration of these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$510,000 the first year and \$510,000 the second year are from the natural resources fund for grants to county law enforcement agencies for off-highway vehicle enforcement and public education activities based on off-highway vehicle use in the county. Of this amount, \$498,000 each year is from the all-terrain vehicle account; \$11,000 each year is from the off-highway motorcycle account; and \$1,000 each year is from the off-road vehicle account. The county enforcement agencies may use money received under this appropriation to make grants to other local enforcement agencies within the county that have a high concentration of off-highway vehicle use. Of this appropriation, \$25,000 each year is for administration of these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

Subd. 8. Operations Support

1,070,000

1,070,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>750,000</u>	<u>750,000</u>

<u>Natural Resources</u>	<u>320,000</u>	<u>320,000</u>
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\$320,000 the first year and \$320,000 the second year are from the natural resources fund for grants to be divided equally between the city of St. Paul for the Como Park Zoo and Conservatory and the city of Duluth for the Duluth Zoo. This appropriation is from the revenue deposited to the fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

\$500,000 each year is for legal costs related to water management. This is a onetime appropriation and is available until June 30, 2018.

Money appropriated in this section may not be spent on a new contract for a call center that is located outside the state of Minnesota.

Sec. 4. BOARD OF WATER AND SOIL RESOURCES

<u>\$</u>	<u>13,959,000</u>	<u>\$</u>	<u>13,133,000</u>
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\$3,423,000 the first year and \$3,423,000 the second year are for natural resources block grants to local governments. Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount as specified by Minnesota Statutes, section 103B.3369. The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate.

\$3,116,000 the first year and \$3,116,000 the second year are for grants to soil and water conservation districts for general purposes, nonpoint engineering, and implementation of the reinvest in Minnesota reserve program. Expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts. Any district receiving a grant under

this paragraph shall maintain a Web page that publishes, at a minimum, its annual report, annual audit, annual budget, and meeting notices.

\$1,560,000 the first year and \$1,560,000 the second year are for the following cost-share programs:

(1) \$260,000 each year is for feedlot water quality grants for feedlots under 300 animal units and nutrient and manure management projects in watersheds where there are impaired waters;

(2) \$1,200,000 each year is for soil and water conservation district cost-sharing contracts for perennially vegetated riparian buffers, erosion control, water retention and treatment, and other high-priority conservation practices; and

(3) \$100,000 each year is for county cooperative weed management programs and to restore native plants in selected invasive species management sites by providing local native seeds and plants to landowners for implementation.

\$800,000 the first year and \$750,000 the second year are for implementation, enforcement, and oversight of the Wetland Conservation Act.

\$166,000 the first year and \$166,000 the second year are to provide technical assistance to local drainage management officials and for the costs of the Drainage Work Group.

\$100,000 the first year and \$100,000 the second year are for a grant to the Red River Basin Commission for water quality and floodplain management, including administration of programs. This appropriation must be matched by nonstate funds. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$120,000 the first year and \$120,000 the second year are for grants to Area II Minnesota River Basin Projects for floodplain management.

Notwithstanding Minnesota Statutes, section 103C.501, the board may shift cost-share funds in this section and may adjust the technical and administrative assistance portion of the grant funds to leverage federal or other nonstate funds or to address high-priority needs identified in local water management plans or comprehensive water management plans.

\$750,000 the first year is for purposes of Minnesota Statutes, section 103F.519. This appropriation is onetime and is available until June 30, 2017.

The appropriations for grants in this section are available until June 30, 2019. If an appropriation for grants in either year is insufficient, the appropriation in the other year is available for it.

Sec. 5. METROPOLITAN COUNCIL \$ 8,540,000 \$ 8,540,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>2,870,000</u>	<u>2,870,000</u>
<u>Natural Resources</u>	<u>5,670,000</u>	<u>5,670,000</u>

\$2,870,000 the first year and \$2,870,000 the second year are for metropolitan area regional parks operation and maintenance according to Minnesota Statutes, section 473.351.

\$5,670,000 the first year and \$5,670,000 the second year are from the natural resources fund for metropolitan area regional parks and trails maintenance and operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3).

Sec. 6. CONSERVATION CORPS MINNESOTA \$ 945,000 \$ 945,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>455,000</u>	<u>455,000</u>
<u>Natural Resources</u>	<u>490,000</u>	<u>490,000</u>

Conservation Corps Minnesota may receive money appropriated from the natural resources fund under this section only as provided in an agreement with the commissioner of natural resources.

Sec. 7. ZOOLOGICAL BOARD \$ 8,410,000 \$ 8,410,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>8,250,000</u>	<u>8,250,000</u>
<u>Natural Resources</u>	<u>160,000</u>	<u>160,000</u>

\$160,000 the first year and \$160,000 the second year are from the natural resources fund from the revenue deposited under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

Sec. 8. SCIENCE MUSEUM \$ 1,079,000 \$ 1,079,000

Sec. 9. REPAYMENT; TRANSFER

The commissioner of management and budget shall transfer \$14,000,000 in fiscal year 2018 and \$14,000,000 in fiscal year 2019 from the general fund to the closed landfill investment fund created in Minnesota Statutes, section 115B.421.

ARTICLE 4**ENVIRONMENT AND NATURAL RESOURCES STATUTORY CHANGES**

Section 1. Minnesota Statutes 2014, section 13.7411, subdivision 8, is amended to read:

Subd. 8. **Pollution Control Agency.** (a) **Hazardous waste generators.** Information provided by hazardous waste generators under section 473.151 and for which confidentiality is claimed is governed by section 116.075, subdivision 2.

(b) **Priority chemicals.** Trade secret information and other information submitted to the Pollution Control Agency related to priority chemicals in children's products are governed by section 116.9408.

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

Sec. 2. Minnesota Statutes 2014, section 84.415, subdivision 7, is amended to read:

Subd. 7. **Existing road right-of-way; Application fee exemption.** (a) A utility license for crossing public lands or public waters is exempt from all application fees specified in this section and in rules adopted under this section when the utility crossing is on an existing right-of-way of a public road.

(b) This subdivision does not apply to electric power lines, cables, or conduits 100 kilovolts or greater or to main pipelines for gas, liquids, or solids in suspension.

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

Sec. 3. **[84.69] NATURAL RESOURCES CONSERVATION EASEMENT STEWARDSHIP ACCOUNT.**

Subdivision 1. **Account established; sources.** The natural resources conservation easement stewardship account is created in the special revenue fund. The account consists of money credited to the account and interest and other earnings on money in the account. The State Board of Investment must manage the account to maximize long-term gain. The following revenue must be deposited in the natural resources conservation easement stewardship account:

- (1) contributions to the account or specified for any purpose of the account;
- (2) contributions under subdivision 3; section 84.66, subdivision 11; or other applicable law;
- (3) money appropriated for any of the purposes described in subdivision 2;
- (4) money appropriated for monitoring and enforcement of easements and earnings on the money appropriated that revert to the state under section 97A.056, subdivision 17, or other applicable law; and
- (5) gifts under section 84.085 for conservation easement stewardship.

Subd. 2. **Appropriation; purposes of account.** Five percent of the balance on July 1 of each year in the natural resources conservation easement stewardship account is annually appropriated to the commissioner of natural resources and may be spent only to cover the costs of managing conservation easements held by the Department of Natural Resources, including costs associated with monitoring, landowner contacts, records storage and management, processing landowner notices, requests for approval or amendments, enforcement, and legal services associated with conservation easement management activities.

Subd. 3. **Financial contributions.** The commissioner shall seek a financial contribution to the natural resources conservation easement stewardship account for each conservation easement acquired by or assigned to the Department of Natural Resources. Unless otherwise provided by law, the commissioner shall determine the amount of the contribution, which must be an amount calculated to earn sufficient money to meet the costs of managing the conservation easement at a level that neither significantly overrecovers nor underrecovers the costs. In determining the amount of the financial contribution, the commissioner shall consider:

- (1) the estimated annual staff hours needed to manage the conservation easement, taking into consideration factors such as easement type, size, location, and complexity;

(2) the average hourly wages for the class or classes of employees expected to manage the conservation easement;

(3) the estimated annual travel expenses to manage the conservation easement;

(4) the estimated annual miscellaneous costs to manage the conservation easement, including supplies and equipment, information technology support, and aerial flyovers;

(5) the estimated annualized cost of legal services, including the cost to enforce the easement in the event of a violation; and

(6) the expected rate of return on investments in the account.

EFFECTIVE DATE. Subdivisions 1 and 2 of this section are effective the day following final enactment. Subdivision 3 of this section is effective for conservation easements acquired with money appropriated on or after July 1, 2015, and for acquisitions of conservation easements by gift that are initiated on or after July 1, 2015.

Sec. 4. Minnesota Statutes 2014, section 84.82, subdivision 2a, is amended to read:

Subd. 2a. **Nontrail use registration.** A snowmobile may be registered for nontrail use. A snowmobile registered under this subdivision may not be operated on a state or grant-in-aid snowmobile trail. The fee for a nontrail use registration of a snowmobile with an engine displacement that is greater than 125 cubic centimeters is \$45 for three years. A nontrail use registration is not transferable. In addition to other penalties prescribed by law, the penalty for violation of this subdivision is immediate revocation of the nontrail use registration. The commissioner shall ensure that the registration sticker provided for limited nontrail use is of a different color and is distinguishable from other snowmobile registration and state trail stickers provided.

Sec. 5. Minnesota Statutes 2014, section 84.82, subdivision 6, is amended to read:

Subd. 6. **Exemptions.** Registration is not required under this section for:

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

(2) a snowmobile registered in a country other than the United States temporarily used within this state;

(3) a snowmobile that is covered by a valid license of another state and has not been within this state for more than 30 consecutive days or that is registered by an Indian tribal government to a tribal member and has not been outside the tribal reservation boundary for more than 30 consecutive days;

(4) a snowmobile used exclusively in organized track racing events;

(5) a snowmobile in transit by a manufacturer, distributor, or dealer;

(6) a snowmobile at least 15 years old in transit by an individual for use only on land owned or leased by the individual; ~~or~~

(7) a snowmobile while being used to groom a state or grant-in-aid trail; or

(8) a snowmobile with an engine displacement that is 125 cubic centimeters or less and the snowmobile is not operated on a state or grant-in-aid trail.

Sec. 6. Minnesota Statutes 2014, section 84.92, subdivision 8, is amended to read:

Subd. 8. **All-terrain vehicle or vehicle.** "All-terrain vehicle" or "vehicle" means a motorized vehicle ~~of with:~~ with: (1) not less than three, but not more than six low pressure or non-pneumatic tires; that is limited in engine displacement of less than 1,000 cubic centimeters and; (2) a total dry weight of 2,000 pounds or less; and (3) a total width from outside of tire rim to outside of tire rim that is 65 inches or less. All-terrain vehicle includes a class 1 all-terrain vehicle and class 2 all-terrain vehicle. All-terrain vehicle does not include a golf cart, mini-truck, dune buggy, or go-cart or a vehicle designed and used specifically for lawn maintenance, agriculture, logging, or mining purposes.

Sec. 7. Minnesota Statutes 2014, section 84.92, subdivision 9, is amended to read:

Subd. 9. **Class 1 all-terrain vehicle.** "Class 1 all-terrain vehicle" means an all-terrain vehicle that has a total ~~dry weight of less than 1,200 pounds~~ width from outside of tire rim to outside of tire rim that is 50 inches or less.

Sec. 8. Minnesota Statutes 2014, section 84.92, subdivision 10, is amended to read:

Subd. 10. **Class 2 all-terrain vehicle.** "Class 2 all-terrain vehicle" means an all-terrain vehicle that has a total ~~dry weight of 1,200 to 1,800 pounds~~ width from outside of tire rim to outside of tire rim that is greater than 50 inches but not more than 65 inches.

Sec. 9. Minnesota Statutes 2014, section 84.922, subdivision 5, is amended to read:

Subd. 5. **Fees for registration.** (a) The fee for a three-year registration of an all-terrain vehicle under this section, other than those registered by a dealer or manufacturer under paragraph (b) or (c), is:

- (1) for public use, \$45 for class 1 all-terrain vehicles and \$48 for class 2 all-terrain vehicles;
- (2) for private use, \$6; and
- (3) for a duplicate or transfer, \$4.

(b) The total registration fee for all-terrain vehicles owned by a dealer and operated for demonstration or testing purposes is \$50 per year. Dealer registrations are not transferable.

(c) The total registration fee for all-terrain vehicles owned by a manufacturer and operated for research, testing, experimentation, or demonstration purposes is \$150 per year. Manufacturer registrations are not transferable.

(d) The onetime fee for registration of an all-terrain vehicle under subdivision 2b is \$6.

(e) The fees collected under this subdivision must be credited to the all-terrain vehicle account.

Sec. 10. Minnesota Statutes 2014, section 84D.01, is amended by adding a subdivision to read:

Subd. 1a. **Aquatic invasive species affirmation.** "Aquatic invasive species affirmation" means an affirmation of the summary of the aquatic invasive species laws of this chapter that is part of watercraft licenses and nonresident fishing licenses, as provided in section 84D.106.

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

Sec. 11. [84D.106] AQUATIC INVASIVE SPECIES AFFIRMATION.

Aquatic invasive species affirmation is required for all:

- (1) watercraft licenses issued under section 86B.401; and
- (2) all nonresident fishing licenses, as provided in section 97C.301, subdivision 2a.

EFFECTIVE DATE. Clause (1) of this section is effective January 1, 2016. Clause (2) of this section is effective March 1, 2016.

Sec. 12. Minnesota Statutes 2014, section 84D.13, subdivision 5, is amended to read:

Subd. 5. **Civil penalties.** (a) A civil citation issued under this section must impose the following penalty amounts:

- (1) for transporting aquatic macrophytes in violation of section 84D.09, \$100;
- (2) for placing or attempting to place into waters of the state water-related equipment that has aquatic macrophytes attached, \$200;
- (3) for unlawfully possessing or transporting a prohibited invasive species other than an aquatic macrophyte, \$500;
- (4) for placing or attempting to place into waters of the state water-related equipment that has prohibited invasive species attached when the waters are not listed by the commissioner as being infested with that invasive species, \$500;
- (5) for intentionally damaging, moving, removing, or sinking a buoy marking, as prescribed by rule, Eurasian water milfoil, \$100;
- (6) for failing to have drain plugs or similar devices removed or opened while transporting water-related equipment or for failing to remove plugs, open valves, and drain water from water-related equipment, other than marine sanitary systems, before leaving waters of the state, \$100; and
- (7) for transporting infested water off riparian property without a permit as required by rule, \$200; and
- (8) for failing to have aquatic invasive species affirmation displayed or available for inspection as provided in sections 86B.401 and 97C.301, subdivision 2a, \$25.

(b) A civil citation that is issued to a person who has one or more prior convictions or final orders for violations of this chapter is subject to twice the penalty amounts listed in paragraph (a).

Sec. 13. Minnesota Statutes 2014, section 84D.15, subdivision 3, is amended to read:

Subd. 3. **Use of money in account.** Money credited to the invasive species account in subdivision 2 shall be used for management of invasive species and implementation of this chapter as it pertains to invasive species, including control, public awareness, law enforcement, assessment and monitoring, management planning, habitat improvements, and research.

Sec. 14. Minnesota Statutes 2014, section 85.015, is amended by adding a subdivision to read:

Subd. 6a. **Mississippi Blufflands Trail; Goodhue and Wabasha Counties.** (a) The Mississippi Blufflands Trail shall originate at the Cannon Valley Trail and thence extend generally southeasterly along the Mississippi River through Frontenac State Park in Goodhue County and continue through Goodhue and Wabasha Counties to the city of Lake City, and there terminate. The trail shall include connections to the Rattlesnake Bluff Trail.

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

(c) In establishing, developing, maintaining, and operating the trail, the commissioner shall cooperate with local units of government and private individuals and groups whenever feasible.

Sec. 15. Minnesota Statutes 2014, section 85.055, subdivision 1, is amended to read:

Subdivision 1. **Fees.** The fee for state park permits for:

(1) an annual use of state parks is ~~\$25~~ \$30;

(2) a second or subsequent vehicle state park permit is \$18;

(3) a state park permit valid for one day is ~~\$5~~ \$6;

(4) a daily vehicle state park permit for groups is \$3;

(5) an annual permit for motorcycles is \$20;

(6) an employee's state park permit is without charge; and

(7) a state park permit for persons with disabilities under section 85.053, subdivision 7, paragraph (a), clauses (1) to (3), is \$12.

The fees specified in this subdivision include any sales tax required by state law.

Sec. 16. Minnesota Statutes 2014, section 85.32, subdivision 1, is amended to read:

Subdivision 1. **Areas marked.** The commissioner of natural resources is authorized in cooperation with local units of government and private individuals and groups when feasible to mark state water trails on the Little Fork, Big Fork, Minnesota, St. Croix, Snake, Mississippi, Red Lake, Cannon, Straight, Des Moines, Crow Wing, St. Louis, Pine, Rum, Kettle, Cloquet, Root, Zumbro, Pomme de Terre within Swift County, Watonwan, Cottonwood, Whitewater, Chippewa from Benson in Swift County to Montevideo in Chippewa County, Long Prairie, Red River of the North, Sauk, Otter Tail, Redwood, Blue Earth, Cedar, Shell Rock, and Crow Rivers which have historic and scenic values and to mark appropriately points of interest, portages, camp sites, and all dams, rapids, waterfalls, whirlpools, and other serious hazards which are dangerous to canoe, kayak, and watercraft travelers.

Sec. 17. Minnesota Statutes 2014, section 86B.401, subdivision 3, is amended to read:

Subd. 3. **Licensing.** (a) The license agent shall register the watercraft on receiving an application and the license fee. A license and registration sticker with a registration number shall be issued and must be affixed to the watercraft as prescribed by the commissioner of natural resources.

(b) A license includes aquatic invasive species affirmation as provided in section 84D.106. The aquatic invasive species affirmation portion of the license must be displayed with the signed license certificate. The aquatic invasive species affirmation will be provided with an application for a new, transfer, duplicate, or renewal watercraft license.

(c) The license is not valid unless signed by at least one owner.

(d) Failure to complete the aquatic invasive species affirmation in this subdivision is subject to the penalty prescribed in section 84D.13, subdivision 5.

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

Sec. 18. Minnesota Statutes 2014, section 87A.10, is amended to read:

87A.10 TRAP, SKEET, AND ARCHERY SHOOTING SPORTS FACILITY GRANTS.

The commissioner of natural resources shall administer a program to provide cost-share grants to local recreational shooting clubs or local units of government for up to 50 percent of the costs of developing or rehabilitating trap, skeet, and archery shooting sports facilities for public use. A facility rehabilitated or developed with a grant under this section must be open to the general public at reasonable times and for a reasonable fee on a walk-in basis. The commissioner shall give preference to projects that will provide the most opportunities for youth.

Sec. 19. Minnesota Statutes 2014, section 88.6435, subdivision 4, is amended to read:

Subd. 4. **Forest bough account; disposition of fees.** (a) The forest bough account is established in the state treasury within the natural resources fund.

(b) Fees for permits issued under this section ~~shall~~ must be deposited in the state treasury and credited to the forest bough account and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, are annually appropriated to the commissioner of natural resources for costs associated with ~~balsam bough educational special forest product information and education~~ programs for harvesters and buyers.

Sec. 20. Minnesota Statutes 2014, section 90.14, is amended to read:

90.14 AUCTION SALE PROCEDURE.

(a) All state timber shall be offered and sold by the same unit of measurement as it was appraised. No tract shall be sold to any person other than the purchaser in whose name the bid was made. The commissioner may refuse to approve any and all bids received and cancel a sale of state timber for good and sufficient reasons.

(b) The purchaser at any sale of timber shall, immediately upon the approval of the bid, or, if unsold at public auction, at the time of purchase at a subsequent sale under section 90.101, subdivision 1, pay to the commissioner a down payment of 15 percent of the appraised value. In case any purchaser fails to make such payment, the purchaser shall be liable therefor to the state in a civil action, and the commissioner may reoffer the timber for sale as though no bid or sale under section 90.101, subdivision 1, therefor had been made.

(c) In lieu of the scaling of state timber required by this chapter, a purchaser of state timber may, at the time of payment by the purchaser to the commissioner of 15 percent of the appraised value, elect in writing on a form prescribed by the attorney general to purchase a permit based solely on the appraiser's estimate of the volume of timber described in the permit, provided that the commissioner has expressly designated the availability of such option for that tract on the list of tracts available for sale as required under section 90.101. A purchaser who elects in writing on a form prescribed by the attorney general to purchase a permit based solely on the appraiser's estimate of the volume of timber described on the permit does not have recourse to the provisions of section 90.281.

(d) In the case of a public auction sale conducted by a sealed bid process, tracts shall be awarded to the high bidder, who shall pay to the commissioner a down payment of 15 percent of the appraised value that must be received or postmarked within 14 days of the date of the sealed bid opening. If a purchaser fails to make the down payment, the purchaser is liable for the down payment to the state and the commissioner may offer the timber for sale to the next highest bidder as though no higher bid had been made.

(e) Except as otherwise provided by law, at the time the purchaser signs a permit issued under section 90.151, the commissioner shall require the purchaser to make a bid guarantee payment to the commissioner in an amount equal to 15 percent of the total purchase price of the permit less the down payment amount required by paragraph (b) for any bid increase in excess of ~~\$5,000~~ \$10,000 of the appraised value. If a required bid guarantee payment is not submitted with the signed permit, no harvesting may occur, the permit cancels, and the down payment for timber forfeits to the state. The bid guarantee payment forfeits to the state if the purchaser and successors in interest fail to execute an effective permit.

EFFECTIVE DATE. This section is effective June 1, 2015, and applies to permits sold on or after that date.

Sec. 21. Minnesota Statutes 2014, section 90.193, is amended to read:

90.193 EXTENSION OF TIMBER PERMITS.

The commissioner may, in the case of an exceptional circumstance beyond the control of the timber permit holder which makes it unreasonable, impractical, and not feasible to complete cutting and removal under the permit within the time allowed, grant one regular extension for one year. A written request for the regular extension must be received by the commissioner before the permit expires. The request must state the reason the extension is necessary and be signed by the permit holder. An interest rate of ~~eight~~ five percent may be charged for the period of extension.

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

Sec. 22. [92.83] CONDEMNATION OF SCHOOL TRUST LAND.

Subdivision 1. **Purpose.** The purpose of this section is to extinguish the school trust interest in school trust lands where long-term economic return is prohibited by designation or policy while producing economic benefits for Minnesota's public schools. For the purposes of satisfying the Minnesota Constitution, article XI, section 8, which limits the sale of school trust lands to a public sale, the commissioner of natural resources shall acquire school trust lands through condemnation, as provided in subdivision 2.

Subd. 2. **Commencement of condemnation proceedings.** When the commissioner of natural resources has determined sufficient money is available to acquire any of the lands identified under section 84.027, subdivision 18, paragraph (c), the commissioner shall proceed to extinguish the school trust interest by condemnation action. When requested by the commissioner, the attorney general shall commence condemnation of the identified school trust lands.

Subd. 3. **Payment.** The portion of the payment of the award and judgment that is for the value of the land shall be deposited into the permanent school fund. The remainder of the award and judgment payment shall first be remitted for reimbursement to the accounts from which expenses were paid, with any remainder deposited into the permanent school fund.

Subd. 4. **Account.** The school trust lands account is created in the state treasury. Money credited to the account is appropriated to the commissioner of natural resources for the purposes of this section.

Sec. 23. Minnesota Statutes 2014, section 93.20, subdivision 18, is amended to read:

Subd. 18. **Schedule 7.** Schedule 7. Taconite ore shall be understood to mean a ferruginous chert or ferruginous slate in the form of compact siliceous rock, in which the iron oxide is so finely disseminated that substantially all of the iron-bearing particles of merchantable grade are smaller than 20 mesh.

Taconite concentrates shall be understood to mean the merchantable product, suitable for blast furnace use, which, in accordance with good engineering and metallurgical practice, has been produced from taconite ore which requires treatment by fine grinding, magnetic separation, flotation, or some other method or methods other than or in addition to one or more of the methods specified in schedules 1 to 6, inclusive.

On a ton of taconite concentrates averaging in dried iron 40.49 percent or less, the royalty shall be no less than 11 cents. The royalty rate shall be increased one percent for each increase of one percent, or fraction thereof, in dried iron analysis.

In lieu of payment of such royalty on the taconite concentrates, royalty payments may be made on the taconite ore as set forth in section 93.201.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to both existing and new leases entered into under this section.

Sec. 24. Minnesota Statutes 2014, section 94.16, subdivision 3, is amended to read:

Subd. 3. **Proceeds from natural resources land.** (a) Except as provided in paragraph paragraphs (b) and (c), the remainder of the proceeds from the sale of lands classified as a unit of the outdoor recreation system under section 86A.05 that were under the control and supervision of the commissioner of natural resources shall be credited to the land acquisition account in the natural resources fund.

(b) The remainder of the proceeds from the sale of administrative sites under the control and supervision of the commissioner of natural resources shall be credited to the facilities management account established under section 84.0857 and used to acquire facilities or renovate existing buildings for administrative use or to acquire land for, design, and construct administrative buildings for the Department of Natural Resources.

(c) The remainder of the proceeds from the sale of land not within a unit of the outdoor recreation system under section 86A.05 and not an administrative site, but under the control and supervision of the commissioner of natural resources, shall be credited to the school trust lands account established under section 92.83.

Sec. 25. Minnesota Statutes 2014, section 97A.055, subdivision 4b, is amended to read:

Subd. 4b. **Citizen oversight committees.** (a) The commissioner shall appoint committees of affected persons to review the reports prepared under subdivision 4; review the proposed work plans and budgets for the coming year; propose changes in policies, activities, and revenue enhancements

or reductions; review other relevant information; and make recommendations to the legislature and the commissioner for improvements in the management and use of money in the game and fish fund.

(b) The commissioner shall appoint the following committees, each comprised of at least ten affected persons:

(1) a Fisheries Oversight Committee to review fisheries funding and expenditures, including activities related to trout and salmon stamps and walleye stamps; and

(2) a Wildlife Oversight Committee to review wildlife funding and expenditures, including activities related to migratory waterfowl, pheasant, and wild turkey management and deer and big game management.

(c) The chairs of the Fisheries Oversight Committee and the Wildlife Oversight Committee, and four additional members from each committee, shall form a Budgetary Oversight Committee to coordinate the integration of the fisheries and wildlife oversight committee reports into an annual report to the legislature; recommend changes on a broad level in policies, activities, and revenue enhancements or reductions; and provide a forum to address issues that transcend the fisheries and wildlife oversight committees.

(d) The Budgetary Oversight Committee shall develop recommendations for a biennial budget plan and report for expenditures on game and fish activities. By August 15 of each even-numbered year, the committee shall submit the budget plan recommendations to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance.

(e) The chairs of the Fisheries Oversight Committee and the Wildlife Oversight Committee shall be chosen by their respective committees. The chair of the Budgetary Oversight Committee shall be appointed by the commissioner and may not be the chair of either of the other oversight committees.

(f) The Budgetary Oversight Committee may make recommendations to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance for outcome goals from expenditures.

(g) The committees authorized under this subdivision are not advisory councils or committees governed by section 15.059 and are not subject to section 15.059. Committee members appointed by the commissioner may request reimbursement for mileage expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Committee members must not receive daily compensation for oversight activities. The Fisheries Oversight Committee, the Wildlife Oversight Committee, and the Budgetary Oversight Committee expire June 30, ~~2015~~ 2020.

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

Sec. 26. Minnesota Statutes 2014, section 97B.301, is amended by adding a subdivision to read:

Subd. 9. Residents age 84 or over may take deer of either sex. A resident age 84 or over may take a deer of either sex. This subdivision does not authorize the taking of an antlerless deer by another member of a party under subdivision 3.

Sec. 27. Minnesota Statutes 2014, section 97C.301, is amended by adding a subdivision to read:

Subd. 2a. **Aquatic invasive species affirmation.** (a) A nonresident license to take fish issued under section 97A.475, subdivision 7, includes aquatic invasive species affirmation as provided in section 84D.106.

(b) The aquatic invasive species affirmation portion of the license must be displayed with the signed nonresident license to take fish issued under section 97A.475, subdivision 7. The aquatic invasive species affirmation will be provided at the time of purchase of a new or duplicate nonresident license.

(c) If a license is purchased online, the aquatic invasive species affirmation may be completed electronically as part of the online sales process, and the electronic record of the license sale will be sufficient for documenting the affirmation.

(d) Failure to complete the aquatic invasive species affirmation in this subdivision is subject to the penalty prescribed in section 84D.13, subdivision 5.

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

Sec. 28. Minnesota Statutes 2014, section 103B.101, is amended by adding a subdivision to read:

Subd. 16. **Wetland stakeholder coordination.** The board shall work with wetland stakeholders to foster mutual understanding and provide recommendations for improvements to the management of wetlands and related land and water resources, including recommendations for updating the Wetland Conservation Act, developing an in-lieu fee program as defined in section 103G.005, subdivision 10g, and related provisions. The board may convene informal working groups or work teams to provide information and education and to develop recommendations.

Sec. 29. **[103B.103] EASEMENT STEWARDSHIP ACCOUNTS.**

Subdivision 1. **Accounts established; sources.** (a) The water and soil conservation easement stewardship account and the mitigation easement stewardship account are created in the special revenue fund. The accounts consist of money credited to the accounts and interest and other earnings on money in the accounts. The State Board of Investment must manage the accounts to maximize long-term gain.

(b) Revenue from contributions and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the water and soil conservation easement stewardship account. Revenue from contributions, wetland banking fees designated for stewardship purposes by the board, easement stewardship payments authorized under subdivision 3, and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the mitigation easement stewardship account.

Subd. 2. **Appropriation; purposes of accounts.** Five percent of the balance on July 1 each year in the water and soil conservation easement stewardship account and five percent of the balance on July 1 each year in the mitigation easement stewardship account are annually appropriated to the board and may be spent only to cover the costs of managing easements held by the board, including costs associated with monitoring, landowner contacts, records storage and management, processing landowner notices, requests for approval or amendments, enforcement, and legal services associated with easement management activities.

Subd. 3. **Financial contributions.** The board shall seek a financial contribution to the water and soil conservation easement stewardship account for each conservation easement acquired by the

board. The board shall seek a financial contribution or assess an easement stewardship payment to the mitigation easement stewardship account for each wetland banking easement acquired by the board. Unless otherwise provided by law, the board shall determine the amount of the contribution or payment, which must be an amount calculated to earn sufficient money to meet the costs of managing the easement at a level that neither significantly overrecovers nor underrecovers the costs. In determining the amount of the financial contribution, the board shall consider:

- (1) the estimated annual staff hours needed to manage the conservation easement, taking into consideration factors such as easement type, size, location, and complexity;
- (2) the average hourly wages for the class or classes of state and local employees expected to manage the easement;
- (3) the estimated annual travel expenses to manage the easement;
- (4) the estimated annual miscellaneous costs to manage the easement, including supplies and equipment, information technology support, and aerial flyovers;
- (5) the estimated annualized costs of legal services, including the cost to enforce the easement in the event of a violation; and
- (6) the expected rate of return on investments in the account.

EFFECTIVE DATE. Subdivisions 1 and 2 of this section are effective the day following final enactment. Subdivision 3 of this section is effective for conservation easements acquired with money appropriated on or after July 1, 2015, and for acquisitions of conservation easements by gift or as a condition of approval for wetland mitigation as provided in Minnesota Rules, chapter 8420, that are initiated on or after July 1, 2015.

Sec. 30. Minnesota Statutes 2014, section 103B.3355, is amended to read:

103B.3355 WETLAND FUNCTIONS FOR DETERMINING PUBLIC VALUES.

- (a) The public values of wetlands must be determined based upon the functions of wetlands for:
- (1) water quality, including filtering of pollutants to surface and groundwater, utilization of nutrients that would otherwise pollute public waters, trapping of sediments, shoreline protection, and utilization of the wetland as a recharge area for groundwater;
 - (2) floodwater and storm water retention, including the potential for flooding in the watershed, the value of property subject to flooding, and the reduction in potential flooding by the wetland;
 - (3) public recreation and education, including hunting and fishing areas, wildlife viewing areas, and nature areas;
 - (4) commercial uses, including wild rice and cranberry growing and harvesting and aquaculture;
 - (5) fish, wildlife, native plant habitats;
 - (6) low-flow augmentation;
 - (7) carbon sequestration; and
 - (8) other public uses.

(b) The Board of Water and Soil Resources, in consultation with the commissioners of natural resources and agriculture and local government units, shall adopt rules establishing:

- (1) scientific methodologies for determining the functions of wetlands; and
- (2) criteria for determining the resulting public values of wetlands.

(c) The methodologies and criteria established under this section or other methodologies and criteria that include the functions in paragraph (a) and are approved by the board, in consultation with the commissioners of natural resources and agriculture and local government units, must be used to determine the functions and resulting public values of wetlands in the state. The functions listed in paragraph (a) are not listed in order of priority.

(d) Public value criteria established or approved by the board under this section do not apply in areas subject to local comprehensive wetland protection and management plans established under section 103G.2243.

(e) The Board of Water and Soil Resources, in consultation with the commissioners of natural resources and agriculture and local government units, ~~may~~ must identify ~~regions~~ areas of the state where preservation, enhancement, restoration, and establishment of wetlands would have high public value. The board, in consultation with the commissioners, ~~may~~ must identify high priority ~~wetland regions~~ areas for wetland replacement using available information relating to the factors listed in paragraph (a), the historic loss and abundance of wetlands, current applicable state and local government water management and natural resource plans, and studies using a watershed approach to identify current and future watershed needs. The board shall notify local units of government with water planning authority of these high priority ~~regions~~ areas. Designation of high priority areas is exempt from the rulemaking requirements of chapter 14, and section 14.386 does not apply. Designation of high priority areas is not effective until 30 days after publication in the State Register.

(f) Local units of government, as part of a state-approved comprehensive local water management plan as defined in section 103B.3363, subdivision 3, a state-approved comprehensive watershed management plan as defined in section 103B.3363, subdivision 3a, or a state-approved local comprehensive wetland protection and management plan under section 103G.2243, may identify priority areas for wetland replacement and provide them for consideration under paragraph (e).

Sec. 31. **[103F.519] WORKING LANDS WATERSHED RESTORATION PROGRAM.**

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

- (b) "Advanced biofuel" has the meaning given in section 239.051, subdivision 1a.
- (c) "Agricultural use" has the meaning given in section 17.81, subdivision 4.
- (d) "Board" means the Board of Water and Soil Resources.

(e) "Perennial crops" means agriculturally produced plants that are known to be noninvasive and not listed as a noxious weed in Minnesota and that have a life cycle of at least three years at the location where the plants are being cultivated. Biomass from alfalfa produced in a two-year rotation is considered a perennial crop.

Subd. 2. **Establishment.** The board shall administer a perennial feedstock program to incentivize the establishment and maintenance of perennial agricultural crops. The board shall contract with landowners and give priority to contracts that implement water protection actions as identified in a completed watershed restoration and protection strategy developed under section 114D.26.

Subd. 3. **Eligible land.** Land eligible under this section must:

(1) have been in agricultural use or have been set aside, enrolled, or diverted under another federal or state government program for at least two of the last five years before the date of application; and

(2) not be currently set aside, enrolled, or diverted under another federal or state government program.

Subd. 4. **Contract terms.** (a) The board shall offer a contract rate of no more than 90 percent of the most recent federal conservation reserve program payment for the county in which the land is located. The board may make additional payments to assist with the establishment of perennial crops.

(b) Contracts must be at least ten years in duration.

(c) Perennial crops grown on lands enrolled under this section may be used for advanced biofuel feedstock or livestock feed. Perennial plants may be processed in a manner that utilizes a portion of the plant for livestock. Mechanical harvest is not allowed before July 1 in any year.

(d) The board shall prioritize lands with the highest potential to leverage federal funding.

(e) The board may establish additional contract terms.

Subd. 5. **Pilot watershed selection.** The board may select up to two watersheds in which to conduct an initial pilot program of up to 100,000 total acres. Project watersheds must have, as determined by the board:

(1) a completed watershed restoration and protection strategy developed under section 114D.26 or a hydrological simulation program model approved by the Pollution Control Agency;

(2) multiple water quality impairments resulting primarily from agricultural practices;

(3) a viable proposed advanced biofuel production facility located within 50 miles of the perennial feedstock grown under this section; and

(4) sufficient additional acres of cropland available for perennial crop production to adequately supply the proposed advanced biofuel production facility.

Sec. 32. Minnesota Statutes 2014, section 103F.612, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) A wetland owner may apply to the county where a wetland is located for designation of a wetland preservation area in a high priority wetland area ~~identified in a comprehensive local water plan, as defined in section 103B.3363, subdivision 3, and located within a high priority wetland region~~ designated by the Board of Water and Soil Resources, if the county chooses to accept wetland preservation area applications. The application must be made on forms provided by the board. If a wetland is located in more than one county, the application must be submitted to the county where the majority of the wetland is located.

(b) The application shall be executed and acknowledged in the manner required by law to execute and acknowledge a deed and must contain at least the following information and other information the Board of Water and Soil Resources requires:

(1) legal description of the area to be approved, which must include an upland strip at least 16-1/2 feet in width around the perimeter of wetlands within the area and may include total upland area of up to four acres for each acre of wetland;

(2) parcel identification numbers where designated by the county auditor;

(3) name and address of the owner;

(4) a statement by the owner covenanting that the land will be preserved as a wetland and will only be used in accordance with conditions prescribed by the Board of Water and Soil Resources and providing that the restrictive covenant will be binding on the owner and the owner's successors or assigns, and will run with the land.

(c) The upland strip required in paragraph (b), clause (1), must be planted with permanent vegetation other than a noxious weed.

Sec. 33. Minnesota Statutes 2014, section 103G.005, is amended by adding a subdivision to read:

Subd. 10g. **In-lieu fee program.** "In-lieu fee program" means a program in which wetland replacement requirements of section 103G.222 are satisfied through payment of money to the board or a board-approved sponsor to develop replacement credits according to section 103G.2242, subdivision 12.

Sec. 34. Minnesota Statutes 2014, section 103G.222, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) Wetlands must not be drained or filled, wholly or partially, unless replaced by ~~restoring or creating wetland areas of~~ actions that provide at least equal public value under a replacement plan approved as provided in section 103G.2242, a replacement plan under a local governmental unit's comprehensive wetland protection and management plan approved by the board under section 103G.2243, or, if a permit to mine is required under section 93.481, under a mining reclamation plan approved by the commissioner under the permit to mine. For project-specific wetland replacement completed prior to wetland impacts authorized or conducted under a permit to mine within the Great Lakes and Rainy River watershed basins, those basins shall be considered a single watershed for purposes of determining wetland replacement ratios. Mining reclamation plans shall apply the same principles and standards for replacing wetlands ~~by restoration or creation of wetland areas~~ that are applicable to mitigation plans approved as provided in section 103G.2242. Public value must be determined in accordance with section 103B.3355 or a comprehensive wetland protection and management plan established under section 103G.2243. Sections 103G.221 to 103G.2372 also apply to excavation in permanently and semipermanently flooded areas of types 3, 4, and 5 wetlands.

(b) Replacement must be guided by the following principles in descending order of priority:

(1) avoiding the direct or indirect impact of the activity that may destroy or diminish the wetland;

(2) minimizing the impact by limiting the degree or magnitude of the wetland activity and its implementation;

(3) rectifying the impact by repairing, rehabilitating, or restoring the affected wetland environment;

(4) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the activity;

(5) compensating for the impact by restoring a wetland; and

(6) compensating for the impact by replacing or providing substitute wetland resources or environments.

For a project involving the draining or filling of wetlands in an amount not exceeding 10,000 square feet more than the applicable amount in section 103G.2241, subdivision 9, paragraph (a), the local government unit may make an on-site sequencing determination without a written alternatives analysis from the applicant.

(c) If a wetland is located in a cultivated field, then replacement must be accomplished through restoration only without regard to the priority order in paragraph (b), provided that the altered wetland is not converted to a nonagricultural use for at least ten years.

(d) If a wetland is replaced under paragraph (c), or drained under section 103G.2241, subdivision 2, paragraph (b) or (e), the local government unit may require a deed restriction that prohibits nonagricultural use for at least ten years. The local government unit may require the deed restriction if it determines the wetland area drained is at risk of conversion to a nonagricultural use within ten years based on the zoning classification, proximity to a municipality or full service road, or other criteria as determined by the local government unit.

(e) Restoration and replacement of wetlands must be accomplished in accordance with the ecology of the landscape area affected and ponds that are created primarily to fulfill storm water management, and water quality treatment requirements may not be used to satisfy replacement requirements under this chapter unless the design includes pretreatment of runoff and the pond is functioning as a wetland.

(f) Except as provided in paragraph (g), for a wetland or public waters wetland located on nonagricultural land, replacement must be in the ratio of two acres of replaced wetland for each acre of drained or filled wetland.

(g) For a wetland or public waters wetland located on agricultural land or in a greater than 80 percent area, replacement must be in the ratio of one acre of replaced wetland for each acre of drained or filled wetland.

(h) Wetlands that are restored or created as a result of an approved replacement plan are subject to the provisions of this section for any subsequent drainage or filling.

(i) Except in a greater than 80 percent area, only wetlands that have been restored from previously drained or filled wetlands, wetlands created by excavation in nonwetlands, wetlands created by dikes or dams along public or private drainage ditches, or wetlands created by dikes or dams associated with the restoration of previously drained or filled wetlands may be used in ~~a statewide banking program established in~~ for wetland replacement according to rules adopted under section 103G.2242, subdivision 1. Modification or conversion of nondegraded naturally occurring wetlands from one type to another are not eligible for enrollment in a statewide wetlands bank wetland replacement.

(j) The Technical Evaluation Panel established under section 103G.2242, subdivision 2, shall ensure that sufficient time has occurred for the wetland to develop wetland characteristics of soils, vegetation, and hydrology before recommending that the wetland be deposited in the statewide wetland bank. If the Technical Evaluation Panel has reason to believe that the wetland characteristics may change substantially, the panel shall postpone its recommendation until the wetland has stabilized.

(k) This section and sections 103G.223 to 103G.2242, 103G.2364, and 103G.2365 apply to the state and its departments and agencies.

(l) For projects involving draining or filling of wetlands associated with a new public transportation project, and for projects expanded solely for additional traffic capacity, public transportation authorities may purchase credits from the board at the cost to the board to establish credits. Proceeds from the sale of credits provided under this paragraph are appropriated to the board for the purposes of this paragraph. For the purposes of this paragraph, "transportation project" does not include an airport project.

(m) A replacement plan for wetlands is not required for individual projects that result in the filling or draining of wetlands for the repair, rehabilitation, reconstruction, or replacement of a currently serviceable existing state, city, county, or town public road necessary, as determined by the public transportation authority, to meet state or federal design or safety standards or requirements, excluding new roads or roads expanded solely for additional traffic capacity lanes. This paragraph only applies to authorities for public transportation projects that:

(1) minimize the amount of wetland filling or draining associated with the project and consider mitigating important site-specific wetland functions on site;

(2) except as provided in clause (3), submit project-specific reports to the board, the Technical Evaluation Panel, the commissioner of natural resources, and members of the public requesting a copy at least 30 days prior to construction that indicate the location, amount, and type of wetlands to be filled or drained by the project or, alternatively, convene an annual meeting of the parties required to receive notice to review projects to be commenced during the upcoming year; and

(3) for minor and emergency maintenance work impacting less than 10,000 square feet, submit project-specific reports, within 30 days of commencing the activity, to the board that indicate the location, amount, and type of wetlands that have been filled or drained.

Those required to receive notice of public transportation projects may appeal minimization, delineation, and on-site mitigation decisions made by the public transportation authority to the board according to the provisions of section 103G.2242, subdivision 9. The Technical Evaluation Panel shall review minimization and delineation decisions made by the public transportation authority and provide recommendations regarding on-site mitigation if requested to do so by the local government unit, a contiguous landowner, or a member of the Technical Evaluation Panel.

Except for state public transportation projects, for which the state Department of Transportation is responsible, the board must replace the wetlands, and wetland areas of public waters if authorized by the commissioner or a delegated authority, drained or filled by public transportation projects on existing roads.

Public transportation authorities at their discretion may deviate from federal and state design standards on existing road projects when practical and reasonable to avoid wetland filling or

draining, provided that public safety is not unreasonably compromised. The local road authority and its officers and employees are exempt from liability for any tort claim for injury to persons or property arising from travel on the highway and related to the deviation from the design standards for construction or reconstruction under this paragraph. This paragraph does not preclude an action for damages arising from negligence in construction or maintenance on a highway.

(n) If a landowner seeks approval of a replacement plan after the proposed project has already affected the wetland, the local government unit may require the landowner to replace the affected wetland at a ratio not to exceed twice the replacement ratio otherwise required.

(o) A local government unit may request the board to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. After receipt of satisfactory documentation from the local government, the board shall change the classification of a county or watershed. If requested by the local government unit, the board must assist in developing the documentation. Within 30 days of its action to approve a change of wetland classifications, the board shall publish a notice of the change in the Environmental Quality Board Monitor.

(p) One hundred citizens who reside within the jurisdiction of the local government unit may request the local government unit to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. In support of their petition, the citizens shall provide satisfactory documentation to the local government unit. The local government unit shall consider the petition and forward the request to the board under paragraph (o) or provide a reason why the petition is denied.

Sec. 35. Minnesota Statutes 2014, section 103G.222, subdivision 3, is amended to read:

Subd. 3. **Wetland replacement siting.** (a) Impacted wetlands in a 50 to 80 percent area must be replaced in a 50 to 80 percent area or in a less than 50 percent area. Impacted wetlands in a less than 50 percent area must be replaced in a less than 50 percent area. All wetland replacement must follow this priority order:

- (1) on site or in the same minor watershed as the impacted wetland;
- (2) in the same watershed as the impacted wetland;
- (3) in the same county or wetland bank service area as the impacted wetland; and
- (4) in another wetland bank service area; and

~~(5) statewide for public transportation projects, except that wetlands impacted in less than 50 percent areas must be replaced in less than 50 percent areas, and wetlands impacted in the seven-county metropolitan area must be replaced at a ratio of two to one in: (i) the affected county or, (ii) in another of the seven metropolitan counties, or (iii) in one of the major watersheds that are wholly or partially within the seven-county metropolitan area, but at least one to one must be replaced within the seven-county metropolitan area.~~

~~(b) The exception in paragraph (a), clause (5), does not apply to replacement completed using wetland banking credits established by a person who submitted a complete wetland banking application to a local government unit by April 1, 1996.~~

(b) Notwithstanding paragraph (a), wetland banking credits approved according to a complete wetland banking application submitted to a local government unit by April 1, 1996, may be used to replace wetland impacts resulting from public transportation projects statewide.

(c) Notwithstanding paragraph (a), clauses (1) and (2), the priority order for replacement by wetland banking begins at paragraph (a), clause (3), according to rules adopted under section 103G.2242, subdivision 1.

~~(e)~~ (d) When reasonable, practicable, and environmentally beneficial replacement opportunities are not available in siting priorities listed in paragraph (a), the applicant may seek opportunities at the next level.

~~(d)~~ (e) For the purposes of this section, "reasonable, practicable, and environmentally beneficial replacement opportunities" are defined as opportunities that:

(1) take advantage of naturally occurring hydrogeomorphological conditions and require minimal landscape alteration;

(2) have a high likelihood of becoming a functional wetland that will continue in perpetuity;

(3) do not adversely affect other habitat types or ecological communities that are important in maintaining the overall biological diversity of the area; and

(4) are available and capable of being done after taking into consideration cost, existing technology, and logistics consistent with overall project purposes.

~~(e) Applicants and local government units shall rely on board-approved comprehensive inventories of replacement opportunities and watershed conditions, including the Northeast Minnesota Wetland Mitigation Inventory and Assessment (January 2010), in determining whether reasonable, practicable, and environmentally beneficial replacement opportunities are available.~~

(f) Regulatory agencies, local government units, and other entities involved in wetland restoration shall collaborate to identify potential replacement opportunities within their jurisdictional areas.

(g) The board must establish wetland replacement ratios and wetland bank service area priorities to implement the siting and targeting of wetland replacement and encourage the use of high priority areas for wetland replacement.

Sec. 36. Minnesota Statutes 2014, section 103G.2242, subdivision 1, is amended to read:

Subdivision 1. **Rules.** (a) The board, in consultation with the commissioner, shall adopt rules governing the approval of wetland value replacement plans under this section and public waters work permits affecting public waters wetlands under section 103G.245. These rules must address the criteria, procedure, timing, and location of acceptable replacement of wetland values; and may address the state establishment and administration of a wetland banking program for public and private projects, ~~which may include including provisions allowing monetary payment to the wetland banking program for alteration of wetlands on agricultural land for an in-lieu fee program;~~ the administrative, monitoring, and enforcement procedures to be used; and a procedure for the review and appeal of decisions under this section. In the case of peatlands, the replacement plan rules must consider the impact on carbon balance ~~described in the report required by Laws 1990, chapter 587,~~

and include the planting of trees or shrubs. Any in-lieu fee program established by the board must conform with Code of Federal Regulations, title 33, section 332.8, as amended.

(b) After the adoption of the rules, a replacement plan must be approved by a resolution of the governing body of the local government unit, consistent with the provisions of the rules or a comprehensive wetland protection and management plan approved under section 103G.2243.

(c) If the local government unit fails to apply the rules, or fails to implement a local comprehensive wetland protection and management plan established under section 103G.2243, the government unit is subject to penalty as determined by the board.

Sec. 37. Minnesota Statutes 2014, section 103G.2242, subdivision 2, is amended to read:

Subd. 2. **Evaluation.** (a) Questions concerning the public value, location, size, or type of a wetland shall be submitted to and determined by a Technical Evaluation Panel after an on-site inspection. The Technical Evaluation Panel shall be composed of a technical professional employee of the board, a technical professional employee of the local soil and water conservation district or districts, a technical professional with expertise in water resources management appointed by the local government unit, and a technical professional employee of the Department of Natural Resources for projects affecting public waters or wetlands adjacent to public waters. The panel shall use the "United States Army Corps of Engineers Wetland Delineation Manual" (January 1987), including updates, supplementary guidance, and replacements, if any, "Wetlands of the United States" (United States Fish and Wildlife Service Circular 39, 1971 edition), and "Classification of Wetlands and Deepwater Habitats of the United States" (1979 edition). The panel shall provide the wetland determination and recommendations on other technical matters to the local government unit that must approve a replacement plan, wetland banking plan sequencing, exemption determination, no-loss determination, or wetland boundary or type determination and may recommend approval or denial of the plan. The authority must consider and include the decision of the Technical Evaluation Panel in their approval or denial of a plan or determination.

(b) Persons conducting wetland or public waters boundary delineations or type determinations are exempt from the requirements of chapter 326. The board may develop a professional wetland delineator certification program.

(c) The board must establish an interagency team to assist in identifying and evaluating potential wetland replacement sites. The team must consist of members of the Technical Evaluation Panel and representatives from the Department of Natural Resources; the Pollution Control Agency; the United States Army Corps of Engineers, St. Paul district; and other organizations as determined by the board.

Sec. 38. Minnesota Statutes 2014, section 103G.2242, subdivision 3, is amended to read:

Subd. 3. **Replacement completion.** (a) Replacement of wetland values must be completed prior to or concurrent with the actual draining or filling of a wetland, unless:

(1) an irrevocable bank letter of credit or other security financial assurance acceptable to the local government unit or the board is given to the local government unit or the board to guarantee the successful completion of the replacement; or

(2) the replacement is approved under an in-lieu fee program according to rules adopted under subdivision 1. In the case of an in-lieu fee program established by a board-approved sponsor, the

board may require that a financial assurance in an amount and method acceptable to the board be given to the board to ensure the approved sponsor fulfills the sponsor's obligation to complete the required wetland replacement.

The board may establish, sponsor, or administer a wetland banking program, which may include provisions allowing monetary payment to the wetland bank for impacts to wetlands on agricultural land, for impacts that occur in greater than 80 percent areas, and for public road projects. (b) The board may acquire land in fee title, purchase or accept easements, enter into agreements, and purchase existing wetland replacement credits to facilitate the wetland banking program. The board may establish in-lieu fee payment amounts and hold money in an account in the special revenue fund, which is appropriated to the board to be used solely for establishing replacement wetlands and administering the wetland banking program.

(c) The board shall coordinate the establishment and operation of a wetland bank with the United States Army Corps of Engineers, the Natural Resources Conservation Service of the United States Department of Agriculture, and the commissioners of natural resources, agriculture, and the Pollution Control Agency.

Sec. 39. Minnesota Statutes 2014, section 103G.2242, subdivision 4, is amended to read:

Subd. 4. **Decision.** Upon receiving and considering all required data, the local government unit reviewing replacement plan applications, banking plan sequencing applications, and exemption or no-loss determination requests must act on all replacement plan applications, banking plan sequencing applications, and exemption or no-loss determination requests in compliance with section 15.99.

Sec. 40. Minnesota Statutes 2014, section 103G.2242, subdivision 12, is amended to read:

Subd. 12. **Replacement credits.** (a) No public or private wetland restoration, enhancement, or construction may be allowed for replacement unless specifically designated for replacement and paid for by the individual or organization performing the wetland restoration, enhancement, or construction, and is completed prior to any draining or filling of the wetland.

(b) Paragraph (a) does not apply to a wetland whose owner has paid back with interest the individual or organization restoring, enhancing, or constructing the wetland.

(c) Notwithstanding section 103G.222, subdivision 1, paragraph (i), the following actions, and others established in rule, that are consistent with criteria in rules adopted by the board in conjunction with the commissioners of natural resources and agriculture, are eligible for replacement credit as determined by the local government unit or the board, including enrollment in a statewide wetlands bank:

(1) reestablishment of permanent native, noninvasive vegetative cover on a wetland on agricultural land that was planted with annually seeded crops, was in a crop rotation seeding of pasture grasses or legumes, or was in a land retirement program during the past ten years;

(2) buffer areas of permanent native, noninvasive vegetative cover established or preserved on upland adjacent to replacement wetlands;

(3) wetlands restored for conservation purposes under terminated easements or contracts; ~~and~~

(4) water quality treatment ponds constructed to pretreat storm water runoff prior to discharge to wetlands, public waters, or other water bodies, provided that the water quality treatment ponds must be associated with an ongoing or proposed project that will impact a wetland and replacement credit for the treatment ponds is based on the replacement of wetland functions and on an approved storm water management plan for the local government; and

(5) in a greater than 80 percent area, restoration and protection of streams and riparian buffers that are important to the functions and sustainability of aquatic resources.

(d) Notwithstanding section 103G.222, subdivision 1, paragraphs (f) and (g), the board may establish by rule different replacement ratios for restoration projects with exceptional natural resource value.

Sec. 41. Minnesota Statutes 2014, section 103G.2242, subdivision 14, is amended to read:

Subd. 14. **Fees established.** (a) Fees must be assessed for managing wetland bank accounts and transactions as follows:

- (1) account maintenance annual fee: one percent of the value of credits not to exceed \$500;
- (2) account establishment, deposit, or transfer: 6.5 percent of the value of credits not to exceed \$1,000 per establishment, deposit, or transfer; and
- (3) withdrawal fee: 6.5 percent of the value of credits withdrawn.

(b) The board may establish fees at or below the amounts in paragraph (a) for single-user or other dedicated wetland banking accounts.

(c) Fees for single-user or other dedicated wetland banking accounts established pursuant to section 103G.005, subdivision 10e, clause (4), are limited to establishment of a wetland banking account and are assessed at the rate of 6.5 percent of the value of the credits not to exceed \$1,000.

(d) The board may assess a fee to pay the costs associated with establishing conservation easements, or other long-term protection mechanisms prescribed in the rules adopted under subdivision 1, on property used for wetland replacement.

Sec. 42. Minnesota Statutes 2014, section 103G.2242, subdivision 15, is amended to read:

Subd. 15. **Fees paid to board.** All fees established in subdivisions 9 and 14 must be paid to the Board of Water and Soil Resources and are annually appropriated to the board for the purpose of administration of the wetland bank and to process appeals under ~~section 103G.2242~~, subdivision 9. One-half of the fees collected for wetland bank credit withdrawals under subdivision 14, paragraph (a), clause (3), or alternative fees for wetland bank credit withdrawal under subdivision 14, paragraph (b), must be paid to the county where the property for wetland credit is located. The amount paid to the county must be distributed as follows: one-third to the school district; one-third to the city or organized township; and one-third to the county. If the property is located in an unorganized township, the county retains the township share.

Sec. 43. Minnesota Statutes 2014, section 103G.2251, is amended to read:

103G.2251 STATE CONSERVATION EASEMENTS; WETLAND BANK CREDIT.

In greater than 80 percent areas, preservation of wetlands, riparian buffers, and watershed areas essential to maintaining important functions and sustainability of aquatic resources in the watershed

that are protected by a permanent conservation easement as defined under section 84C.01 and held by the board may be eligible for wetland replacement or mitigation credits, according to rules adopted by the board. To be eligible for credit under this section, a conservation easement must be established after May 24, 2008, and approved by the board. Wetland areas on private lands preserved under this section are not eligible for replacement or mitigation credit if the area has been protected using public conservation funds.

Sec. 44. Minnesota Statutes 2014, section 115A.1415, subdivision 16, is amended to read:

Subd. 16. **Administrative fee.** (a) The stewardship organization or individual producer submitting a stewardship plan shall pay an annual administrative fee to the commissioner. The agency may establish a variable fee based on relevant factors, including, but not limited to, the portion of architectural paint sold in the state by members of the organization compared to the total amount of architectural paint sold in the state by all organizations submitting a stewardship plan.

(b) Prior to July 1, 2014, and before July 1 annually thereafter, the agency shall identify the costs it incurs under this section. The agency shall set the fee at an amount that, when paid by every stewardship organization or individual producer that submits a stewardship plan, is adequate to reimburse the agency's full costs of administering this section. The total amount of annual fees collected under this subdivision must not exceed the amount necessary to reimburse costs incurred by the agency to administer this section.

(c) A stewardship organization or individual producer subject to this subdivision must pay the agency's administrative fee under paragraph (a) on or before July 1, 2014, and annually thereafter. Each year after the initial payment, the annual administrative fee may not exceed five percent of the aggregate stewardship assessment added to the cost of all architectural paint sold by producers in the state for the preceding calendar year.

(d) All fees received under this section shall be deposited in the state treasury and credited to a product stewardship account in the special revenue fund. For fiscal years 2014 ~~and~~ 2015, 2016, and 2017, the amount collected under this section is annually appropriated to the agency to implement and enforce this section.

Sec. 45. Minnesota Statutes 2014, section 115A.557, subdivision 2, is amended to read:

Subd. 2. **Purposes for which money may be spent.** (a) A county receiving money distributed by the commissioner under this section may use the money only for the development and implementation of programs to:

- (1) reduce the amount of solid waste generated;
- (2) recycle the maximum amount of solid waste technically feasible;
- (3) create and support markets for recycled products;
- (4) remove problem materials from the solid waste stream and develop proper disposal options for them;
- (5) inform and educate all sectors of the public about proper solid waste management procedures;
- (6) provide technical assistance to public and private entities to ensure proper solid waste management;

- (7) provide educational, technical, and financial assistance for litter prevention;
- (8) process mixed municipal solid waste generated in the county at a resource recovery facility located in Minnesota; ~~and~~
- (9) compost source-separated compostable materials, including the provision of receptacles for residential composting;
- (10) prevent food waste or collect and transport food donated to humans or to be fed to animals; and
- (11) process source-separated compostable materials that are to be used to produce Class I or Class II compost, as defined in Minnesota Rules, part 7035.2836, after being processed in an anaerobic digester, but not to construct buildings or acquire equipment.

(b) Beginning in fiscal year 2015 and continuing thereafter, of any money distributed by the commissioner under this section to a metropolitan county, as defined in section 473.121, subdivision 4, that exceeds the amount the county was eligible to receive under this section in fiscal year 2014: (1) at least 50 percent must be expended on activities in paragraph (a), ~~clause~~ clauses (9) to (11); and (2) the remainder must be expended on activities in paragraph (a), clauses (1) to (7) and (9) to (11) that advance the county toward achieving its recycling goal under section 115A.551.

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

Sec. 46. Minnesota Statutes 2014, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. **Permit fees.** (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of developing, reviewing, and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. The fee schedule must reflect reasonable and routine direct and indirect costs associated with permitting, implementation, and enforcement. The agency may impose an additional enforcement fee to be collected for a period of up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Any money collected under this paragraph shall be deposited in the environmental fund.

(b) Notwithstanding paragraph (a), the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to ~~the requirement to obtain a permit~~ a notification, permit, or license requirement under subchapter this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or section 116.081 or rules adopted thereunder. The annual fee shall be used to pay for all direct and indirect reasonable costs, including ~~attorney general~~ legal costs, required to develop and administer the ~~notification, permit, or license program requirements of subchapter this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., and sections of this chapter and the~~ or rules adopted under this chapter related to air contamination and noise thereunder. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; and providing information to the public about these activities.

(c) The agency shall set fees that:

(1) will result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated;

(2) may result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each pollutant not listed in clause (1) that is regulated under this chapter or air quality rules adopted under this chapter; and

(3) shall collect, in the aggregate, from the sources listed in paragraph (b), the amount needed to match grant funds received by the state under United States Code, title 42, section 7405 (section 105 of the federal Clean Air Act).

The agency must not include in the calculation of the aggregate amount to be collected under clauses (1) and (2) any amount in excess of 4,000 tons per year of each air pollutant from a source. The increase in air permit fees to match federal grant funds shall be a surcharge on existing fees. The commissioner may not collect the surcharge after the grant funds become unavailable. In addition, the commissioner shall use nonfee funds to the extent practical to match the grant funds so that the fee surcharge is minimized.

(d) To cover the reasonable costs described in paragraph (b), the agency shall provide in the rules promulgated ~~under paragraph (c) to implement paragraphs (b) and (c)~~ for an increase in the fee collected in each year by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 shall be used.

(e) Any money collected under ~~paragraphs (b) to (d)~~ this subdivision must be deposited in the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Permit applicants who wish to construct, reconstruct, or modify a facility may offer to reimburse the agency for the costs of staff time or consultant services needed to expedite the permit development process, including the analysis of environmental review documents. The reimbursement shall be in addition to permit application fees imposed by law. When the agency determines that it needs additional resources to develop the permit application in an expedited manner, and that expediting the development is consistent with permitting program priorities, the agency may accept the reimbursement. Reimbursements accepted by the agency are appropriated to the agency for the purpose of developing the permit or analyzing environmental review documents. Reimbursement by a permit applicant shall precede and not be contingent upon issuance of a permit; shall not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations; and shall not affect final decisions regarding environmental review.

(g) The fees under this subdivision are exempt from section 16A.1285.

Sec. 47. Minnesota Statutes 2014, section 116.9401, is amended to read:

116.9401 DEFINITIONS.

(a) For the purposes of sections 116.9401 to ~~116.9407~~ 116.9411, the following terms have the meanings given them.

(b) "Agency" means the Pollution Control Agency.

(c) "Alternative" means a substitute process, product, material, chemical, strategy, or combination of these that is technically feasible and serves a functionally equivalent purpose to a chemical in a children's product.

(d) "Chemical" means a substance with a distinct molecular composition or a group of structurally related substances and includes the breakdown products of the substance or substances that form through decomposition, degradation, or metabolism.

(e) "Chemical of high concern" means a chemical identified on the basis of credible scientific evidence by a state, federal, or international agency as being known or suspected with a high degree of probability to:

- (1) harm the normal development of a fetus or child or cause other developmental toxicity;
- (2) cause cancer, genetic damage, or reproductive harm;
- (3) disrupt the endocrine or hormone system;
- (4) damage the nervous system, immune system, or organs, or cause other systemic toxicity;
- (5) be persistent, bioaccumulative, and toxic; or
- (6) be very persistent and very bioaccumulative.

(f) "Child" means a person under 12 years of age.

(g) "Children's product" means a consumer product intended for use by children, such as baby products, toys, car seats, personal care products, and clothing.

(h) "Commissioner" means the commissioner of the Pollution Control Agency.

(i) "Contaminant" means a trace amount of a chemical that is incidental to manufacturing and serves no intended function in the product component. Contaminant includes, but is not limited to, unintended by-products of chemical reactions that occur during the manufacture of the product component, trace impurities in feedstock, incompletely reacted chemical mixtures, and degradation products.

(j) "Department" means the Department of Health.

~~(j)~~ (k) "Distributor" means a person who sells consumer products to retail establishments on a wholesale basis.

~~(k)~~ (l) "Green chemistry" means an approach to designing and manufacturing products that minimizes the use and generation of toxic substances.

~~(l)~~ (m) "Manufacturer" means any person who manufactures a final consumer product sold at retail or whose brand name is affixed to the consumer product. In the case of a consumer product

imported into the United States, manufacturer includes the importer or domestic distributor of the consumer product if the person who manufactured or assembled the consumer product or whose brand name is affixed to the consumer product does not have a presence in the United States.

(n) "Practical quantification limit" means the lowest concentration of a chemical that can be reliably measured within specified limits of precision, accuracy, representativeness, completeness, and comparability under routine laboratory operating conditions, the value of which:

- (1) is based on scientifically defensible, standard analytical methods;
- (2) may vary depending on the matrix and analytical method used; and
- (3) will be determined jointly by the agency and the department, taking into consideration practical quantification limits established by federal or state agencies.

~~(m)~~ (o) "Priority chemical" means a chemical identified by the Department of Health as a chemical of high concern that meets the criteria in section 116.9403.

~~(n)~~ (p) "Product category" means the brick level of the GS1 Global Product Classification (GPC) standard, which identifies products that serve a common purpose, are of a similar form and material, and share the same set of category attributes.

(q) "Safer alternative" means an alternative whose potential to harm human health is less than that of the use of a priority chemical that it could replace.

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

Sec. 48. Minnesota Statutes 2014, section 116.9402, is amended to read:

116.9402 IDENTIFICATION OF CHEMICALS OF HIGH CONCERN.

(a) By July 1, 2010, the department shall, after consultation with the agency, generate a list of chemicals of high concern.

(b) The department must periodically review and revise the list of chemicals of high concern at least every three years. The department may add chemicals to the list if the chemical meets one or more of the criteria in section 116.9401, paragraph (e). Any changes to the list of chemicals of high concern must be published on the department's Web site and in the State Register when a change is made.

(c) The department shall consider chemicals listed as a suspected carcinogen, reproductive or developmental toxicant, or as being persistent, bioaccumulative, and toxic, or very persistent and very bioaccumulative by a state, federal, or international agency. These agencies may include, but are not limited to, the California Environmental Protection Agency, the Washington Department of Ecology, the United States Department of Health, the United States Environmental Protection Agency, the United Nation's World Health Organization, and European Parliament Annex XIV concerning the Registration, Evaluation, Authorisation, and Restriction of Chemicals.

(d) The department may consider chemicals listed by another state as harmful to human health or the environment for possible inclusion in the list of chemicals of high concern.

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

Sec. 49. Minnesota Statutes 2014, section 116.9403, is amended to read:

116.9403 IDENTIFICATION OF PRIORITY CHEMICALS.

(a) The department, after consultation with the agency, may designate a chemical of high concern as a priority chemical if the department finds that the chemical:

(1) has been identified as a high-production volume chemical by the United States Environmental Protection Agency; and

(2) meets any of the following criteria:

(i) the chemical has been found through biomonitoring to be present in human blood, including umbilical cord blood, breast milk, urine, or other bodily tissues or fluids;

(ii) the chemical has been found through sampling and analysis to be present in household dust, indoor air, drinking water, or elsewhere in the home environment; or

(iii) the chemical has been found through monitoring to be present in fish, wildlife, or the natural environment.

(b) By February 1, 2011, the department shall publish a list of priority chemicals in the State Register and on the department's Internet Web site and shall update the published list whenever a new priority chemical is designated. Any proposed changes to the list of priority chemicals must be published on the department's Web site and in the State Register and is subject to a minimum 60-day public comment period. After the department's review and consideration of public comments, a final list of changes to the list of priority chemicals must be published on the department's Web site and in the State Register.

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

Sec. 50. Minnesota Statutes 2014, section 116.9405, is amended to read:

116.9405 APPLICABILITY.

The requirements of sections 116.9401 to ~~116.9407~~ 116.9411 do not apply to:

(1) chemicals in used children's products;

(2) priority chemicals used in the manufacturing process, but that are not present in the final product;

(3) priority chemicals used in agricultural production;

(4) motor vehicles as defined in chapter 168 or watercraft as defined in chapter 86B or their component parts, except that the use of priority chemicals in detachable car seats is not exempt;

(5) priority chemicals generated solely as combustion by-products or that are present in combustible fuels;

(6) retailers, except if a retailer is also the producer, manufacturer, importer, or domestic distributor of a children's product containing a priority chemical or the retailer's brand name is affixed to a children's product containing a priority chemical;

(7) pharmaceutical products or biologics;

(8) a medical device as defined in the federal Food, Drug, and Cosmetic Act, United States Code, title 21, section 321(h);

(9) food and food or beverage packaging, except a container containing baby food or infant formula;

(10) consumer electronics products and electronic components, including but not limited to personal computers; audio and video equipment; calculators; digital displays; wireless phones; cameras; game consoles; printers; and handheld electronic and electrical devices used to access interactive software or their associated peripherals; or products that comply with the provisions of directive 2002/95/EC of the European Union, adopted by the European Parliament and Council of the European Union now or hereafter in effect; or

(11) outdoor sport equipment, including snowmobiles as defined in section 84.81, subdivision 3; all-terrain vehicles as defined in section 84.92, subdivision 8; personal watercraft as defined in section 86B.005, subdivision 14a; watercraft as defined in section 86B.005, subdivision 18; and off-highway motorcycles, as defined in section 84.787, subdivision 7, and all attachments and repair parts for all of this equipment;

(12) a manufacturer or distributor of a children's product whose annual aggregate gross sales, both within and outside this state, as reported in the manufacturer's or distributor's most recently filed federal tax return, is below \$100,000; or

(13) a children's product if the annual production of the children's product is less than 3,000 units.

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

Sec. 51. Minnesota Statutes 2014, section 116.9406, is amended to read:

116.9406 DONATIONS TO THE STATE.

The commissioner may accept donations, grants, and other funds to carry out the purposes of sections 116.9401 to ~~116.9407~~ 116.9411. All donations, grants, and other funds must be accepted without preconditions regarding the outcomes of the regulatory oversight processes set forth in sections 116.9401 to ~~116.9407~~ 116.9411.

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

Sec. 52. [116.9408] CHILDREN'S PRODUCTS; REPORTING INFORMATION ON PRIORITY CHEMICALS.

Subdivision 1. **Reporting; content.** A manufacturer or distributor of a children's product offered for sale in this state that contains one or more priority chemicals designated under section 116.9403 must, unless the children's product is exempt under section 116.9405, provide the following information to the agency, on a form developed by the agency, for each priority chemical that is intentionally added to the children's product and present at or above the practical quantification limit or that is a contaminant present in a component of the children's product at a concentration above 100 parts per million:

(1) the name of the priority chemical;

(2) the Chemical Abstracts Service Registry number of the priority chemical;

(3) the concentration of each priority chemical contained in a children's product, a description of how the concentration was determined, and an evaluation of the accuracy of the determination. Concentrations at or above the practical quantification limit must be reported, but may be reported in the following ranges:

(i) greater than or equal to the practical quantification limit but less than 100 parts per million (ppm);

(ii) greater than or equal to 100 ppm but less than 500 ppm;

(iii) greater than or equal to 500 ppm but less than 1,000 ppm;

(iv) greater than or equal to 1,000 ppm but less than 5,000 ppm;

(v) greater than or equal to 5,000 ppm but less than 10,000 ppm; and

(vi) greater than or equal to 10,000 ppm;

(4) the product category of the children's product;

(5) the number of units of the children's product sold in Minnesota or nationally in the most recently completed calendar year;

(6) information that the agency determines is necessary to determine the extent to which a child is likely to be exposed to the priority chemical through normal use of the product;

(7) any assessment conducted by the manufacturer or distributor of the children's product or others regarding the use of safer alternatives to the priority chemical contained in the children's product; and

(8) any additional information requested by the agency.

Subd. 2. **Report timing.** (a) A manufacturer or distributor subject to this section must report the information required under this section to the agency no later than one year after a priority chemical has been designated under section 116.9403 or, for a priority chemical designated under section 116.9403 before July 1, 2011, on the following schedule based on the manufacturer's or distributor's annual aggregate gross sales, both within and outside the state, as reported in the manufacturer's or distributor's most recently filed federal tax return:

(1) for a manufacturer or distributor with gross sales exceeding \$1,000,000,000, by July 1, 2018;

(2) for a manufacturer or distributor with gross sales exceeding \$250,000,000 but less than or equal to \$1,000,000,000, by January 1, 2019;

(3) for a manufacturer or distributor with gross sales exceeding \$100,000,000 but less than or equal to \$250,000,000, by July 1, 2019;

(4) for a manufacturer or distributor with gross sales exceeding \$5,000,000 but less than or equal to \$100,000,000, by July 1, 2020; and

(5) for a manufacturer or distributor with gross sales exceeding \$100,000 but less than or equal to \$5,000,000, by July 1, 2021.

(b) Two years after submitting an initial report to the agency under this section, a manufacturer or distributor of a children's product offered for sale in this state that continues to contain one or

more priority chemicals must submit an updated report containing the information required under subdivision 1 and the 12-digit Universal Product Code for the children's product. If the children's product continues to be offered for sale in this state and to contain the priority chemical, the information required under this paragraph must be submitted to the agency every two years.

Subd. 3. **Public data.** Notwithstanding section 13.37, subdivision 2, the presence and concentration of a priority chemical in a specific children's product reported to the agency under this section are classified as public data.

Subd. 4. **Not misappropriation of trade secret.** Notwithstanding section 325C.01, subdivision 3, publication by the agency of the presence and concentration of a priority chemical in a specific children's product reported to the agency under this section is not misappropriation of a trade secret.

Subd. 5. **Removal of priority chemical; reporting.** A manufacturer or distributor who removes a priority chemical from a children's product reported under this section must notify the agency of the removal at the earliest possible date. If the priority chemical removed is replaced by a safer alternative, the manufacturer or distributor must provide, on a form developed by the agency, the name of the safer alternative and its Chemical Abstracts Service Registry number or, if not replaced by a chemical alternative, a description of the techniques or design changes implemented. The safer alternative or nonchemical techniques or design changes may be designated as trade secrets. Upon verification that all priority chemicals in the product have been replaced by safer alternatives, the commissioner must promptly remove from state agency Web sites any reference to the relevant children's product of the manufacturer, and the manufacturer will no longer report or pay fees on that children's product.

Subd. 6. **Failure to report.** If the information required in this section is not submitted in a timely fashion or is incomplete or otherwise unacceptable as determined by the agency, the agency may contract with an independent third party of the agency's choice to provide the information and may assess a fee on the manufacturer or distributor to pay the costs specified under section 116.9409.

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

Sec. 53. **[116.9409] FEES.**

(a) The agency shall collect a fee of \$1,000 for each priority chemical initially reported under section 116.9408. The fee increases by \$1,000 for each report subsequently filed with the agency under section 116.9408 for the same chemical contained in the same children's product category, up to a maximum of \$3,000.

(b) The agency shall collect a fee equal to the costs billed by the independent contractor plus the agency's actual incurred costs to bid and administer the contract for each contract issued under section 116.9408, subdivision 6.

(c) The commissioner shall deposit all fees received under this section in an account in the special revenue fund.

(d) Fees collected under this section are exempt from section 16A.1285.

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

Sec. 54. **[116.9410] ENFORCEMENT.**

The agency shall enforce sections 116.9401 to 116.9409 in the manner provided by section 115.071, subdivisions 1, 3, 4, 5, and 6. Section 115.071, subdivision 2, does not apply to violations of sections 116.9401 to 116.9409.

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

Sec. 55. **[116.9411] STATE AGENCY DUTIES.**

Subdivision 1. **Safer alternative grants.** If there is fee revenue collected under section 116.9409, paragraph (a), in excess of program implementation costs, the commissioner, in consultation with the commissioners of commerce and health, may use that fee revenue to offer grants awarded competitively to manufacturers or other researchers to develop safer alternatives to priority chemicals in children's products, to establish alternatives as safer alternatives, or to accelerate the commercialization of safer alternatives.

Subd. 2. **Education and outreach.** The commissioners of health and commerce shall develop and implement an education and outreach effort regarding priority chemicals in children's products.

Subd. 3. **Report.** By January 15, 2019, and every three years thereafter, the commissioners of the Pollution Control Agency, health, and commerce shall report to the legislative committees with jurisdiction over environment and natural resources, commerce, and public health on the implementation of sections 116.9401 to 116.9411.

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

Sec. 56. **TRANSFERS.**

(a) On June 30, 2015, the commissioner of management and budget shall transfer to the natural resources conservation easement stewardship account, established in Minnesota Statutes, section 84.69, the remaining balance:

(1) in the forests for the future conservation easement account under section 84.68; and

(2) of all appropriations to the Department of Natural Resources from the outdoor heritage fund for the establishment of conservation easement monitoring and enforcement accounts.

(b) On June 30, 2015, the commissioner of management and budget shall transfer to the water and soil conservation easement stewardship account, established in Minnesota Statutes, section 103B.103, the remaining balance of all appropriations to the board from the outdoor heritage fund for the establishment of conservation easement monitoring and enforcement accounts.

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

Sec. 57. **WETLAND CONSERVATION ACT REPORT.**

By March 15, 2016, the Board of Water and Soil Resources, in cooperation with the Department of Natural Resources, shall report to the committees with jurisdiction over environment and natural resources on the proposals to implement high priority areas for wetland replacement and in-lieu fees for replacement and modify wetland replacement siting and actions eligible for credit. In developing the report, the board and department shall consult with stakeholders and agencies.

Sec. 58. **REFUNDS; YOUTH BEAR LICENSES.**

The commissioner of natural resources may issue refunds for youth bear licenses that were purchased between August 1, 2013, and June 30, 2014, to individuals who were 10, 11, or 12 years old at the time of purchase.

Sec. 59. **WILD RICE WATER QUALITY STANDARDS.**

(a) Until the commissioner of the Pollution Control Agency adopts rules refining the wild rice water quality standard in Minnesota Rules, part 7050.0224, subpart 2, to incorporate new science and to include criteria for identifying waters and a list of waters subject to the standard, implementation of the wild rice water quality standard in Minnesota Rules, part 7050.0224, subpart 2, is limited to the following, unless the permittee requests additional conditions:

(1) the agency shall ensure that no existing discharge further causes or contributes to sulfate impacts to wild rice and, to accomplish this, is limited by the following conditions:

(i) the agency shall not require permittees to expend money for design or implementation of sulfate treatment technologies or other forms of sulfate mitigation; and

(ii) the agency may require sulfate minimization plans in permits;

(2) the agency shall consider wild rice protection when evaluating proposals for new or expanded discharges that include sulfate; and

(3) the agency shall not list waters containing natural beds of wild rice as impaired for sulfate under section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313, until the rulemaking described in this paragraph takes effect.

(b) Upon the rule described in paragraph (a) taking effect, the agency may reopen permits issued or reissued after the effective date of this section as needed to include numeric permit limits based on the wild rice water quality standard.

(c) The commissioner shall complete the rulemaking described in paragraph (a) by January 15, 2018.

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

Sec. 60. **WORKING LANDS WATERSHED RESTORATION IMPLEMENTATION PLAN.**

(a) The Board of Water and Soil Resources shall develop a detailed plan to implement Minnesota Statutes, section 103F.519, that includes the following:

(1) selection of pilot watersheds that are expected to best demonstrate water quality improvements and exhibit readiness to participate in the program;

(2) an assessment of the quantity of agricultural lands that are expected to be eligible for the program in each watershed;

(3) an assessment of landowner interest in participating in the program;

(4) an assessment of the contract terms and any recommendations for changes to the terms;

(5) an assessment of the opportunity to leverage federal funds through the program and recommendations on how to maximize the use of federal funds in the future;

- (6) an estimate of water quality improvements resulting from implementation;
- (7) an assessment of potential groundwater quantity use of the proposed advanced biofuel production facilities;
- (8) an assessment of how to best integrate implementation with existing conservation requirements and practices;
- (9) a timeline for implementation, coordinated to the extent possible with the proposed advanced biofuel production facilities; and
- (10) a projection of funding sources needed to complete implementation.

(b) The board shall coordinate development of the plan with the commissioners of natural resources, agriculture, and the Pollution Control Agency. The implementation plan must be submitted by October 1, 2016, to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture, natural resources, and environment policy and finance and to the Clean Water Council.

Sec. 61. INDEPENDENT PEER REVIEW OF WATER QUALITY STANDARDS.

(a) The commissioner of the Pollution Control Agency must ensure that an independent peer review is conducted on any proposed change to a water quality standard under Minnesota Statutes, chapter 115 or 116, when the estimated financial impact to affected permittees is \$50,000,000 or more, in total, within the first five years of implementation. The commissioner must provide notice and take public comment on the charge questions for independent peer review and must allow written and oral public comment as part of the independent peer review process and the peer review report. Documentation of compliance with the notice and comment requirements and the peer review report must be included as part of the statement of need and reasonableness for the proposed rule.

(b) The commissioner of the Pollution Control Agency must ensure that an independent peer review according to paragraph (a) is conducted on the water quality standards adopted by rule on August 4, 2014, and those rules are suspended until the independent peer review and a new rulemaking is completed on those rules. The rules in effect prior to adoption of the August 4, 2014, rules remain in effect until new rules are adopted.

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

Sec. 62. MINIMUM WATER QUALITY STANDARDS.

Until the Red River of the North water quality strategic plan is completed and submitted to the legislature according to article 3, section 2, subdivision 2, the Minnesota Pollution Control Agency must not require a current permittee that discharges to the Red River of the North to meet standards above the minimum standards for water quality that are set by the United States Environmental Protection Agency and that are applicable in North Dakota.

Sec. 63. COST ANALYSIS OF WATER QUALITY STANDARDS; APPROPRIATION.

(a) The commissioner of the Pollution Control Agency, after consultation with the commissioner of management and budget, shall issue a request for proposal not to exceed \$250,000 to contract with a nonstate entity for an engineering cost analysis of current and recently adopted, proposed, or anticipated changes to water quality standards and rules, including:

(1) recently adopted or proposed changes to total suspended solid, nutrient, chloride, nitrate, and sulfate standards;

(2) proposed nondegradation rulemaking provisions; and

(3) proposed changes to water quality standards to incorporate a tiered aquatic life use framework.

(b) The contractor may employ engineering subcontractors serving local governments to complete the analysis. The analysis must include a cost analysis for a representative sample of at least 15 communities. The sample must include a diverse set of communities based on geography, watersheds, community size, wastewater facility types and operators, storm water system types, and other factors to ensure the analysis is representative of the state as a whole. The analysis must include:

(1) an estimate of the overall capital and operating costs to maintain and upgrade wastewater and storm water systems for existing water quality standards;

(2) an estimate of the overall capital and operating costs likely to be incurred to upgrade wastewater and storm water systems for recently adopted, proposed, or anticipated changes to water quality standards; and

(3) an estimate of the incremental effect to overall water quality in the receiving waters as a direct result of the recently adopted, proposed, or anticipated changes to water quality standards.

(c) The commissioner shall submit the analysis to the chairs and ranking minority members of the committees and divisions of the house of representatives and senate with jurisdiction over water quality standards no later than January 1, 2017.

(d) Until 45 legislative days after the report is submitted under paragraph (c), the commissioner of the Pollution Control Agency must not require additional wastewater treatment at wastewater treatment facilities that are necessary due to the changes in the agency's water quality rules adopted on August 4, 2014.

EFFECTIVE DATE. Paragraph (d) of this section is effective the day following final enactment.

Sec. 64. SURPLUS STATE LAND SALES.

The school trust lands director shall identify at least \$5,000,000 in state-owned lands suitable for sale and notify the commissioner of natural resources of the identified lands. The lands identified shall not be within a unit of the outdoor recreation system under Minnesota Statutes, section 86A.05, an administrative site, or trust land. The commissioner shall sell at least \$3,000,000 worth of lands identified by the school trust lands director by June 30, 2017. Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or any other law to the contrary, the amount of the proceeds from the sale of lands that exceeds the actual expenses of selling the lands must be deposited in the school trust lands account and used to extinguish the school trust interest as provided under Minnesota Statutes, section 92.83, on school trust lands that have public water access sites or old growth forests located on them.

Sec. 65. REVISOR'S INSTRUCTION.

The revisor of statutes shall renumber the subdivisions of Minnesota Statutes, section 103G.005, to retain alphabetical order and shall correct cross-references to the renumbered subdivisions.

Sec. 66. **REPEALER.**

(a) Minnesota Statutes 2014, section 84.68, is repealed.

(b) Minnesota Statutes 2014, section 86B.13, subdivisions 2 and 4, are repealed.

(c) Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended by Laws 2010, First Special Session chapter 1, article 6, section 6, Laws 2013, chapter 114, article 3, section 9, is repealed.

EFFECTIVE DATE. Paragraph (b) of this section is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for agriculture, environment, and natural resources; providing for animal health and agricultural utilization research; making policy and technical changes to various agricultural related provisions, including provisions related to pesticide control, plant protection, nursery law, seeds, and loans; modifying license exclusions for the direct sale of certain prepared food; establishing the agriculture research, education, extension, and technology transfer grant program; establishing the Industrial Hemp Development Act; providing for incentive payments and grants; modifying disposition of certain revenue; providing for pilot programs; establishing the farm opportunity loan program; modifying fee provisions; creating accounts; modifying recreational vehicle provisions; modifying aquatic invasive species provisions; modifying state park and trail provisions; modifying timber and land sale provisions; modifying provisions for reclamation of lands; modifying game and fish laws; modifying the Water Law; regulating water quality standards; regulating chemicals of high concern in children's products; modifying solid waste provisions; requiring studies and reports; requiring rulemaking; amending Minnesota Statutes 2014, sections 13.643, subdivision 1; 13.7411, subdivision 8; 18B.01, subdivisions 28, 29; 18B.32, subdivision 1; 18B.33, subdivision 1; 18B.34, subdivision 1; 18G.10, subdivisions 3, 4; 18H.02, subdivision 20, by adding subdivisions; 18H.06, subdivision 2; 18J.01; 18J.02; 18J.03; 18J.04, subdivisions 1, 2, 3, 4; 18J.05, subdivisions 1, 2, 6; 18J.06; 18J.07, subdivisions 3, 4, 5; 18J.09; 18J.11, subdivision 1, by adding a subdivision; 21.81, by adding subdivisions; 21.82, subdivisions 2, 4; 21.85, subdivision 2, by adding a subdivision; 21.89, subdivision 2; 41B.03, subdivision 6, by adding a subdivision; 41B.04, subdivision 17; 41B.043, subdivision 3; 41B.045, subdivisions 3, 4; 41B.046, subdivision 5; 41B.047, subdivisions 1, 4; 41B.048, subdivision 6; 41B.049, subdivision 4; 41B.055, subdivision 3; 41B.056, subdivision 2; 41B.06; 84.415, subdivision 7; 84.82, subdivisions 2a, 6; 84.92, subdivisions 8, 9, 10; 84.922, subdivision 5; 84D.01, by adding a subdivision; 84D.13, subdivision 5; 84D.15, subdivision 3; 85.015, by adding a subdivision; 85.055, subdivision 1; 85.32, subdivision 1; 86B.401, subdivision 3; 87A.10; 88.6435, subdivision 4; 90.14; 90.193; 93.20, subdivision 18; 94.16, subdivision 3; 97A.055, subdivision 4b; 97B.301, by adding a subdivision; 97C.301, by adding a subdivision; 103B.101, by adding a subdivision; 103B.3355; 103F.612, subdivision 2; 103G.005, by adding a subdivision; 103G.222, subdivisions 1, 3; 103G.2242, subdivisions 1, 2, 3, 4, 12, 14, 15; 103G.2251; 115A.1415, subdivision 16; 115A.557, subdivision 2; 116.07, subdivision 4d; 116.9401; 116.9402; 116.9403; 116.9405; 116.9406; 375.30, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 17; 28A; 41A; 41B; 84; 84D; 92; 103B; 103F;

116; proposing coding for new law as Minnesota Statutes, chapter 18K; repealing Minnesota Statutes 2014, sections 17.115; 28A.15, subdivisions 9, 10; 41A.12, subdivision 4; 84.68; 86B.13, subdivisions 2, 4; Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended."

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

SECOND READING OF SENATE BILLS

S.F. No. 1764 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Jensen introduced—

S.F. No. 2116: A bill for an act relating to telecommunications; requiring notice of automatic renewal cancellation; proposing coding for new law in Minnesota Statutes, chapter 325F.

Referred to the Committee on Commerce.

Senators Pratt and Osmek introduced—

S.F. No. 2117: A bill for an act relating to the Metropolitan Council; providing for metropolitan county commissioners to serve as members of the Metropolitan Council; modifying the vote required to approve Metropolitan Council policies, plans, and budgets; modifying the Metropolitan Land Planning Act to eliminate authority of the Metropolitan Council to require local comprehensive plan amendments in response to council policies, plans, and system statements; establishing a blue ribbon commission to study and make recommendations on metropolitan governance; appropriating money; amending Minnesota Statutes 2014, sections 473.123, subdivisions 1, 4, by adding subdivisions; 473.145; 473.175, subdivisions 1, 2; 473.851; 473.856; 473.858, subdivision 1; 473.859, subdivisions 3, 4; 473.864, subdivision 2; 473.865, subdivision 2; 473.87; repealing Minnesota Statutes 2014, sections 473.123, subdivisions 2a, 3, 3a, 3e; 473.175, subdivision 3; 473.857; 473.864, subdivision 1; 473.866; Laws 1994, chapter 628, article 1, section 8.

Referred to the Committee on State and Local Government.

Senator Stumpf introduced—

S.F. No. 2118: A bill for an act relating to capital investment; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature with certain conditions; modifying previous appropriations; providing for the sale, conveyance, and disposition of state bond-financed property; authorizing the sale and issuance of state bonds; appropriating money; amending Minnesota Statutes 2014, sections 219.166; 462A.37, subdivision 5, by adding a subdivision; Laws 2012, chapter 293, section 3, subdivision 18; Laws 2013, chapter 136, section 4, as amended; Laws 2014, chapter 294, article 1, sections 4, subdivision 3; 15, subdivision 2; 18, subdivisions 3, 4; 21, subdivisions 10, 16, 18; Laws 2014, chapter 295, section 10, subdivision 12; proposing coding for new law in Minnesota Statutes, chapter 16A.

Referred to the Committee on Capital Investment.

Senator Dahle introduced—

S.F. No. 2119: A bill for an act relating to agriculture; temporarily lifting the monetary mediation threshold for poultry producers directly affected by avian influenza.

Referred to the Committee on Finance.

Senator Dahle introduced—

S.F. No. 2120: A bill for an act relating to agriculture; appropriating money to the farm advocates program and the farmer assistance network for assistance to turkey producers directly affected by avian influenza.

Referred to the Committee on Finance.

Senators Torres Ray, Hayden, Senjem, Champion and Pappas introduced—

S.F. No. 2121: A bill for an act relating to capital investment; appropriating money for construction of a facility for the Family Partnership.

Referred to the Committee on Capital Investment.

MOTIONS AND RESOLUTIONS

Senators Wiger and Kent introduced –

Senate Resolution No. 141: A Senate resolution congratulating Donald Regan on being named 2015 Banker of the Year.

Referred to the Committee on Rules and Administration.

Senator Bakk moved that H.F. No. 843 be taken from the table and given a second reading. The motion prevailed.

H.F. No. 843: A bill for an act relating to economic development; appropriating money for the Departments of Employment and Economic Development, Labor and Industry, and Commerce; the Bureau of Mediation Services; Housing Finance Agency; Explore Minnesota Tourism; Workers' Compensation Court of Appeals; Public Utilities Commission; Pollution Control Agency; and Department of Administration; making policy changes to jobs and economic development, housing, labor and industry, and commerce; establishing a tiered minimum wage; modifying unemployment insurance employer taxes; regulating delivered fuels; modifying energy conservation provisions; regulating renewable fuels; regulating greenhouse gas emissions; making miscellaneous energy policy changes and conforming changes; modifying fees; providing penalties; requiring reports; amending Minnesota Statutes 2014, sections 3.8851, subdivisions 3, 7; 12A.15, subdivision 1; 16B.323; 45.0135, subdivision 6, by adding a subdivision; 65B.44, by adding a subdivision; 65B.84, subdivision 1; 79.251, subdivision 1; 116C.779, subdivision 1; 116C.7791, subdivision 5; 116C.7792; 116J.394; 116J.431, subdivisions 1, 6; 116J.437, subdivision 1; 116J.8738,

subdivision 3, by adding a subdivision; 116J.8747, subdivisions 1, 2; 116L.17, subdivision 4; 116L.20, subdivision 1; 116L.98, subdivisions 1, 3, 5, 7; 116M.14, by adding a subdivision; 116M.18, subdivisions 1, 2, 3, 4, 8; 177.24, subdivision 1, by adding subdivisions; 216B.02, by adding subdivisions; 216B.16, subdivisions 6, 6b, 6c, 7b, 8, 12, 19; 216B.164, subdivisions 3, 3a; 216B.1641; 216B.1645, subdivision 1; 216B.1691; 216B.2401; 216B.241, subdivisions 5c, 9, by adding a subdivision; 216B.2411, subdivision 3; 216B.2421, subdivision 2; 216B.2422, subdivisions 2c, 4; 216B.2425; 216B.243, subdivisions 3b, 8, 9; 216C.41, subdivisions 2, 5a; 216C.435, subdivision 5; 216E.03, subdivisions 5, 7; 216E.04, subdivision 5; 216H.01, by adding a subdivision; 216H.02, subdivision 1; 216H.021, subdivision 1; 216H.03, subdivisions 1, 3, 4, 7; 216H.07; 237.01, by adding subdivisions; 256E.31, subdivision 3; 268.035, subdivisions 6, 21b, 26, 30; 268.051, subdivision 7, by adding a subdivision; 268.07, subdivisions 2, 3b; 268.085, subdivisions 1, 2; 268.095, subdivisions 1, 10; 268.105, subdivisions 3, 7; 268.136, subdivision 1; 268.194, subdivision 1; 268A.01, subdivisions 6, 10, by adding a subdivision; 268A.03; 268A.06; 268A.07; 268A.085; 268A.15, subdivision 3; 297I.11, subdivision 2; 299F.011, by adding a subdivision; 326B.092, subdivision 7; 326B.096; 326B.106, subdivision 1; 326B.13, subdivision 8; 326B.809; 326B.986, subdivisions 5, 8; 327.20, subdivision 1; 341.321; 345.42, subdivision 1, by adding a subdivision; 373.48, subdivision 3; 453A.02, subdivision 5; 462A.33, subdivision 1; 469.049; 469.050, subdivision 4; 469.084, subdivisions 3, 4, 8, 9, 10, 14; 473.145; 473.254, subdivisions 2, 3a; Laws 1994, chapter 493, section 1; Laws 2008, chapter 296, article 1, section 25, as amended; Laws 2014, chapter 312, article 2, section 14; proposing coding for new law in Minnesota Statutes, chapters 80A; 116J; 116L; 175; 181; 216B; 216C; 216E; 216H; 237; 609; proposing coding for new law as Minnesota Statutes, chapter 59D; repealing Minnesota Statutes 2014, sections 3.8852; 80G.01; 80G.02; 80G.03; 80G.04; 80G.05; 80G.06; 80G.07; 80G.08; 80G.09; 80G.10; 116C.779, subdivision 3; 116U.26; 174.187; 177.24, subdivision 2; 216B.1612; 216B.164, subdivision 10; 216B.8109; 216B.811; 216B.812; 216B.813; 216B.815; 216C.39; 216C.411; 216C.412; 216C.413; 216C.414; 216C.415; 216C.416; 216H.02, subdivisions 2, 3, 4, 5, 6; 469.084, subdivisions 11, 12; Laws 2013, chapter 85, article 6, section 11; Laws 2014, chapter 312, article 2, section 15; Minnesota Rules, part 5205.0580, subpart 21.

H.F. No. 843 was read the second time.

Senator Bakk moved that H.F. No. 843 be laid on the table. 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

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated S.F. No. 1458 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1458: A bill for an act relating to state government; establishing the health and human services budget; modifying provisions governing children and family services, chemical and mental health services, withdrawal management programs, direct care and treatment, health care, continuing care, Department of Health programs, health care delivery, health licensing boards, and MNsure; making changes to medical assistance, general assistance, MFIP, Northstar Care for Children, MinnesotaCare, child care assistance, and group residential housing programs; establishing uniform requirements for public assistance programs related to income calculation, reporting income, and correcting overpayments and underpayments; creating the Department of MNsure; modifying requirements for reporting maltreatment of minors; establishing the Minnesota ABLE plan and accounts; modifying child support provisions; establishing standards for withdrawal management programs; modifying requirements for background studies; making changes to provisions governing the health information exchange; authorizing rulemaking; requiring reports; making technical changes; modifying certain fees for Department of Health programs; modifying fees of certain health-related licensing boards; making human services forecast adjustments; appropriating money; amending Minnesota Statutes 2014, sections 13.3806, subdivision 4; 13.46, subdivisions 2, 7; 13.461, by adding a subdivision; 15.01; 15A.0815, subdivision 2; 16A.724, subdivision 2; 43A.241; 62A.02, subdivision 2; 62A.045; 62J.497, subdivisions 1, 3, 4, 5; 62J.498; 62J.4981; 62J.4982, subdivisions 4, 5; 62J.692, subdivision 4; 62M.01, subdivision 2; 62M.02, subdivisions 12, 14, 15, 17, by adding subdivisions; 62M.05, subdivisions 3a, 3b, 4; 62M.06, subdivisions 2, 3; 62M.07; 62M.09, subdivision 3; 62M.10, subdivision 7; 62M.11; 62Q.02; 62U.02, subdivisions 1, 2, 3, 4; 62U.04, subdivision 11; 62V.02, subdivisions 2, 11, by adding a subdivision; 62V.03; 62V.05; 62V.06; 62V.07; 62V.08; 119B.011, subdivision 15; 119B.025, subdivision 1; 119B.035, subdivision 4; 119B.07; 119B.09, subdivision 4; 119B.10, subdivision 1; 119B.11, subdivision 2a; 119B.125, by adding a subdivision; 144.057, subdivision 1; 144.1501, subdivisions 1, 2, 3, 4; 144.215, by adding a subdivision; 144.225, subdivision 4; 144.291, subdivision 2; 144.293, subdivisions 6, 8; 144.298, subdivisions 2, 3; 144.3831, subdivision 1; 144.9501, subdivisions 6d, 22b, 26b, by adding subdivisions; 144.9505; 144.9508; 144A.70, subdivision 6, by adding a subdivision; 144A.71; 144A.72; 144A.73; 144D.01, by adding a subdivision; 144E.001, by adding a subdivision; 144E.275, subdivision 1, by adding a subdivision; 144E.50; 144F.01, subdivision 5; 145.928, by adding a subdivision; 145A.131, subdivision 1; 148.57, subdivisions 1, 2; 148.59; 148E.075; 148E.080, subdivisions 1, 2; 148E.180, subdivisions 2, 5; 149A.20, subdivisions 5, 6; 149A.40, subdivision 11; 149A.65; 149A.92, subdivision 1; 149A.97, subdivision 7; 150A.091, subdivisions 4, 5, 11, by adding subdivisions; 150A.31; 151.065, subdivisions 1, 2, 3, 4; 151.58, subdivisions 2, 5; 157.16; 169.686, subdivision 3; 174.29, subdivision 1; 174.30, subdivisions 3, 4, by adding subdivisions; 245.4661, subdivisions 5, 6, by adding subdivisions; 245.467, subdivision 6; 245.469, by adding a subdivision; 245.4876, subdivision 7; 245.4889, subdivision 1, by adding a subdivision; 245C.03, by adding a subdivision; 245C.08, subdivision 1; 245C.10, by adding subdivisions; 245C.12; 246.18, subdivision 8; 246.54, subdivision 1; 246B.01, subdivision 2b; 246B.10; 253B.18, subdivisions 4c, 5; 254B.05, subdivision 5; 254B.12, subdivision 2; 256.01, by adding subdivisions; 256.015, subdivision 7; 256.017, subdivision 1; 256.478; 256.741, subdivisions 1, 2; 256.962, subdivision 5, by adding a subdivision; 256.969, subdivisions 1, 2b, 3a, 3c, 9; 256.975, subdivision 8; 256B.056, subdivision 5c; 256B.057, subdivision 9; 256B.059, subdivision 5; 256B.06, by adding a subdivision; 256B.0615, subdivision 3; 256B.0622, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10, by adding a subdivision; 256B.0624, subdivision 7; 256B.0625, subdivisions

3b, 9, 13, 13e, 13h, 14, 17, 17a, 18a, 18e, 31, 48, 57, 58, by adding subdivisions; 256B.0631; 256B.072; 256B.0757; 256B.0916, subdivisions 2, 11, by adding a subdivision; 256B.441, by adding a subdivision; 256B.49, subdivision 26, by adding a subdivision; 256B.4913, subdivisions 4a, 5; 256B.4914, subdivisions 2, 8, 10, 14, 15; 256B.69, subdivisions 5a, 5i, 6, 9c, 9d, by adding a subdivision; 256B.75; 256B.76, subdivisions 2, 4, 7; 256B.767; 256D.01, subdivision 1a; 256D.02, subdivision 8, by adding subdivisions; 256D.06, subdivision 1; 256D.405, subdivision 3; 256E.35, subdivision 2, by adding a subdivision; 256I.03, subdivisions 3, 7, by adding subdivisions; 256I.04; 256I.05, subdivisions 1c, 1g; 256I.06, subdivisions 2, 6, 7, 8; 256J.08, subdivisions 26, 86; 256J.24, subdivisions 5, 5a; 256J.30, subdivisions 1, 9; 256J.35; 256J.40; 256J.95, subdivision 19; 256K.45, subdivisions 1a, 6; 256L.01, subdivisions 3a, 5; 256L.03, subdivision 5; 256L.04, subdivisions 1a, 1c, 7b; 256L.05, subdivisions 3, 3a, 4, by adding a subdivision; 256L.06, subdivision 3; 256L.11, by adding a subdivision; 256L.121, subdivision 1; 256L.15, subdivision 2; 256N.22, subdivisions 9, 10; 256N.24, subdivision 4; 256N.25, subdivision 1; 256N.27, subdivision 2; 256P.001; 256P.01, subdivision 3, by adding subdivisions; 256P.02, by adding a subdivision; 256P.03, subdivision 1; 256P.04, subdivisions 1, 4; 256P.05, subdivision 1; 257.0755, subdivisions 1, 2; 257.0761, subdivision 1; 257.0766, subdivision 1; 257.0769, subdivision 1; 257.75, subdivisions 3, 5; 259A.75; 260C.007, subdivisions 27, 32; 260C.203; 260C.212, subdivision 1, by adding subdivisions; 260C.221; 260C.331, subdivision 1; 260C.451, subdivisions 2, 6; 260C.515, subdivision 5; 260C.521, subdivisions 1, 2; 260C.607, subdivision 4; 282.241, subdivision 1; 290.0671, subdivision 6; 297A.70, subdivision 7; 514.73; 514.981, subdivision 2; 518A.26, subdivision 14; 518A.32, subdivision 2; 518A.39, subdivision 1, by adding a subdivision; 518A.41, subdivisions 1, 3, 4, 14, 15; 518A.43, by adding a subdivision; 518A.46, subdivision 3, by adding a subdivision; 518A.51; 518A.53, subdivisions 1, 4, 10; 518A.60; 518C.802; 580.032, subdivision 1; 626.556, subdivisions 1, as amended, 2, 3, 6a, 7, as amended, 10, 10e, 10j, 10m, 11c, by adding subdivisions; Laws 2008, chapter 363, article 18, section 3, subdivision 5; Laws 2013, chapter 108, article 14, section 12, as amended; Laws 2014, chapter 189, sections 5; 10; 11; 16; 17; 18; 19; 23; 24; 27; 28; 29; 31; 43; 50; 51; 73; Laws 2014, chapter 312, article 24, section 45, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 15; 62A; 62M; 62Q; 62V; 144; 144D; 245; 246B; 256B; 256E; 256M; 256P; 518A; proposing coding for new law as Minnesota Statutes, chapters 245F; 256Q; repealing Minnesota Statutes 2014, sections 62V.04; 62V.09; 62V.11; 144E.52; 148E.060, subdivision 12; 148E.075, subdivisions 4, 5, 6, 7; 256.969, subdivisions 23, 30; 256B.69, subdivision 32; 256D.0513; 256D.06, subdivision 8; 256D.09, subdivision 6; 256D.49; 256J.38; 256L.02, subdivision 3; 256L.05, subdivisions 1b, 1c, 3c, 5; 256L.11, subdivision 7; 257.0755, subdivision 1; 257.0768; 290.0671, subdivision 6a; Minnesota Rules, parts 3400.0170, subparts 5, 6, 12, 13; 8840.5900, subparts 12, 14.

Senator Lourey moved to amend S.F. No. 1458 as follows:

Page 7, line 25, delete the second "of" and insert "or"

Page 36, line 27, delete "may be used" and insert "is appropriated"

Page 107, line 24, before "Minnesota" insert "(a)" and delete "sections 257.0755, subdivision 1; 257.0768; and" and insert "section"

Page 107, line 25, delete "are" and insert "is"

Page 107, after line 25, insert:

"(b) Minnesota Statutes 2014, section 257.0768, is repealed."

Page 189, line 13, delete "July" and insert "January"

Page 219, line 6, delete "services" and insert "training and habilitation"

Page 331, line 1, delete everything after the first comma and insert "section 148E.060, subdivision 12, is repealed."

Page 331, delete line 2

Page 335, line 23, delete everything before the period and insert "by January 1, 2017"

Page 376, lines 13 and 14, delete "percent" and insert "of a percentage point"

Page 388, delete section 44

Page 403, line 15, before "health" insert "human services, in consultation with the commissioner of"

Page 429, line 19, delete "7,588,935,000" and insert "7,588,822,000"

Page 429, line 22, delete "6,609,885,000" and insert "6,609,772,000"

Page 439, line 28, delete "5,145,071,000" and insert "5,144,958,000"

Page 444, delete lines 22 to 25 and insert:

"(h) Health Care Grants"

Page 454, line 15, delete "187,544,000" and insert "187,657,000"

Page 454, line 18, delete "98,055,000" and insert "98,168,000"

Page 454, line 27, delete "75,682,000" and insert "75,795,000"

Page 455, line 15, after "programs" insert "and necessary contracts"

Page 455, line 16, after "subdivisions" insert "3, paragraph (a), clause (4), and"

Page 458, line 31, delete "\$1,887,000" and insert "\$2,000,000"

Page 463, line 10, delete "\$244,000" and insert "\$175,000"

Page 463, line 11, delete "\$242,000" and insert "\$125,000"

Correct the subdivision and section totals and the appropriations by fund

The motion prevailed. So the amendment was adopted.

Senator Goodwin moved to amend S.F. No. 1458 as follows:

Page 117, after line 25, insert:

"Sec. 9. [245.4685] GRANTS FOR MENTAL HEALTH CRISIS CENTERS.

Subdivision 1. Establishment; use of grant funds. The commissioner shall establish a grant program to provide grants to counties or groups of counties to develop and establish mental health crisis centers. A mental health crisis center must be designed to meet the needs of individuals who are under arrest or subject to arrest and who have a mental illness or a co-occurring mental illness

and substance use disorder, and individuals who are in immediate need of crisis services and who have a mental illness or co-occurring mental illness and substance use disorder. Grants distributed under this section may be used to fund the start-up costs and ongoing operating costs of the centers. A portion of the grant may be combined with funds from other sources to increase the capacity of other community mental health providers to provide the continuum of mental health services for these populations, in collaboration with mental health crisis centers. At least 50 percent of the grant funds must be awarded to counties in greater Minnesota with a high rate of poverty and limited mental health services. Initial grant awards must be made by March 1, 2016.

Subd. 2. **Eligibility for grants.** To be eligible for grant funds under this section, a county or group of counties must demonstrate that the county's or group of counties' center will connect with and build upon existing resources, and preference must be given to counties with existing facilities that can be modified to accommodate the requirements under this section. The center must include the following components:

(1) a plan for rapid, safe handoffs of individuals with mental illness or individuals with co-occurring disorders from law enforcement to center staff;

(2) an initial mental health crisis assessment and chemical dependency screening;

(3) mental health crisis intervention and stabilization services;

(4) nonhospital crisis stabilization residential beds;

(5) rapid access to a psychiatric evaluation, initial treatment, and psychiatric services;

(6) detoxification services;

(7) case management services;

(8) medication management services;

(9) health navigator services that include but are not limited to assisting uninsured individuals in obtaining health care coverage;

(10) benefits assistance as defined in section 245.4712, subdivision 3;

(11) services to connect individuals to resources to meet their basic needs;

(12) services to find, secure, and support individuals in short-term or long-term housing or in their own housing;

(13) assisting with job applications and finding and maintaining employment;

(14) fostering social support, including support groups, mentoring, peer support, and other efforts to prevent isolation and promote recovery;

(15) providing direct connections to ongoing mental health, chemical health, and other needed services;

(16) assisting with the provision of crisis intervention training;

(17) collaborating with teams providing mobile crisis intervention services;

(18) assisting county jails in working with offenders with mental health issues;

(19) a plan for services to be developed collaboratively between local criminal justice systems, local health and human services systems, and other counties; and

(20) a plan to seek other state, county, and federal funds and private and nonprofit funds, and to maximize medical assistance funds.

Subd. 3. Use of advanced practice registered nurse, physician assistants, and mental health professionals to provide services. When a physician is unable to provide mental health services in a timely manner to an individual being served by a center, mental health services may be provided by an advanced practice registered nurse, physician assistant, or mental health professional who is practicing within the scope of the advanced practice registered nurse, physician assistant's, or mental health professional's license and who has experience working with individuals with mental illness.

Subd. 4. Collaboration with local partners. A county or group of counties that receives a grant under this section is encouraged to include local partners in the private and nonprofit sectors in the planning and establishment of the center.

Subd. 5. Grant applications. In applying for a grant under this section, a county or group of counties must include in its application:

(1) the estimated start-up cost of the center;

(2) the estimated operating cost of the center;

(3) other financial resources the county or group of counties expects to receive to fund the center's start-up and operating costs from local units of government, private entities, nonprofit organizations, and individuals;

(4) how the grantee will provide the components under subdivision 2; and

(5) how funding for the center will be sustained after these grants have expired.

Subd. 6. Data; evaluation of center. A center funded under this section must maintain data on the extent to which the center reduces incarceration rates in the center's county or counties of operation for individuals with mental illness or individuals with co-occurring disorders, and the extent to which the center reduces recidivism rates for these individuals. The center must report these outcomes to the commissioner, at a time and in a manner determined by the commissioner. The commissioner shall use the data to evaluate the effect the centers have on incarceration rates, the use of hospital emergency departments or inpatient hospitalizations for the provision of mental health services, and increased access to outpatient mental health services. The commissioner shall report the results of the evaluation to the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over health and human services and corrections issues every two years, beginning February 1, 2017.

Subd. 7. Interagency collaboration. The commissioner shall encourage the commissioners of the Minnesota Housing Finance Agency, corrections, and health to provide technical assistance and support to grant recipients in an effort to prevent the incarceration of individuals with mental illness and individuals with co-occurring disorders. Upon the commissioner's receipt of a grant application under subdivision 5, the commissioner, together with the commissioner of health, shall determine the most appropriate model for licensure of the proposed services and which agency will regulate the services of the center. The commissioner of the Minnesota Housing Finance Agency shall work

with centers to provide housing assistance for individuals served by the centers in accordance with the purposes provided in section 462A.2097."

Page 135, after line 34, insert:

"Sec. 35. [628.70] REFERRAL TO MENTAL HEALTH CRISIS CENTER FOR PERSONS WITH MENTAL ILLNESS OR CO-OCCURRING DISORDERS.

Subdivision 1. **Definitions.** As used in this section:

(1) "crisis center" means a mental health crisis center established by a county or group of counties participating in the grant program under section 245.4685; and

(2) "peace officer" has the meaning given in section 626.84, subdivision 1, paragraph (c).

Subd. 2. **Diversions.** (a) A peace officer may refer a person with mental illness or co-occurring mental illness and substance use disorders for whom probable cause exists to arrest or charge with a misdemeanor to a crisis center on condition that the person shall not be charged with the misdemeanor upon satisfactory completion of the program at the crisis center. The referral to the crisis center shall be based on criteria established by the crisis center in collaboration with other crisis centers and applicable local prosecutors. A person's satisfactory completion of the crisis center's program shall be based on established evidence-based best practices and methodologies for effectively assessing, diagnosing, and treating persons with mental illness or co-occurring mental illness and substance use disorders.

(b) In addition to a peace officer, a court or prosecutor may refer a person eligible under paragraph (a) to a crisis center.

(c) Notwithstanding paragraph (a), a prosecutor may charge a person referred to a crisis center with a crime when the prosecutor determines doing so is appropriate and in the interest of justice."

Page 434, line 14, delete "114,038,000" and insert "111,038,000"

Page 445, line 17, delete "69,027,000" and insert "72,027,000"

Page 446, after line 16, insert:

"\$3,000,000 in fiscal year 2016 is from the general fund for a grant program to establish mental health crisis centers under Minnesota Statutes, section 245.4685. At least one center under Minnesota Statutes, section 245.4685, must be in greater Minnesota."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Senator Limmer imposed a call of the Senate for the balance of the proceedings on S.F. No. 1458. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Goodwin amendment.

The roll was called, and there were yeas 30 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Kiffmeyer	Nienow	Rosen
Benson	Gazelka	Koenen	Ortman	Ruud
Brown	Goodwin	Limmer	Osmeck	Scalze
Chamberlain	Hall	Miller	Petersen, B.	Senjem
Champion	Hann	Nelson	Pratt	Thompson
Dahms	Housley	Newman	Reinert	Westrom

Those who voted in the negative were:

Bakk	Dziedzic	Johnson	Rest	Stumpf
Bonoff	Eaton	Kent	Saxhaug	Tomassoni
Carlson	Eken	Latz	Schmit	Wiger
Clausen	Franzen	Lourey	Sheran	Wiklund
Cohen	Hawj	Marty	Sieben	
Dahle	Hoffman	Metzen	Skoe	
Dibble	Jensen	Pappas	Sparks	

The motion did not prevail. So the amendment was not adopted.

Senator Fischbach moved to amend S.F. No. 1458 as follows:

Page 271, after line 15, insert:

"Sec. 42. [145.417] LICENSURE OF CERTAIN FACILITIES THAT PERFORM ABORTIONS.

Subdivision 1. License required for facilities that perform ten or more abortions per month.

(a) A clinic, health center, or other facility in which the pregnancies of ten or more women known to be pregnant are willfully terminated or aborted each month shall be licensed by the commissioner of health and, notwithstanding Minnesota Rules, part 4675.0100, subparts 8 and 9, subject to the licensure requirements provided in Minnesota Rules, chapter 4675. The commissioner shall not require a facility licensed as a hospital or as an outpatient surgical center, pursuant to sections 144.50 to 144.56, to obtain a separate license under this section, but may subject these facilities to inspections and investigations as permitted under subdivision 2.

(b) The commissioner of health, the attorney general, an appropriate county attorney, or a woman upon whom an abortion has been performed or attempted to be performed at an unlicensed facility may seek an injunction in district court against the continued operation of the facility. Proceedings for securing an injunction may be brought by the attorney general or by the appropriate county attorney.

(c) Sanctions provided in this subdivision do not restrict other available sanctions.

Subd. 2. Inspections; no notice required. No more than two times per year, the commissioner of health shall perform routine and comprehensive inspections and investigations of facilities described under subdivision 1. Every clinic, health center, or other facility described under subdivision 1, and any other premise proposed to be conducted as a facility by an applicant for a license, shall be open at all reasonable times to inspection authorized in writing by the commissioner of health. No notice need be given to any person prior to any inspection.

Subd. 3. Licensure fee. (a) The annual license fee for facilities required to be licensed under this section is \$10,200.

(b) Fees shall be collected and deposited according to section 144.122.

Subd. 4. **Suspension, revocation, and refusal to renew.** The commissioner of health may refuse to grant or renew, or may suspend or revoke a license on any of the following grounds:

(1) violation of any of the provisions of this section or Minnesota Rules, chapter 4675;

(2) permitting, aiding, or abetting the commission of any illegal act in the facility;

(3) conduct or practices detrimental to the welfare of the patient;

(4) obtaining or attempting to obtain a license by fraud or misrepresentation; or

(5) if there is a pattern of conduct that involves one or more physicians in the facility who have a financial or economic interest in the facility, as defined in section 144.6521, subdivision 3, and who have not provided notice and disclosure of the financial or economic interest as required by section 144.6521.

Subd. 5. **Hearing.** Prior to any suspension, revocation, or refusal to renew a license, the licensee shall be entitled to notice and a hearing as provided by sections 14.57 to 14.69. At each hearing, the commissioner of health shall have the burden of establishing that a violation described in subdivision 4 has occurred. If a license is revoked, suspended, or not renewed, a new application for license may be considered by the commissioner if the conditions upon which revocation, suspension, or refusal to renew was based have been corrected and evidence of this fact has been satisfactorily furnished. A new license may be granted after proper inspection has been made and all provisions of this section and Minnesota Rules, chapter 4675, have been complied with and a recommendation for licensure has been made by the commissioner or by an inspector as an agent of the commissioner.

Subd. 6. **Severability.** If any one or more provision, section, subdivision, sentence, clause, phrase, or word of this section or the application of it to any person or circumstance is found to be unconstitutional, it is declared to be severable and the balance of this section shall remain effective notwithstanding such unconstitutionality. The legislature intends that it would have passed this section, and each provision, section, subdivision, sentence, clause, phrase, or word, regardless of the fact that any one provision, section, subdivision, sentence, clause, phrase, or word is declared unconstitutional."

Page 462, after line 21, insert:

"Of the state government special revenue fund appropriation, \$51,000 in fiscal years 2016 and 2017 are for licensing activities under Minnesota Statutes, section 145.417."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Correct the subdivision and section totals and the appropriations by fund

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Koenen	Ortman	Senjem
Benson	Gazelka	Limmer	Osmek	Sparks
Brown	Hall	Miller	Petersen, B.	Stumpf
Chamberlain	Hann	Nelson	Pratt	Thompson
Dahms	Housley	Newman	Rosen	Westrom
Eken	Kiffmeyer	Nienow	Ruud	

Those who voted in the negative were:

Bakk	Dibble	Johnson	Reinert	Skoe
Bonoff	Dziedzic	Kent	Rest	Tomassoni
Carlson	Eaton	Latz	Saxhaug	Wiger
Champion	Franzen	Lourey	Scalze	Wiklund
Clausen	Hawj	Marty	Schmit	
Cohen	Hoffman	Metzen	Sheran	
Dahle	Jensen	Pappas	Sieben	

The motion did not prevail. So the amendment was not adopted.

Senator Limmer moved to amend S.F. No. 1458 as follows:

Page 245, line 28, before "The" insert "With the informed written consent of parents,"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Kiffmeyer	Nienow	Rosen
Benson	Gazelka	Limmer	Ortman	Senjem
Brown	Hall	Miller	Osmek	Thompson
Chamberlain	Hann	Nelson	Petersen, B.	Westrom
Dahms	Housley	Newman	Pratt	

Those who voted in the negative were:

Bakk	Dziedzic	Kent	Rest	Stumpf
Bonoff	Eaton	Koenen	Saxhaug	Tomassoni
Carlson	Eken	Latz	Scalze	Wiger
Champion	Franzen	Lourey	Schmit	Wiklund
Clausen	Hawj	Marty	Sheran	
Cohen	Hoffman	Metzen	Sieben	
Dahle	Jensen	Pappas	Skoe	
Dibble	Johnson	Reinert	Sparks	

The motion did not prevail. So the amendment was not adopted.

Senator Limmer moved to amend S.F. No. 1458 as follows:

Page 305, line 22, after the period, insert "The commissioner shall require providers to give patients a conspicuous notice that patients may refuse to answer any questions related to the collection of this information, and that refusal to answer questions will not in any way impact their access to care. The notice must be given in written format and in spoken communication."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Chamberlain	Gazelka	Hann	Limmer
Benson	Dahms	Goodwin	Housley	Miller
Brown	Fischbach	Hall	Kiffmeyer	Nelson

Newman
Nienow

Ortman
Osmek

Petersen, B.
Pratt

Rosen
Senjem

Thompson
Westrom

Those who voted in the negative were:

Bakk
Bonoff
Carlson
Champion
Clausen
Cohen
Dahle
Dibble

Dziedzic
Eaton
Eken
Franzen
Hawj
Hoffman
Jensen
Johnson

Kent
Koenen
Latz
Lourey
Marty
Metzen
Pappas
Reinert

Rest
Saxhaug
Scalze
Schmit
Sheran
Sieben
Skoe
Sparks

Stumpf
Tomassoni
Wiger
Wiklund

The motion did not prevail. So the amendment was not adopted.

Senator Rosen moved to amend S.F. No. 1458 as follows:

Page 404, line 29, after "experts" insert ", representatives of the health care industry, insurance producers,"

Page 405, line 23, delete the third "and"

Page 405, after line 23, insert:

"(4) options for MNsure, including, but not limited to, infrastructure changes to its governance, operations, financial viability, and a legal and fiscal analysis of replacing MNsure with the establishment of a federally facilitated marketplace; and"

Page 405, line 24, delete "(4)" and insert "(5)"

Page 407, delete sections 1 and 2

Page 409, line 19, strike "MNsure" and before the period, insert "human services"

Page 410, line 1, strike "as a"

Page 410, line 2, delete the new language

Page 412, line 17, delete "seven-member" and insert "five-member"

Page 412, line 19, delete "two members appointed by the commissioner of MNsure,"

Page 413, line 4, after "commissioner" insert ", in consultation with the Legislative Oversight Committee,"

Page 413, line 11, delete everything after the first "commissioner"

Page 413, line 19, delete everything after the first "commissioner" and insert a period

Page 413, delete line 20

Page 416, line 35, delete "commissioners of human services and MNsure" and insert "commissioner"

Page 418, lines 15 to 17, strike the old language and delete the new language

Page 418, line 18, before "commissioner" insert "The"

Page 418, line 19, strike the colon and insert "the health plan satisfies the federal requirements under section 1311(c)(1) of the Affordable Care Act, Public Law 111-148."

Page 418, lines 20 to 36, strike the old language and delete the new language

Page 419, lines 1 to 16, strike the old language and delete the new language

Page 419, line 21, delete "(d)" and insert "(b)"

Page 419, line 24, delete "(e)" and insert "(c)"

Page 419, line 27, delete "(f)" and insert "(d)"

Page 427, after line 16, insert:

"Sec. 14. Minnesota Statutes 2014, section 62V.11, is amended to read:

62V.11 LEGISLATIVE OVERSIGHT COMMITTEE.

Subdivision 1. **Legislative oversight.** (a) The Legislative Oversight Committee is established to provide oversight to the implementation of this chapter and the operation of MNsure.

(b) The committee shall review the operations of MNsure at least annually on a quarterly basis and shall recommend necessary changes in policy, implementation, and statutes to the board commissioner and to the legislature.

(c) MNsure The commissioner shall present to the committee the annual report required in section 62V.08, the appeals process under section 62V.05, subdivision 6, and the actions taken regarding the treatment of multiemployer plans.

Subd. 2. **Membership; meetings; compensation.** (a) The Legislative Oversight Committee shall consist of five members of the senate, three members appointed by the majority leader of the senate, and two members appointed by the minority leader of the senate; and five members of the house of representatives, three members appointed by the speaker of the house, and two members appointed by the minority leader of the house of representatives.

(b) Appointed legislative members serve at the pleasure of the appointing authority and shall continue to serve until their successors are appointed.

(c) The first meeting of the committee shall be convened by the chair of the Legislative Coordinating Commission. Members shall elect a chair at the first meeting. The chair must convene at least one meeting four meetings annually, and may convene other meetings as deemed necessary.

Subd. 3. **Review of proposed rules.** (a) ~~Prior to the implementation of rules proposed under section 62V.05, subdivision 8, paragraph (b), the board shall submit the proposed rules to the committee at the same time the proposed rules are published in the State Register.~~

~~(b) When the legislature is in session, the rule may be adopted, but, if within ten days of receipt of the proposed rule a majority of the committee members appointed by the senate and a majority of the committee members appointed by the house of representatives request further review of the proposed rule, the rule shall not be effective until the request has been satisfied and withdrawn, the rule is approved in law, or the regular session of the legislature is adjourned for the year.~~

~~(c) If the legislature is not in session, the rule may be adopted, but, if within ten days of receipt of the proposed rule a majority of the committee members appointed by the senate and a majority~~

~~of the committee members appointed by the house of representatives request further review of the proposed rule, the rule shall not be effective until the request has been satisfied and withdrawn, or February 1, whichever occurs first.~~

Subd. 4. **Review of costs.** ~~The board~~ commissioner shall submit for review the annual budget of MNsure for the next fiscal year by March 15 of each year, beginning March 15, 2014.

Subd. 5. **Advisory committees.** The commissioner shall consult with the Legislative Oversight Committee on the appointment of the members to the advisory committees required under section 62V.042. The members must be approved by the Legislative Oversight Committee prior to appointment to the advisory committees. Members of the advisory committees must have expertise in one of the following areas, depending on the advisory committee's focus: health administration; health care finance; health plan purchasing; health care delivery systems; public health disparities; or the uninsured."

Page 427, line 32, delete "of MNsure"

Page 428, line 10, delete "commissioners" and insert "commissioner"

Page 428, line 11, delete "and MNsure"

Page 428, delete lines 26 to 28 and insert "Minnesota Statutes, section 15.039, shall apply to the transfer of MNsure responsibilities to the commissioner of human services and the Department of Human Services"

Page 428, line 29, delete everything before the period

Page 428, after line 32, insert:

"Sec. 20. ADVISORY COMMITTEE; FEDERAL HEALTH EXCHANGE ALTERNATIVE.

(a) The task force on health care financing established under article 10, section 66, as part of their report due to the legislature on January 15, 2016, shall make recommendations on alternatives to MNsure's current structure and operations. If the task force fails to make such recommendations, or the legislature fails to act on these recommendations, the commissioner of commerce, in cooperation with the secretary of Health and Human Services, shall establish a federally facilitated marketplace for Minnesota, for coverage beginning January 1, 2018. The federally facilitated marketplace shall take the place of MNsure, established under Minnesota Statutes, chapter 62V. In working with the secretary of Health and Human Services to develop the federally facilitated marketplace, the commissioner of commerce, in consultation with the commissioner of human services, shall:

(1) seek to incorporate, where appropriate and cost effective, elements of the MNsure eligibility determination system;

(2) regularly consult with stakeholder groups, including but not limited to representatives of state agencies, health care providers, health plan companies, brokers, counties, and consumers; and

(3) seek all available federal grants and funds for state planning and development costs.

(b) The commissioner shall not implement this section if the United States Supreme Court rules in King v. Burwell (No. 14-114) that persons obtaining qualified health plan coverage through a federally facilitated marketplace are not eligible for advanced premium tax credits."

Page 429, line 2, delete "62V.09; and 62V.11" and insert "and 62V.09"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Rosen moved to amend the Rosen amendment to S.F. No. 1458 as follows:

Page 3, line 22, delete "2016" and insert "2017"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the first Rosen amendment, as amended.

The roll was called, and there were yeas 25 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Kiffmeyer	Nienow	Rosen
Benson	Gazelka	Limmer	Ortman	Senjem
Brown	Hall	Miller	Osmek	Sparks
Chamberlain	Hann	Nelson	Petersen, B.	Thompson
Dahms	Housley	Newman	Pratt	Westrom

Those who voted in the negative were:

Bakk	Dibble	Hoffman	Marty	Sheran
Bonoff	Dziedzic	Jensen	Metzen	Skoe
Carlson	Eaton	Johnson	Reinert	Stumpf
Champion	Eken	Kent	Rest	Tomassoni
Clausen	Franzen	Koenen	Saxhaug	Wiger
Cohen	Hawj	Latz	Scalze	Wiklund
Dahle	Hayden	Lourey	Schmit	

The motion did not prevail. So the first Rosen amendment, as amended, was not adopted.

Senator Gazelka moved to amend S.F. No. 1458 as follows:

Page 417, line 4, before the period, insert ", and the training program must not exceed two hours to complete. This training program shall qualify for two hours of continuing education credits on public health care programs for insurance producers required under chapter 60K and must comply with course approval requirements under chapter 45"

Senator Gazelka moved to amend the Gazelka amendment to S.F. No. 1458 as follows:

Page 1, line 3, delete "two" and insert "eight" and delete "two" and insert "eight"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the first Gazelka amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

Senator Benson moved to amend S.F. No. 1458 as follows:

Page 418, lines 15 to 17, strike the old language and delete the new language

Page 418, line 18, before "commissioner" insert "(a) The"

Page 418, line 19, strike the colon and insert "the health plan satisfies the federal requirements under section 1311(c)(1) of the Affordable Care Act, Public Law 111-148."

Page 418, lines 20 to 36, strike the old language and delete the new language

Page 419, lines 1 to 16, strike the old language and delete the new language

Page 419, line 21, delete "(d)" and insert "(b)"

Page 419, line 24, delete "(e)" and insert "(c)"

Page 419, line 27, delete "(f)" and insert "(d)"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Dahms	Housley	Newman	Pratt
Benson	Fischbach	Kiffmeyer	Nienow	Rosen
Bonoff	Gazelka	Limmer	Ortman	Senjem
Brown	Hall	Miller	Osmek	Thompson
Chamberlain	Hann	Nelson	Petersen, B.	Westrom

Those who voted in the negative were:

Bakk	Eaton	Kent	Rest	Stumpf
Carlson	Eken	Koenen	Saxhaug	Tomassoni
Champion	Franzen	Latz	Scalze	Wiger
Clausen	Hawj	Lourey	Schmit	Wiklund
Cohen	Hayden	Marty	Sheran	
Dahle	Hoffman	Metzen	Sieben	
Dibble	Jensen	Pappas	Skoe	
Dziedzic	Johnson	Reinert	Sparks	

The motion did not prevail. So the amendment was not adopted.

Senator Dahms moved to amend S.F. No. 1458 as follows:

Page 415, after line 14, insert:

"(f) The commissioner shall provide a notice to each individual purchasing a qualified health plan, including a dental plan, through MNsure informing the individual that up to 3.5 percent of the total premiums for individual and small group market health and dental plans sold through MNsure is collected to fund the operations of MNsure."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Thompson
Benson	Hall	Miller	Petersen, B.	Westrom
Brown	Hann	Nelson	Pratt	
Chamberlain	Housley	Newman	Rosen	
Dahms	Jensen	Nienow	Schmit	
Fischbach	Kiffmeyer	Ortman	Senjem	

Those who voted in the negative were:

Bonoff	Cohen	Eaton	Hayden	Koenen
Carlson	Dahle	Eken	Hoffman	Latz
Champion	Dibble	Franzen	Johnson	Lourey
Clausen	Dziedzic	Hawj	Kent	Marty

Metzen
Reinert
Rest

Saxhaug
Scalze
Sheran

Sieben
Skoe
Sparks

Stumpf
Tomassoni
Wiger

Wiklund

The motion did not prevail. So the amendment was not adopted.

Senator Gazelka moved to amend S.F. No. 1458 as follows:

Page 407, delete article 11 and insert:

"ARTICLE 11

HEALTH INSURANCE EXCHANGE

Section 1. PROHIBITION ON RUNNING A STATE-BASED EXCHANGE.

(a) No department, agency, instrumentality, or political subdivision of this state shall:

(1) establish any program, adopt any rule, policy, guideline, or plan, or change any program, rule, policy, or guideline to implement, establish, create, administer, or otherwise operate a state health benefit exchange or navigator program under the Patient Protection and Affordable Care Act under Public Law section 111-148; or

(2) apply for, accept, or expend federal money related to the creation, implementation, or operation of an exchange.

(b) Nothing in this section shall be construed to preclude the state from participating in any Medicaid program.

Sec. 2. REVISOR'S INSTRUCTION.

The revisor of statutes shall remove any cross-references to the statutory sections and rule parts specified in section 3 that are contained in Minnesota Statutes and Minnesota Rules and make changes necessary to correct punctuation, grammar, or sentence structure.

Sec. 3. REPEALER.

(a) Minnesota Statutes 2014, sections 62V.01; 62V.02; 62V.03; 62V.04; 62V.05; 62V.06; 62V.07; 62V.08; 62V.09; 62V.10; and 62V.11, are repealed the day following final enactment.

(b) Minnesota Rules, parts 7700.0010; 7700.0020; 7700.0030; 7700.0040; 7700.0050; 7700.0060; 7700.0070; 7700.0080; 7700.0090; 7700.0100; 7700.0101; and 7700.0105, are repealed the day following final enactment."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson
Benson
Brown
Dahms
Fischbach

Gazelka
Hall
Hann
Housley
Kiffmeyer

Limmer
Miller
Nelson
Newman
Nienow

Ortman
Osmek
Petersen, B.
Pratt
Rosen

Senjem
Thompson
Westrom

Those who voted in the negative were:

Bonoff	Eaton	Kent	Rest	Stumpf
Carlson	Eken	Koenen	Saxhaug	Tomassoni
Champion	Franzen	Latz	Scalze	Wiger
Clausen	Hawj	Lourey	Schmit	Wiklund
Cohen	Hayden	Marty	Sheran	
Dahle	Hoffman	Metzen	Sieben	
Dibble	Jensen	Pappas	Skoe	
Dziedzic	Johnson	Reinert	Sparks	

The motion did not prevail. So the amendment was not adopted.

Senator Dahms moved to amend S.F. No. 1458 as follows:

Page 429, line 19, delete "7,243,449,000" and insert "7,234,946,000" and delete "7,588,935,000" and insert "7,574,430,000"

Page 429, line 22, delete "6,333,550,000" and insert "6,325,047,000" and delete "6,609,885,000" and insert "6,595,380,000"

Page 434, line 14, delete "114,038,000" and insert "112,197,000" and delete "111,936,000" and insert "108,220,000"

Page 436, line 33, delete "10,057,000" and insert "9,999,000" and delete "9,958,000" and insert "9,839,000"

Page 440, after line 9, insert:

"Nursing Facilities Rate Increase.
\$6,938,000 from the general fund in fiscal year 2016 and \$11,709,000 from the general fund in fiscal year 2017 are for an operating payment rate adjustment effective for the rate years beginning on or after October 1, 2015, for all nursing facilities that are reimbursed under Minnesota Statutes, section 256B.441, or Minnesota Statutes, section 256B.434. Each facility must receive an equal percentage rate increase."

Page 448, line 13, delete "129,009,000" and insert "127,430,000" and delete "126,467,000" and insert "123,280,000"

Page 453, line 2, delete "81,821,000" and insert "80,737,000" and delete "83,233,000" and insert "81,045,000"

Page 453, line 7, delete "86,473,000" and insert "82,532,000" and delete "89,464,000" and insert "84,282,000"

Page 454, line 15, delete "185,600,000" and insert "185,208,000" and delete "187,544,000" and insert "186,866,000"

Page 454, line 18, delete "95,339,000" and insert "95,041,000" and delete "98,055,000" and insert "97,566,000"

Page 454, line 21, delete "34,737,000" and insert "34,643,000" and delete "34,171,000" and insert "33,982,000"

Page 454, line 27, delete "74,573,000" and insert "74,424,000" and delete "75,682,000" and insert "75,494,000"

Page 454, line 30, delete "34,737,000" and insert "34,643,000" and delete "34,171,000" and insert "33,982,000"

Page 463, line 19, delete "12,556,000" and insert "12,431,000" and delete "14,149,000" and insert "13,895,000"

Page 463, line 26, delete "8,210,000" and insert "8,186,000" and delete "8,224,000" and insert "8,177,000"

Page 463, line 28, delete "19,707,000" and insert "19,368,000" and delete "19,597,000" and insert "19,102,000"

Page 463, line 33, delete "507,000" and insert "500,000" and delete "513,000" and insert "500,000"

Page 463, line 34, delete "2,192,000" and insert "2,095,000" and delete "2,206,000" and insert "2,095,000"

Page 464, line 5, delete "113,000" and insert "112,000" and delete "115,000" and insert "112,000"

Page 464, line 7, delete "234,000" and insert "230,000" and delete "237,000" and insert "230,000"

Page 464, line 8, delete "3,933,000" and insert "3,905,000" and delete "3,962,000" and insert "3,905,000"

Page 464, line 11, delete "2,365,000" and insert "2,349,000" and delete "2,062,000" and insert "2,029,000"

Page 465, line 25, delete "138,000" and insert "108,000" and delete "143,000" and insert "108,000"

Page 465, line 26, delete "2,847,000" and insert "2,733,000" and delete "2,888,000" and insert "2,733,000"

Page 465, line 27, delete "354,000" and insert "350,000" and delete "359,000" and insert "350,000"

Page 465, line 28, delete "78,000" and insert "77,000" and delete "79,000" and insert "77,000"

Page 465, line 29, delete "874,000" and insert "862,000" and delete "884,000" and insert "862,000"

Page 465, line 30, delete "1,141,000" and insert "1,127,000" and delete "1,155,000" and insert "1,127,000"

Page 465, line 31, delete "262,000" and insert "258,000" and delete "265,000" and insert "258,000"

Page 465, line 33, delete "480,000" and insert "473,000" and delete "486,000" and insert "473,000"

Page 466, line 2, delete "2,287,000" and insert "2,156,000" and delete "2,420,000" and insert "2,155,000"

Page 466, line 25, delete "730,000" and insert "722,000" and delete "707,000" and insert "692,000"

Page 466, line 32, delete "2,097,000" and insert "1,984,000" and delete "2,217,000" and insert "1,989,000"

Correct the subdivision and section totals and the appropriations by fund

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Koenen	Ortman	Senjem
Benson	Gazelka	Limmer	Osmek	Sparks
Brown	Hann	Miller	Petersen, B.	Thompson
Dahle	Housley	Nelson	Pratt	Westrom
Dahms	Jensen	Newman	Rosen	
Eken	Kiffmeyer	Nienow	Schmit	

Those who voted in the negative were:

Bakk	Dziedzic	Kent	Rest	Tomassoni
Bonoff	Eaton	Latz	Saxhaug	Wiger
Carlson	Franzen	Lourey	Scalze	Wiklund
Champion	Hawj	Marty	Sheran	
Clausen	Hayden	Metzen	Sieben	
Cohen	Hoffman	Pappas	Skoe	
Dibble	Johnson	Reinert	Stumpf	

The motion did not prevail. So the amendment was not adopted.

Senator Limmer moved to amend S.F. No. 1458 as follows:

Page 228, strike line 28

Page 228, line 32, delete the new language and strike the old language

Renumber the clauses in sequence and correct the internal references

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Kiffmeyer	Nienow	Rosen
Benson	Hall	Limmer	Ortman	Senjem
Brown	Hann	Miller	Osmek	Thompson
Dahms	Hoffman	Nelson	Petersen, B.	Westrom
Fischbach	Housley	Newman	Pratt	

Those who voted in the negative were:

Bakk	Carlson	Clausen	Dahle	Dziedzic
Bonoff	Champion	Cohen	Dibble	Eaton

Eken	Kent	Pappas	Sheran	Wiger
Franzen	Koenen	Reinert	Sieben	Wiklund
Hawj	Latz	Rest	Skoe	
Hayden	Lourey	Saxhaug	Sparks	
Jensen	Marty	Scalze	Stumpf	
Johnson	Metzen	Schmit	Tomassoni	

The motion did not prevail. So the amendment was not adopted.

Senator Thompson moved to amend S.F. No. 1458 as follows:

Page 8, after line 13, insert:

"Sec. 5. Minnesota Statutes 2014, section 179A.54, is amended by adding a subdivision to read:

Subd. 2a. **Limit on dues.** An exclusive representative shall not require its members to pay dues or make any other payments to the exclusive representative for membership, in an amount in excess of \$17.85 per two weeks."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Ortman	Senjem
Benson	Hall	Miller	Osmek	Thompson
Brown	Hann	Nelson	Petersen, B.	Westrom
Dahms	Housley	Newman	Pratt	
Fischbach	Kiffmeyer	Nienow	Rosen	

Those who voted in the negative were:

Bakk	Dziedzic	Johnson	Reinert	Sparks
Bonoff	Eaton	Kent	Rest	Stumpf
Carlson	Eken	Koenen	Saxhaug	Tomassoni
Champion	Franzen	Latz	Scalze	Wiger
Clausen	Hawj	Lourey	Schmit	Wiklund
Cohen	Hayden	Marty	Sheran	
Dahle	Hoffman	Metzen	Sieben	
Dibble	Jensen	Pappas	Skoe	

The motion did not prevail. So the amendment was not adopted.

S.F. No. 1458 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 38 and nays 22, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Johnson	Reinert	Skoe
Bonoff	Eaton	Kent	Rest	Sparks
Carlson	Eken	Koenen	Rosen	Stumpf
Champion	Franzen	Latz	Saxhaug	Tomassoni
Clausen	Hawj	Lourey	Scalze	Wiger
Cohen	Hayden	Marty	Schmit	Wiklund
Dahle	Hoffman	Metzen	Sheran	
Dibble	Jensen	Pappas	Sieben	

Those who voted in the negative were:

Anderson	Gazelka	Limmer	Ortman	Thompson
Benson	Hall	Miller	Osmek	Westrom
Brown	Hann	Nelson	Petersen, B.	
Dahms	Housley	Newman	Pratt	
Fischbach	Kiffmeyer	Nienow	Senjem	

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 811. The motion prevailed.

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

H.F. No. 4: A bill for an act relating to transportation; establishing a budget for transportation; appropriating money for transportation, including Department of Transportation, Metropolitan Council, and Department of Public Safety activities; amending various provisions governing transportation policy and finance; establishing funds and accounts; requiring reports; authorizing sale and issuance of trunk highway bonds; amending Minnesota Statutes 2014, sections 16A.11, subdivision 3a; 16A.86, subdivision 2; 16A.88, subdivisions 1a, 2; 16E.15, subdivision 2; 117.036, subdivisions 2, 4; 160.20, subdivision 4; 160.27, by adding a subdivision; 161.04, by adding a subdivision; 161.231; 161.321, subdivisions 2a, 2c, 4; 162.07, subdivision 1a; 168.053, subdivision 1; 168.1299, subdivision 1; 169.475, subdivision 2; 169.49; 169.782, subdivisions 1, 2, 4; 169.79, subdivision 4; 169.81, by adding a subdivision; 169.865, subdivisions 1, 2, by adding a subdivision; 169.87, subdivision 6; 173.02, by adding a subdivision; 173.15; 174.40, by adding a subdivision; 174.636, by adding a subdivision; 174.92; 174.93, subdivision 1; 221.031, by adding a subdivision; 221.605, by adding a subdivision; 299A.465, subdivision 5, by adding a subdivision; 299D.085, subdivision 2; 299D.09; 360.305, subdivision 4; 398A.04, by adding a subdivision; 473.146, subdivision 4; 473.399, by adding a subdivision; 473.4051, subdivision 2; Laws 2009, chapter 158, section 10, as amended; Laws 2014, chapter 312, article 11, section 3; proposing coding for new law in Minnesota Statutes, chapters 16A; 160; 161; 162; 168; 174; 299F; repealing Minnesota Statutes 2014, section 299E.02.

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

Page 2, line 8, delete "122,107,000" and insert "121,709,000" and delete "122,734,000" and insert "122,336,000" and delete "244,841,000" and insert "244,045,000"

Page 2, line 11, delete "3,112,959,000" and insert "3,112,561,000" and delete "3,341,307,000" and insert "3,340,909,000" and delete "6,454,266,000" and insert "6,453,470,000"

Page 2, line 34, delete "2,888,057,000" and insert "2,887,659,000" and delete "3,103,976,000" and insert "3,103,578,000"

Page 3, line 4, delete "60,543,000" and insert "60,145,000" and delete "60,400,000" and insert "60,002,000"

Page 10, line 23, delete "57,400,000" and insert "57,002,000" and delete "57,400,000" and insert "57,002,000"

Page 10, line 24, delete "\$28,700,000" and insert "\$28,501,000"

Page 10, line 28, delete "\$28,700,000" and insert "\$28,501,000"

Page 33, delete line 17 and insert "Carver, Dakota, Hennepin, Ramsey, Scott, and Washington;"

Page 33, line 26, after the comma, insert "and subject to the approval requirements in paragraph (c),"

Page 33, after line 33, insert:

"(c) The tax imposed under paragraph (a) is imposed on all counties in the metropolitan transit improvement area, except that if the governing boards of at least four counties in the area vote to opt out of the tax before June 15, 2015, the tax is not imposed in the counties in which the governing board has voted to opt out of the tax. If the governing boards of fewer than four counties in the area vote to opt out of the tax, then the tax is imposed on all counties in the area."

Page 36, line 12, delete everything after "Anoka," and insert "Carver, Dakota, Hennepin, Ramsey, Scott,"

Page 36, line 13, before the period, insert ", except that subdivision 2, paragraph (c), is effective the day following final enactment"

Page 39, delete section 8 and insert:

"Sec. 8. Minnesota Statutes 2014, section 168.013, subdivision 1d, is amended to read:

Subd. 1d. **Trailer.** (a) On trailers registered at a gross vehicle weight of greater than 3,000 pounds, the annual tax is based on total gross weight and is 30 percent of the Minnesota base rate prescribed in subdivision 1e, when the gross weight is 15,000 pounds or less, and when the gross weight of a trailer is more than 15,000 pounds, the tax for the first eight years of vehicle life is 100 percent of the tax imposed in the Minnesota base rate schedule, and during the ninth and succeeding years of vehicle life the tax is 75 percent of the Minnesota base rate prescribed by subdivision 1e. A trailer registered at a gross vehicle weight greater than 3,000 pounds but no greater than 7,200 pounds may be taxed either: (1) annually as provided in this paragraph, or (2) once every three years on the basis of total gross weight and is 90 percent of the Minnesota base rate prescribed in subdivision 1e.

(b) Farm trailers with a gross weight in excess of 10,000 pounds and as described in section 168.002, subdivision 8, are taxed as farm trucks as prescribed in subdivision 1c.

(c) Effective on and after July 1, 2001, trailers registered at a gross vehicle weight of 3,000 pounds or less must display a distinctive plate. The registration on the license plate is valid for the life of the trailer only if it remains registered at the same gross vehicle weight. The onetime registration tax for trailers registered for the first time in Minnesota is \$55. For trailers registered in Minnesota before July 1, 2001, and for which:

(1) registration is desired for the remaining life of the trailer, the registration tax is \$25; or

(2) permanent registration is not desired, the biennial registration tax is \$10 for the first renewal if registration is renewed between and including July 1, 2001, and June 30, 2003. These trailers must be issued permanent registration at the first renewal on or after July 1, 2003, and the registration tax is \$20.

For trailers registered at a gross weight of 3,000 pounds or less before July 1, 2001, but not renewed until on or after July 1, 2003, the registration tax is \$20 and permanent registration must be issued.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to taxes payable for a registration period starting on or after January 1, 2016."

Page 53, line 30, reinstate the stricken language and delete the new language

Page 53, delete lines 31 to 33

Page 53, line 34, delete the new language

Page 57, lines 22 and 23, reinstate the stricken language and delete the new language

Page 57, line 24, reinstate everything before the stricken semicolon and delete the new language and insert "is exempt."

Page 57, delete lines 25 to 36

Page 60, delete section 37

Renumber the sections in sequence

Amend the title numbers accordingly

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

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

S.F. No. 811: A bill for an act relating to education; providing funding and policy for early childhood and family, prekindergarten through grade 12, and adult education, including general education, education excellence, special education, facilities, technology, nutrition, libraries, accounting, early childhood, education, self-sufficiency, lifelong learning, and state agencies; appropriating money; amending Minnesota Statutes 2014, sections 120A.41; 122A.415, subdivision 1; 124D.1158, subdivision 3; 124D.15, subdivision 5; 124D.162; 124D.165, subdivision 2; 124D.42, subdivision 8; 124D.59, subdivision 2; 125A.79, subdivision 1; 126C.05, subdivision 1; 126C.10, subdivisions 2, 13a; 127A.41, subdivisions 8, 9; proposing coding for new law in Minnesota Statutes, chapter 124D; repealing Minnesota Statutes 2014, sections 124D.15, subdivision 3a; 124D.16, subdivisions 2, 3, 5.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2014, section 124D.041, subdivision 1, is amended to read:

Subdivision 1. **Agreements.** (a) The commissioner may enter into an agreement with the designated authority from an adjoining state to establish an enrollment options program between Minnesota and the adjoining state. Any agreement entered into pursuant to this section must specify the following:

(1) for students who are not residents of Minnesota, the enrollment options program applies only to a student whose resident school district borders Minnesota;

(2) the commissioner must negotiate equal, reciprocal rates with the designated authority from the adjoining state;

(3) if the adjoining state sends more students to Minnesota than Minnesota sends to the adjoining state, the adjoining state must pay the state of Minnesota the rate agreed upon under clause (2) for the excess number of students sent to Minnesota;

(4) if Minnesota sends more students to the adjoining state than the adjoining state sends to Minnesota, the state of Minnesota will pay the adjoining state the rate agreed upon under clause (2) for the excess number of students sent to the adjoining state;

(5) the application procedures for the enrollment options program between Minnesota and the adjoining state;

(6) the reasons for which an application for the enrollment options program between Minnesota and the adjoining state may be denied; and

(7) that a Minnesota school district is not responsible for transportation for any resident student attending school in an adjoining state under the provisions of this section. A Minnesota school district may, at its discretion, provide transportation services for such a student.

(b) Any agreement entered into pursuant to this section may specify additional terms relating to any student in need of special education and related services pursuant to chapter 125A, including early childhood special education services. Any additional terms must apply equally to both states.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 2. Minnesota Statutes 2014, section 124D.041, subdivision 2, is amended to read:

Subd. 2. **Pupil accounting.** (a) Any student from an adjoining state enrolled in Minnesota pursuant to this section is included in the receiving school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of another Minnesota school district attending the receiving school district under section 124D.03.

(b) Any Minnesota resident student enrolled in an adjoining state pursuant to this section is included in the resident school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of the district attending another Minnesota school district under section 124D.03.

(c) A prekindergarten child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service and is receiving early childhood special education services from a Minnesota school district is considered enrolled in a Minnesota school district.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 3. Minnesota Statutes 2014, section 124D.4531, subdivision 1, is amended to read:

Subdivision 1. **Career and technical revenue.** (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified is eligible for career and technical revenue equal to ~~35~~ 37.5 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

(1) salaries paid to essential, licensed personnel and qualifying nonlicensed community experts under paragraph (c) providing direct instructional services to students in that fiscal year, including extended contracts, for services rendered in the district's approved career and technical education programs, excluding salaries reimbursed by another school district under clause (2);

(2) amounts paid to another Minnesota school district for salaries of essential, licensed personnel and qualifying nonlicensed community experts under paragraph (c) providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(3) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under chapter 123A or 136D;

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

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

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

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

(8) specialized vocational instructional supplies.

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

(c) ~~The amount of the revenue calculated under this subdivision may not exceed \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and \$20,657,000 for taxes payable in 2014.~~

(d) ~~If the estimated revenue exceeds the amount in paragraph (c), the commissioner must reduce the percentage in paragraph (a) until the estimated revenue no longer exceeds the limit in paragraph (c).~~

(c) Salaries for nonlicensed community experts qualify under paragraph (a), clauses (1) and (2), only if the district made efforts to obtain acceptable licensed teachers for the particular course or subject area.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 4. Minnesota Statutes 2014, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) ~~For fiscal years 2013 and 2014, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, small schools revenue, basic skills revenue, secondary~~

~~sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue.~~

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

Sec. 5. Minnesota Statutes 2014, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** ~~For fiscal year 2014, the basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. For fiscal year 2015 and later, the basic revenue for each district equals the formula allowance times the adjusted pupil units for the school year. The formula allowance for fiscal year 2013 is \$5,224. The formula allowance for fiscal year 2014 is \$5,302. The formula allowance for fiscal year 2015 and later is \$5,831. The formula allowance for fiscal year 2016 is \$5,889. The formula allowance for fiscal year 2017 and later is \$5,948.~~

Sec. 6. Minnesota Statutes 2014, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time support revenue.** (a) ~~A school district's extended time revenue for fiscal year 2014 is equal to the product of \$4,601 and the sum of the adjusted marginal cost pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8. A school district's extended time support revenue for fiscal year 2015 and later is equal to the product of \$5,017 and the sum of the adjusted pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.~~

(b) A school district's extended time support revenue may be used for extended day programs, extended week programs, summer school, and other programming authorized under the learning year program. Extended support revenue may also be used by alternative learning centers serving high school students for academic purposes during the school day.

Sec. 7. Minnesota Statutes 2014, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** ~~To obtain operating capital revenue for fiscal year 2015 and later, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals \$14,500 for fiscal years 2015 to 2017, \$19,810 for fiscal year 2018, and \$30,555 for fiscal year 2019 and later.~~

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

Sec. 8. Minnesota Statutes 2014, section 126C.10, subdivision 18, is amended to read:

Subd. 18. **Transportation sparsity revenue allowance.** (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

(i) Multiply the formula allowance according to subdivision 2, by .141.

(ii) Multiply the result in clause (i) by the district's sparsity index raised to the 26/100 power.

(iii) Multiply the result in clause (ii) by the district's density index raised to the 13/100 power.

(iv) Multiply the result in clause (iii) by the greater of (1) one or (2) the ratio of the square mile area of the district to 3,000 raised to the 34/100 power.

(v) For a district that does not qualify for secondary sparsity revenue under subdivision 7 or elementary sparsity revenue under subdivision 8, multiply the result in clause (iv) by the greater of (1) one or (2) the ratio of the square mile area of the district to 525 raised to the 34/100 power.

~~(iv)~~ (vi) Multiply the formula allowance according to subdivision 2, by .0466.

~~(v)~~ (vii) Subtract the result in clause ~~(iv)~~ (vi) from the result in clause ~~(iii)~~ (v).

(b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the adjusted pupil units.

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

Sec. 9. Minnesota Statutes 2014, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district or cooperative must allocate its compensatory revenue to each school building in the district or cooperative where the children who have generated the revenue are served unless the school district or cooperative has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district or cooperative may allocate up to ~~five~~ 50 percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board, ~~and a district or cooperative may allocate up to an additional five percent of its compensatory revenue for activities under subdivision 1, clause (10), according to a plan adopted by the school board.~~ The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district or cooperative with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district or cooperative must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 10. Minnesota Statutes 2014, section 129C.30, subdivision 3, is amended to read:

Subd. 3. **General education funding.** General education revenue must be paid to the Crosswinds school as though it were a district. The general education revenue for each adjusted pupil unit is the state average general education revenue per pupil unit, plus the referendum

equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without declining enrollment, basic skills revenue, extended time support revenue, pension adjustment revenue, transition revenue, and transportation sparsity revenue, plus declining enrollment, basic skills revenue, extended time support revenue, pension adjustment revenue, and transition revenue as though the school were a school district. The general education revenue for each extended time support pupil unit equals \$4,794.

Sec. 11. [136D.41] LISTED DISTRICTS MAY FORM INTERMEDIATE DISTRICT.

Notwithstanding any other law to the contrary, two or more of the Independent School Districts Nos. 108, 110, 111, and 112 of Carver County, Independent School Districts Nos. 716, 717, 719, 720, and 721 of Scott County, and Independent School District No. 2905 of Le Sueur County, whether or not contiguous, may enter into agreements to accomplish jointly and cooperatively the acquisition, betterment, construction, maintenance, and operation of facilities for, and instruction in, special education, career and technical education, adult basic education, and alternative education. Each school district that becomes a party to such an agreement is a "participating school district" for purposes of sections 136D.41 to 136D.49. The agreement may provide for the exercise of these powers by a joint school board created as set forth in sections 136D.41 to 136D.49.

Sec. 12. [136D.42] JOINT SCHOOL BOARD; MEMBERS; BYLAWS.

Subdivision 1. **Board.** The agreement shall provide for a joint school board representing the parties to the agreement. The agreement shall specify the name of the board, the number and manner of election or appointment of its members, their terms and qualifications, and other necessary and desirable provisions.

Subd. 2. **Bylaws.** The board may adopt bylaws specifying the duties and powers of its officers and the meeting dates of the board, and containing such other provisions as may be usual and necessary for the efficient conduct of the business of the board.

Sec. 13. [136D.43] STATUS OF JOINT SCHOOL BOARD.

Subdivision 1. **Public agency.** The joint school board shall be a public agency of the participating school districts and may receive and disburse federal and state funds made available to it or to the participating school districts.

Subd. 2. **Liability.** No participating school district shall have individual liability for the debts and obligations of the board, nor shall any individual serving as a member of the board have such liability.

Subd. 3. **Tax exempt.** Any properties, real or personal, acquired, owned, leased, controlled, used, or occupied by the board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

Sec. 14. [136D.44] JOINT BOARD HAS ALL POWERS OF MEMBER DISTRICTS.

To effectuate the agreement, the joint school board shall have all the powers granted by law to any or all of the participating school districts.

Sec. 15. **[136D.45] AGREEMENT APPROVAL; NOTICE; PETITION; REFERENDUM.**

Subdivision 1. **Resolution.** The agreement shall, before it becomes effective, be approved by a resolution adopted by the school board of each school district named therein.

Subd. 2. **When effective.** Each resolution shall be published once in a newspaper published in the district, if there is one, or in a newspaper having general circulation in the district, and shall become effective 30 days after publication, unless within the 30-day period a petition for referendum on the resolution is filed with the school board, signed by qualified voters of the school district equal in number to five percent of the number of voters voting at the last annual school district election. In such case, the resolution shall not become effective until approved by a majority of the voters voting thereon at a regular or special election. The agreement may provide conditions under which it shall become effective even though it may not be approved in all districts.

Sec. 16. **[136D.46] DISTRICT CONTRIBUTIONS, DISBURSEMENTS, CONTRACTS.**

The participating school districts may contribute funds to the board. Disbursements shall be made by the board in accordance with sections 123B.14, 123B.143, and 123B.147. The board shall be subject to section 123B.52, subdivisions 1, 2, 3, and 5.

Sec. 17. **[136D.47] TERM OF AGREEMENT.**

The agreement shall state the term of its duration and may provide for the method of termination and distribution of assets after payment of all liabilities of the joint school board.

Sec. 18. **[136D.48] NON-POSTSECONDARY PROGRAMS; LICENSED DIRECTION.**

The board may also provide any other educational programs or other services requested by a participating district. However, these programs and services may not be postsecondary programs or services. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

Sec. 19. **[136D.49] OTHER MEMBERSHIP AND POWERS.**

In addition to the districts listed in sections 136D.21, 136D.41, 136D.71, and 136D.81, the agreement of an intermediate school district established under this chapter may provide for the membership of other school districts and cities, counties, and other governmental units as defined in section 471.59. In addition to the powers listed in sections 136D.25, 136D.73, and 136D.84, an intermediate school board may provide the services defined in section 123A.21, subdivisions 7 and 8.

Sec. 20. **COMPENSATORY REVENUE; INTERMEDIATE DISTRICT.**

For the 2015-2016 school year only, for an intermediate district formed under Minnesota Statutes, section 136D.41, the department must calculate compensatory revenue based on the October 1, 2014, enrollment counts for the South Metro Educational Cooperative.

Sec. 21. **RECIPROCITY AGREEMENT EXEMPTION; HENDRICKS.**

Notwithstanding Minnesota Statutes, sections 124D.04, subdivision 6, paragraph (b); 124D.041, subdivision 3, paragraph (b); and 124D.05, subdivision 2a, the provisions of Minnesota Statutes, section 124D.041 and the agreement shall not apply to Independent School District No. 402, Hendricks.

EFFECTIVE DATE. This section is effective for the 2015-2016 school year and later.

Sec. 22. **SCHOOL DISTRICT LEVY ADJUSTMENTS.**

Subdivision 1. **Tax rate adjustment.** The commissioner of education must adjust each school district tax rate established under Minnesota Statutes, chapters 120B to 127A, by multiplying the rate by the ratio of the statewide total tax capacity for assessment year 2014, as it existed prior to the passage of Regular Session 2015, House File No. 848, or a similarly styled bill passed in a special session to the statewide total tax capacity for assessment year 2014.

Subd. 2. **Equalizing factors.** The commissioner of education must adjust each school district equalizing factor established under Minnesota Statutes, chapters 120B to 127A, by dividing the equalizing factor by the ratio of the statewide total tax capacity for assessment year 2014, as it existed prior to the passage of Regular Session 2015, House File No. 848, or a similarly styled bill passed in a special session, to the statewide total tax capacity for assessment year 2014.

Sec. 23. **INDEPENDENT SCHOOL DISTRICT NO. 761, OWATONNA PUBLIC SCHOOLS; REFERENDUM REVENUE AUTHORIZATION.**

The referendum revenue authorization for Independent School District No. 761, Owatonna public schools, shall be set at \$1,082.70 per adjusted pupil unit for taxes payable in 2014 and adjusted thereafter for the annual inflationary increases calculated under Minnesota Statutes, section 126C.17, subdivision 2, paragraph (b), to reflect the intention of the school board and the understanding of the voters relating to the new authorization approved by the voters of that school district on November 5, 2013. This referendum will be applicable for seven years beginning with taxes payable in 2014 unless otherwise revoked or reduced as provided by law.

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

Sec. 24. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$	<u>6,567,318,000</u>	.....	<u>2016</u>
\$	<u>6,636,002,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$622,908,000 for 2015 and \$5,944,411,000 for 2016.

The 2017 appropriation includes \$632,482,000 for 2016 and \$6,003,520,000 for 2017.

Subd. 3. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	<u>17,488,000</u>	.....	<u>2016</u>
\$	<u>17,464,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$1,816,000 for 2015 and \$15,672,000 for 2016.

The 2017 appropriation includes \$1,741,000 for 2016 and \$15,723,000 for 2017.

Subd. 4. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	<u>16,819,000</u>	.....	<u>2016</u>
\$	<u>17,338,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$1,575,000 for 2015 and \$15,244,000 for 2016.

The 2017 appropriation includes \$1,693,000 for 2016 and \$15,645,000 for 2017.

Subd. 5. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

\$	<u>5,420,000</u>	.....	<u>2016</u>
\$	<u>4,669,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$574,000 for 2015 and \$4,846,000 for 2016.

The 2017 appropriation includes \$538,000 for 2016 and \$4,131,000 for 2017.

Subd. 6. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$	<u>2,740,000</u>	.....	<u>2016</u>
\$	<u>2,932,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$278,000 for 2015 and \$2,462,000 for 2016.

The 2017 appropriation includes \$273,000 for 2016 and \$2,659,000 for 2017.

Subd. 7. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	<u>292,000</u>	.....	<u>2016</u>
\$	<u>165,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$22,000 for 2015 and \$270,000 for 2016.

The 2017 appropriation includes \$30,000 for 2016 and \$135,000 for 2017.

Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

\$	<u>65,000</u>	.....	<u>2016</u>
\$	<u>65,000</u>	.....	<u>2017</u>

Subd. 9. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	<u>39,000</u>	.....	<u>2016</u>
\$	<u>42,000</u>	.....	<u>2017</u>

ARTICLE 2 EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2014, section 120B.13, subdivision 4, is amended to read:

Subd. 4. **Rigorous course taking information; AP, IB, and PSEO.** The commissioner shall submit the following information on rigorous course taking, disaggregated by student subgroup, school district, and postsecondary institution, to the education committees of the legislature each year by February 1:

(1) the number of pupils enrolled in postsecondary enrollment options under section 124D.09, including concurrent enrollment, career and technical education courses offered as a concurrent enrollment course, advanced placement, and international baccalaureate courses in each school district;

(2) the number of teachers in each district attending training programs offered by the college board, International Baccalaureate North America, Inc., or Minnesota concurrent enrollment programs;

(3) the number of teachers in each district participating in support programs;

(4) recent trends in the field of postsecondary enrollment options under section 124D.09, including concurrent enrollment, advanced placement, and international baccalaureate programs;

(5) expenditures for each category in this section and under sections 124D.09 and 124D.091₂, including career and technical education courses offered as a concurrent enrollment course; and

(6) other recommendations for the state program or the postsecondary enrollment options under section 124D.09, including concurrent enrollment.

Sec. 2. [121A.395] TITLE.

Sections 121A.395 to 121A.3951 may be cited as the "Student Support Services Personnel Act."

Sec. 3. [121A.3951] STUDENT SUPPORT SERVICES PERSONNEL GRANT PROGRAM.

Subdivision 1. **Definitions.** For the purposes of sections 121A.395 to 121A.3951, the following terms have the meanings given them:

(1) "student support services personnel" includes individuals licensed to serve as a school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselor in Minnesota; and

(2) "new position" means a student support services personnel full-time or part-time position not under contract by a school at the start of the 2014-2015 school year.

Subd. 2. **Purpose.** The purpose of the student support services personnel grant program is to:

(1) address shortages of student support services personnel within Minnesota schools;

(2) decrease caseloads for existing student support services personnel to ensure effective services;

(3) ensure that students receive effective academic guidance and integrated and comprehensive services to improve kindergarten through grade 12 school outcomes and career and college readiness;

(4) ensure that student support services personnel serve within the scope and practice of their training and licensure;

(5) fully integrate learning supports, instruction, and school management within a comprehensive approach that facilitates interdisciplinary collaboration; and

(6) improve school safety and school climate to support academic success and career and college readiness.

Subd. 3. **Grant eligibility and application.** (a) A school district, charter school, intermediate school district, or other cooperative unit is eligible to apply for a six-year grant under this section.

(b) The commissioner of education shall specify the form and manner of the grant application. In awarding grants, the commissioner must give priority to schools in which student support services personnel positions do not currently exist. Additional criteria must include at least the following:

(1) existing student support services personnel caseloads;

(2) school demographics;

(3) Title 1 revenue;

(4) Minnesota student survey data;

(5) graduation rates; and

(6) postsecondary completion rates.

Subd. 4. **Allowed uses; match requirements.** A grant under this section must be used to hire a new position. A school that receives a grant must match the grant with local funds in each year of the grant. In each of the first four years of the grant, the local match equals \$1 for every \$1 awarded in the same year. In years five and six of the grant, the local match equals \$3 for every \$1 awarded in the same year. The local match may not include federal reimbursements attributable to the new position.

Subd. 5. **Report required.** By February 1 following any fiscal year in which a grant was received, a school must submit a written report to the commissioner indicating how the new positions affected two or more of the following measures:

(1) school climate;

(2) attendance rates;

(3) academic achievement;

(4) career and college readiness; and

(5) postsecondary completion rates.

Sec. 4. Minnesota Statutes 2014, section 122A.09, is amended by adding a subdivision to read:

Subd. 4a. **Teacher preparation program data; report.** Each teacher preparation program must collect valid, reliable, and timely data about outcomes for its teacher candidates. On an annual basis, each teacher preparation program must publish summary data on programs' efficacy in an understandable, useful, and readily accessible electronic format that is available on a Web site hosted by the teacher preparation program. The summary report at least must include: four-year graduation rates, licensure attainment, employment rates, and satisfaction rates from teacher candidates collected via a survey. Additionally, some of the outcomes may be disaggregated by race, including:

- (1) graduation rates;
- (2) licensure rates;
- (3) employment rates; and
- (4) teacher candidate satisfaction.

Teacher preparation programs must follow the standard practice determined by the National Center for Education Statistics by exempting sample cells smaller than ten people in order to maintain privacy of individual teachers.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to reports published beginning June 1, 2016.

Sec. 5. Minnesota Statutes 2014, section 122A.413, subdivision 1, is amended to read:

Subdivision 1. **Qualifying plan.** A district ~~or~~, intermediate school district, or a cooperative unit, as defined in section 123A.24, subdivision 2, may develop an educational improvement plan for the purpose of qualifying for the alternative teacher professional pay system under section 122A.414. The plan must include measures for improving school district, intermediate school district, cooperative, school site, teacher, and individual student performance.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 6. Minnesota Statutes 2014, section 122A.413, subdivision 2, is amended to read:

Subd. 2. **Plan components.** The educational improvement plan must be approved by the school board or governing board and have at least these elements:

(1) assessment and evaluation tools to measure student performance and progress, including the academic literacy, oral academic language, and achievement of English learners, among other measures;

(2) performance goals and benchmarks for improvement;

(3) measures of student attendance and completion rates;

(4) a rigorous research and practice-based professional development system, based on national and state standards of effective teaching practice applicable to all students including English learners with varied needs under section 124D.59, subdivisions 2 and 2a, and consistent with section 122A.60, that is aligned with educational improvement and designed to achieve ongoing and schoolwide progress and growth in teaching practice;

- (5) measures of student, family, and community involvement and satisfaction;
- (6) a data system about students and their academic progress that provides parents and the public with understandable information;
- (7) a teacher induction and mentoring program for probationary teachers that provides continuous learning and sustained teacher support; and
- (8) substantial participation by the exclusive representative of the teachers in developing the plan.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 7. Minnesota Statutes 2014, section 122A.414, subdivision 1, is amended to read:

Subdivision 1. **Restructured pay system.** A restructured alternative teacher professional pay system is established under subdivision 2 to provide incentives to encourage teachers to improve their knowledge and instructional skills in order to improve student learning and for school districts, intermediate school districts, cooperative units, as defined in section 123A.24, subdivision 2, and charter schools to recruit and retain highly qualified teachers, encourage highly qualified teachers to undertake challenging assignments, and support teachers' roles in improving students' educational achievement.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 8. Minnesota Statutes 2014, section 122A.414, subdivision 1a, is amended to read:

Subd. 1a. **Transitional planning year.** (a) To be eligible to participate in an alternative teacher professional pay system, a school district, intermediate school district, or site, at least one school year before it expects to fully implement an alternative pay system, must:

- (1) submit to the department a letter of intent executed by the school district ~~or~~ intermediate school district and the exclusive representative of the teachers to complete a plan preparing for full implementation, consistent with subdivision 2, that may include, among other activities, training to evaluate teacher performance, a restructured school day to develop integrated ongoing site-based professional development activities, release time to develop an alternative pay system agreement, and teacher and staff training on using multiple data sources; and

- (2) agree to use up to two percent of basic revenue for staff development purposes, consistent with sections 122A.60 and 122A.61, to develop the alternative teacher professional pay system agreement under this section.

(b) To be eligible to participate in an alternative teacher professional pay system, a charter school, at least one school year before it expects to fully implement an alternative pay system, must:

- (1) submit to the department a letter of intent executed by the charter school and the charter school board of directors;

- (2) submit the record of a formal vote by the teachers employed at the charter school indicating at least 70 percent of all teachers agree to implement the alternative pay system; and

- (3) agree to use up to two percent of basic revenue for staff development purposes, consistent with sections 122A.60 and 122A.61, to develop the alternative teacher professional pay system.

(c) To be eligible to participate in an alternative teacher professional pay system, a cooperative, excluding intermediate school districts at least one school year before it expects to fully implement an alternative pay system, must:

(1) submit to the department a letter of intent executed by the governing board of the cooperative; and

(2) submit the record of a formal vote by the teachers employed by the cooperative indicating at least 70 percent of all teachers agree to implement the alternative pay system.

(e) (d) The commissioner may waive the planning year if the commissioner determines, based on the criteria under subdivision 2, that the school district, intermediate school district, cooperative, site or charter school is ready to fully implement an alternative pay system.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 9. Minnesota Statutes 2014, section 122A.414, subdivision 2, is amended to read:

Subd. 2. **Alternative teacher professional pay system.** (a) To participate in this program, a school district, intermediate school district, cooperative, school site, or charter school must have an educational improvement plan under section 122A.413 and an alternative teacher professional pay system agreement under paragraph (b). A charter school participant also must comply with subdivision 2a.

(b) The alternative teacher professional pay system agreement must:

(1) describe how teachers can achieve career advancement and additional compensation;

(2) describe how the school district, intermediate school district, cooperative, school site, or charter school will provide teachers with career advancement options that allow teachers to retain primary roles in student instruction and facilitate site-focused professional development that helps other teachers improve their skills;

(3) reform the "steps and lanes" salary schedule, which may include a hiring bonus or other added compensation for teachers who work in a hard-to-fill position or hard-to-staff school setting, such as a school with a majority of students whose families meet federal poverty guidelines, a geographically isolated school, or a school identified by the state as eligible for targeted programs or services for its students. The salary schedule must prevent any teacher's compensation paid before implementing the pay system from being reduced as a result of participating in this system, base at least 60 percent of any compensation increase on teacher performance using:

(i) schoolwide student achievement gains under section 120B.35 or locally selected standardized assessment outcomes, or both;

(ii) measures of student growth and literacy that may include value-added models or student learning goals, consistent with section 122A.40, subdivision 8, clause (9), or 122A.41, subdivision 5, clause (9), and other measures that include the academic literacy, oral academic language, and achievement of English learners under section 122A.40, subdivision 8, clause (10), or 122A.41, subdivision 5, clause (10); and

(iii) an objective evaluation program under section 122A.40, subdivision 8, paragraph (b), clause (2), or 122A.41, subdivision 5, paragraph (b), clause (2);

(4) provide for participation in job-embedded learning opportunities such as professional learning communities to improve instructional skills and learning that are aligned with student needs under section 122A.413, consistent with the staff development plan under section 122A.60 and led during the school day by trained teacher leaders such as master or mentor teachers;

(5) allow any teacher in a participating school district, intermediate school district, cooperative, school site, or charter school that implements an alternative pay system to participate in that system without any quota or other limit; and

(6) encourage collaboration rather than competition among teachers.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 10. Minnesota Statutes 2014, section 122A.414, subdivision 2a, is amended to read:

Subd. 2a. **Charter school applications; cooperative applications.** (a) For charter school applications, the board of directors of a charter school that satisfies the conditions under subdivisions 2 and 2b must submit to the commissioner an application that contains:

(1) an agreement to implement an alternative teacher professional pay system under this section;

(2) a resolution by the charter school board of directors adopting the agreement; and

(3) the record of a formal vote by the teachers employed at the charter school indicating that at least 70 percent of all teachers agree to implement the alternative teacher professional pay system, unless the charter school submits an alternative teacher professional pay system agreement under this section before the first year of operation.

~~Alternative compensation revenue for a qualifying charter school must be calculated under section 126C.10, subdivision 34, paragraphs (a) and (b).~~

(b) For cooperative unit applications, excluding intermediate school districts, the governing board of a cooperative unit that satisfies the conditions under subdivisions 2 and 2b must submit to the commissioner an application that contains:

(1) an agreement to implement an alternative teacher professional pay system under this section;

(2) a resolution by the governing board adopting the agreement; and

(3) the record of a formal vote by the teachers employed at the cooperative unit indicating that at least 70 percent of all teachers agree to implement the alternative teacher professional pay system.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 11. Minnesota Statutes 2014, section 122A.414, subdivision 2b, is amended to read:

Subd. 2b. **Approval process.** (a) Consistent with the requirements of this section and sections 122A.413 and 122A.415, the department must prepare and transmit to interested school districts, intermediate school districts, cooperatives, school sites, and charter schools a standard form for applying to participate in the alternative teacher professional pay system. The commissioner annually must establish three dates as deadlines by which interested applicants must submit an application to the commissioner under this section. An interested school district, intermediate school district, cooperative, school site, or charter school must submit to the commissioner a completed application executed by the district superintendent and the exclusive bargaining

representative of the teachers if the applicant is a school district, intermediate school district, or school site, or executed by the charter school board of directors if the applicant is a charter school or executed by the governing board if the applicant is a cooperative unit. The application must include the proposed alternative teacher professional pay system agreement under subdivision 2. The department must review a completed application within 30 days of the most recent application deadline and recommend to the commissioner whether to approve or disapprove the application. The commissioner must approve applications on a first-come, first-served basis. The applicant's alternative teacher professional pay system agreement must be legally binding on the applicant and the collective bargaining representative before the applicant receives alternative compensation revenue. The commissioner must approve or disapprove an application based on the requirements under subdivisions 2 and 2a.

(b) If the commissioner disapproves an application, the commissioner must give the applicant timely notice of the specific reasons in detail for disapproving the application. The applicant may revise and resubmit its application and related documents to the commissioner within 30 days of receiving notice of the commissioner's disapproval and the commissioner must approve or disapprove the revised application, consistent with this subdivision. Applications that are revised and then approved are considered submitted on the date the applicant initially submitted the application.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 12. Minnesota Statutes 2014, section 122A.414, subdivision 3, is amended to read:

Subd. 3. **Report; continued funding.** (a) Participating districts, intermediate school districts, cooperatives, school sites, and charter schools must report on the implementation and effectiveness of the alternative teacher professional pay system, particularly addressing each requirement under subdivision 2 and make annual recommendations by June 15 to their school boards. The school board or, board of directors, or governing board shall transmit a copy of the report with a summary of the findings and recommendations of the district, intermediate school district, cooperative, school site, or charter school to the commissioner.

(b) If the commissioner determines that a school district, intermediate school district, cooperative, school site, or charter school that receives alternative teacher compensation revenue is not complying with the requirements of this section, the commissioner may withhold funding from that participant. Before making the determination, the commissioner must notify the participant of any deficiencies and provide the participant an opportunity to comply.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 13. Minnesota Statutes 2014, section 122A.415, is amended to read:

122A.415 ALTERNATIVE COMPENSATION REVENUE.

Subdivision 1. **Revenue amount.** (a) A school district, intermediate school district, cooperative unit as defined in section 123A.24, subdivision 2, school site, or charter school that meets the conditions of section 122A.414 and submits an application approved by the commissioner is eligible for alternative teacher compensation revenue.

(b) For school district and intermediate school district applications, the commissioner must consider only those applications to participate that are submitted jointly by a district and the

exclusive representative of the teachers. The application must contain an alternative teacher professional pay system agreement that:

(1) implements an alternative teacher professional pay system consistent with section 122A.414; and

(2) is negotiated and adopted according to the Public Employment Labor Relations Act under chapter 179A, except that notwithstanding section 179A.20, subdivision 3, a district may enter into a contract for a term of two or four years.

Alternative teacher compensation revenue for a qualifying school district or site in which the school board and the exclusive representative of the teachers agree to place teachers in the district or at the site on the alternative teacher professional pay system equals \$260 times the number of pupils enrolled at the district or site on October 1 of the previous fiscal year. Alternative teacher compensation revenue for a qualifying intermediate school district or cooperative must be calculated under subdivision 4, paragraph ~~(a)~~ (b).

(c) For a newly combined or consolidated district, the revenue shall be computed using the sum of pupils enrolled on October 1 of the previous year in the districts entering into the combination or consolidation. The commissioner may adjust the revenue computed for a site using prior year data to reflect changes attributable to school closings, school openings, or grade level reconfigurations between the prior year and the current year.

(d) The revenue is available only to school districts, intermediate school districts, cooperatives, school sites, and charter schools that fully implement an alternative teacher professional pay system by October 1 of the current school year.

Subd. 3. **Revenue timing.** (a) Districts, intermediate school districts, cooperatives, school sites, or charter schools with approved applications must receive alternative compensation revenue for each school year that the district, intermediate school district, cooperative, school site, or charter school implements an alternative teacher professional pay system under this subdivision and section 122A.414. ~~For fiscal year 2007 and later,~~ A qualifying district, intermediate school district, cooperative, school site, or charter school that received alternative teacher compensation aid for the previous fiscal year must receive at least an amount of alternative teacher compensation revenue equal to the lesser of the amount it received for the previous fiscal year or the amount it qualifies for under subdivision 1 for the current fiscal year if the district, intermediate school district, cooperative, school site, or charter school submits a timely application and the commissioner determines that the district, intermediate school district, cooperative, school site, or charter school continues to implement an alternative teacher professional pay system, consistent with its application under this section.

(b) The commissioner shall approve applications that comply with subdivision 1, and section 122A.414, subdivisions 2, paragraph (b), and 2a, if the applicant is a charter school or cooperative, in the order in which they are received, select applicants that qualify for this program, notify school districts, intermediate school districts, cooperatives, school sites, and charter schools about the program, develop and disseminate application materials, and carry out other activities needed to implement this section.

~~(c) For fiscal year 2008 and later, the portion of the state total basic alternative teacher compensation aid entitlement allocated to charter schools must not exceed the product of \$3,374,000 times the ratio of the state total charter school enrollment for the previous fiscal~~

~~year to the state total charter school enrollment for fiscal year 2007. Additional basic alternative teacher compensation aid may be approved for charter schools after August 1, not to exceed the charter school limit for the following fiscal year, if the basic alternative teacher compensation aid entitlement for school districts based on applications approved by August 1 does not expend the remaining amount under the limit.~~

Subd. 4. **Basic alternative teacher compensation aid.** (a) ~~For fiscal year 2015 and later,~~ The basic alternative teacher compensation aid for a school with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under subdivision 1. The basic alternative teacher compensation aid for ~~an intermediate school district or a charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school,~~ equals \$260 times the number of pupils enrolled in the school on October 1 of the previous year, or on October 1 of the current year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under subdivision 1.

(b) ~~Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed \$75,636,000 for fiscal year 2015 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits~~ Basic alternative teacher compensation aid for an intermediate district or other cooperative unit equals \$3,000 times the number of licensed teachers employed by the intermediate district or cooperative unit on October 1 of the previous school year.

Subd. 5. **Alternative teacher compensation levy.** ~~For fiscal year 2015 and later,~~ The alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid, times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$6,100.

Subd. 6. **Alternative teacher compensation equalization aid.** (a) ~~For fiscal year 2015 and later,~~ A district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 14. Minnesota Statutes 2014, section 122A.74, is amended to read:

122A.74 PRINCIPALS' LEADERSHIP INSTITUTE DEVELOPMENT.

Subdivision 1. **Establishment.** (a) The commissioner of education may contract with the Minnesota State University Mankato ~~or~~ and the regents of the University of Minnesota to ~~establish a Principals' Leadership Institute to provide~~ licensed principals and other school leaders in

Minnesota with a research-based and professionally evaluated professional development to school principals program focused on instructional and organizational leadership by:

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

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

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

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

(b) The Minnesota Principals' Academy at the University of Minnesota must and the Institute for Courageous Leadership at Minnesota State University Mankato may cooperate with participating members of the business community and educational leaders to provide funding and content for the institute programs.

(c) Participants must agree to attend all sessions of the Principals' Leadership Institute for four weeks during the academic summer Minnesota Principals' Academy or the Institute for Courageous Leadership.

(d) (c) The Principals' Leadership Institute Minnesota Principals' Academy must incorporate program elements offered by leadership programs at the University of Minnesota and, program elements used by the participating members of the business community to enhance leadership within their businesses, and current research-based practices in educational leadership.

Subd. 2. **Method of Selection methods and requirements admission processes.** (a) The board of each school district and charter school in the state may select a licensed principal or school leader, upon the recommendation of the district's superintendent and or charter school's board of directors, based on the principal's or school leader's leadership potential, to attend the institute apply to a program under subdivision (1), paragraph (b).

(b) The school board and the charter school board of directors annually shall forward its list their lists of recommended participants to the commissioner by February 1. In addition

(b) As an alternative to paragraph (a), a principal or school leader may submit an application by February 1 directly to the commissioner by February 1 administrator of a program under subdivision (1), paragraph (b).

(c) A committee comprised of the commissioner of education or the commissioner's designee, the executive directors of the Minnesota Association of School Administrators, the Minnesota Elementary Principals Association, the Minnesota Association of Secondary School Principals, the Minnesota Association of Charter Schools, and Charter School Partners shall recommend applicants to the program administrators under subdivision 1, paragraph (b). The recommended applicants shall be regionally diverse and include charter school leaders. The program administrators shall annually select and notify the applicants under paragraphs (a) and (b) and their recommending organizations or employers of the applicants admitted to the program. The commissioner shall

~~notify the school board, the principal candidates, and the University of Minnesota of the principals selected to participate in the Principals' Leadership Institute each year.~~

Subd. 3. **Program delivery.** A Minnesota Principals' Academy shall be offered annually in the seven-county metropolitan area and in greater Minnesota. The Minnesota Principals' Academy in greater Minnesota shall be at one of the designated Centers of Excellence in cooperation with the department.

Sec. 15. Minnesota Statutes 2014, section 123B.045, is amended by adding a subdivision to read:

Subd. 7. **Teacher-powered schools; grants.** (a) For the purposes of this subdivision, the following terms have the meanings given to them:

(1) "launch school" means a school newly created under this section;

(2) "conversion school" means a school that is becoming a teacher-powered school by a teacher vote under this section; and

(3) "teacher-powered school" means a school site in which the teachers comprise the governance structure of the school, hold autonomies as specified in subdivision 2, and assume responsibility for the school's success.

(b) The commissioner shall, upon documented approval by the school board and the exclusive representative of the teachers in that school of a launch or conversion teacher-powered school, award a grant according to this paragraph:

(1) a planning grant, awarded for one year in advance of the opening of a launch or conversion school and not to exceed \$150,000; and

(2) a start-up grant, awarded for the initial two years of operation and not to exceed \$100,000 per year for a conversion school or \$225,000 per year for a launch school.

(c) After 50 percent of the grant funds have been awarded, the commissioner shall give preference in awarding grants to applicant school districts located in congressional districts in which no grants have been made.

(d) A school district receiving a grant award under this subdivision must submit an annual budget to the commissioner along with the documentation of the approval of the school by the school board and the exclusive representative of the teachers.

(e) A school district receiving a grant award must, annually by September 1 of each year beginning September 1, 2016, submit a report to the commissioner to be shared with the legislative committees having jurisdiction over kindergarten through grade 12 finance and policy regarding the success of teacher-powered schools. Success measures include, but are not limited to, the state multiple measure, surveys of parental satisfaction, and other measures as might be relevant to the school's special mission.

Sec. 16. Minnesota Statutes 2014, section 124D.09, subdivision 5, is amended to read:

Subd. 5. Authorization; notification. Notwithstanding any other law to the contrary, an 11th or 12th grade pupil enrolled in a school or an American Indian-controlled tribal contract or grant school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to an eligible institution, as defined in subdivision 3, to

enroll in nonsectarian courses offered by that postsecondary institution. Notwithstanding any other law to the contrary, a 9th or 10th grade pupil enrolled in a district or an American Indian-controlled tribal contract or grant school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to enroll in nonsectarian courses offered under subdivision 10; if after all 11th and 12th grade students have applied for a course, additional students are necessary to offer the course. A 9th or 10th grade pupil's eligibility to participate in the course is at the discretion of the school district and the eligible postsecondary institution providing the course offered under subdivision 10. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school or school district, and the commissioner within ten days of acceptance. The notice must indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for postsecondary credit, the institution must notify the pupil about payment in the customary manner used by the institution.

Sec. 17. Minnesota Statutes 2014, section 124D.09, subdivision 8, is amended to read:

Subd. 8. **Limit on participation.** A pupil who first enrolls in grade 9 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of four academic years. A pupil who first enrolls in grade 10 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of three academic years. A pupil who first enrolls in grade 11 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of one academic year. If a pupil in grade 9, 10, 11, or 12 first enrolls in a postsecondary course for secondary credit during the school year, the time of participation shall be reduced proportionately. If a pupil is in a learning year or other year-round program and begins each grade in the summer session, summer sessions shall not be counted against the time of participation. If a school district determines a pupil is not on track to graduate, the limit on participation does not apply to that pupil. A pupil who has graduated from high school cannot participate in a program under this section. A pupil who has completed course requirements for graduation but who has not received a diploma may participate in the program under this section.

Sec. 18. **[124D.231] FULL-SERVICE COMMUNITY SCHOOLS.**

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

(a) "Community organization" means a nonprofit organization that has been in existence for three years or more and serves persons within the community surrounding the covered school site on education and other issues.

(b) "Community school consortium" means a group of schools and community organizations that propose to work together to plan and implement community school programming.

(c) "Community school programming" means services, activities, and opportunities described under subdivision 2, paragraph (g).

(d) "High-quality child care or early childhood education programming" means educational programming for preschool-aged children that is grounded in research, consistent with best practices in the field, and provided by licensed teachers.

(e) "School site" means a school site at which an applicant has proposed or has been funded to provide community school programming.

(f) "Site coordinator" is an individual who is responsible for aligning programming with the needs of the school community identified in the baseline analysis.

Subd. 2. **Full-service community school program.** (a) The commissioner shall provide funding to eligible school sites to plan, implement, and improve full-service community schools. Eligible school sites must meet one of the following criteria:

(1) the school is on a development plan for continuous improvement under section 120B.35, subdivision 2; or

(2) the school is in a district that has an achievement and integration plan approved by the commissioner of education under sections 124D.861 and 124D.862.

(b) An eligible school site may receive up to \$100,000 annually. School sites receiving funding under this section shall hire or contract with a partner agency to hire a site coordinator to coordinate services at each covered school site.

(c) Implementation funding of up to \$20,000 must be available for up to one year for planning for school sites. At the end of this period, the school must submit a full-service community school plan, pursuant to paragraph (g).

(d) The commissioner shall dispense the funds to schools with significant populations of students receiving free or reduced-price lunches. Schools with significant homeless and highly mobile students shall also be a priority. The commissioner must also dispense the funds in a manner to ensure equity among urban, suburban, and greater Minnesota schools.

(e) A school site must establish a school leadership team responsible for developing school-specific programming goals, assessing program needs, and overseeing the process of implementing expanded programming at each covered site. The school leadership team shall have between 12 to 15 members and shall meet the following requirements:

(1) at least 30 percent of the members are parents and 30 percent of the members are teachers at the school site and must include the school principal and representatives from partner agencies; and

(2) the school leadership team must be responsible for overseeing the baseline analyses under paragraph (f). A school leadership team must have ongoing responsibility for monitoring the development and implementation of full service community school operations and programming at the school site and shall issue recommendations to schools on a regular basis and summarized in an annual report. These reports shall also be made available to the public at the school site and on school and district Web sites.

(f) School sites must complete a baseline analysis prior to beginning programming as a full-service community school. The analysis shall include:

(1) a baseline analysis of needs at the school site, led by the school leadership team, which shall include the following elements:

(i) identification of challenges facing the school;

(ii) analysis of the student body, including:

- (A) number and percentage of students with disabilities and needs of these students;
- (B) number and percentage of students who are English learners and the needs of these students;
- (C) number of students who are homeless or highly mobile; and
- (D) number and percentage of students receiving free or reduced-price lunch and the needs of these students; and
- (iii) analysis of enrollment and retention rates for students with disabilities, English learners, homeless and highly mobile students, and students receiving free or reduced-price lunch;
- (iv) analysis of suspension and expulsion data, including the justification for such disciplinary actions and the degree to which particular populations, including, but not limited to, students of color, students with disabilities, students who are English learners, and students receiving free or reduced-price lunch are represented among students subject to such actions;
- (v) analysis of school achievement data disaggregated by major demographic categories, including, but not limited to, race, ethnicity, English learner status, disability status, and free or reduced-price lunch status;
- (vi) analysis of current parent engagement strategies and their success; and
- (vii) evaluation of the need for and availability of wraparound services, including, but not limited to:
 - (A) mechanisms for meeting students' social, emotional, and physical health needs, which may include coordination of existing services as well as the development of new services based on student needs; and
 - (B) strategies to create a safe and secure school environment and improve school climate and discipline, such as implementing a system of positive behavioral supports, and taking additional steps to eliminate bullying;
- (2) a baseline analysis of community assets and a strategic plan for utilizing and aligning identified assets. This analysis should include, but is not limited to, a documentation of individuals in the community, faith-based organizations, community and neighborhood associations, colleges, hospitals, libraries, businesses, and social service agencies who may be able to provide support and resources; and
- (3) a baseline analysis of needs in the community surrounding the school, led by the school leadership team, including, but not limited to:
 - (i) the need for high-quality, full-day child care and early childhood education programs;
 - (ii) the need for physical and mental health care services for children and adults; and
 - (iii) the need for job training and other adult education programming.
- (g) Each school site receiving funding under this section must establish at least two of the following types of programming:
 - (1) early childhood:
 - (i) early childhood education; and

- (ii) child care services;
- (2) academic:
 - (i) academic support and enrichment activities, including expanded learning time;
 - (ii) summer or after-school enrichment and learning experiences;
 - (iii) job training, internship opportunities, and career counseling services;
 - (iv) programs that provide assistance to students who have been truant, suspended, or expelled;
- and
- (v) specialized instructional support services;
- (3) parental involvement:
 - (i) programs that promote parental involvement and family literacy, including the Reading First and Early Reading First programs authorized under part B of title I of the Elementary and Secondary Education Act of 1965, United States Code, title 20, section 6361, et seq.;
 - (ii) parent leadership development activities; and
 - (iii) parenting education activities;
- (4) mental and physical health:
 - (i) mentoring and other youth development programs, including peer mentoring and conflict mediation;
 - (ii) juvenile crime prevention and rehabilitation programs;
 - (iii) home visitation services by teachers and other professionals;
 - (iv) developmentally appropriate physical education;
 - (v) nutrition services;
 - (vi) primary health and dental care; and
 - (vii) mental health counseling services;
- (5) community involvement:
 - (i) service and service-learning opportunities;
 - (ii) adult education, including instruction in English as a second language; and
 - (iii) homeless prevention services;
- (6) positive discipline practices; and
- (7) other programming designed to meet school and community needs identified in the baseline analysis and reflected in the full-service community school plan.
- (h) The school leadership team at each school site must develop a full-service community school plan detailing the steps the school leadership team will take, including:
 - (1) timely establishment and consistent operation of the school leadership team;

- (2) maintenance of attendance records in all programming components;
- (3) maintenance of measurable data showing annual participation and the impact of programming on the participating children and adults;
- (4) documentation of meaningful and sustained collaboration between the school and community stakeholders, including local governmental units, civic engagement organizations, businesses, and social service providers;
- (5) establishment and maintenance of partnerships with institutions, such as universities, hospitals, museums, or not-for-profit community organizations to further the development and implementation of community school programming;
- (6) ensuring compliance with the district nondiscrimination policy; and
- (7) plan for school leadership team development.

Subd. 3. **Full-service community school review.** (a) Every three years, a full-service community school site must submit to the commissioner, and make available at the school site and online, a report describing efforts to integrate community school programming at each covered school site and the effect of the transition to a full-service community school on participating children and adults. This report shall include, but is not limited to, the following:

- (1) an assessment of the effectiveness of the school site in development or implementing the community school plan;
- (2) problems encountered in the design and execution of the community school plan, including identification of any federal, state, or local statute or regulation impeding program implementation;
- (3) the operation of the school leadership team and its contribution to successful execution of the community school plan;
- (4) recommendations for improving delivery of community school programming to students and families;
- (5) the number and percentage of students receiving community school programming who had not previously been served;
- (6) the number and percentage of nonstudent community members receiving community school programming who had not previously been served;
- (7) improvement in retention among students who receive community school programming;
- (8) improvement in academic achievement among students who receive community school programming;
- (9) changes in student's readiness to enter school, active involvement in learning and in their community, physical, social and emotional health, and student's relationship with the school and community environment;
- (10) an accounting of anticipated local budget savings, if any, resulting from the implementation of the program;
- (11) improvements to the frequency or depth of families' involvement with their children's education;

- (12) assessment of community stakeholder satisfaction;
 - (13) assessment of institutional partner satisfaction;
 - (14) the ability, or anticipated ability, of the school site and partners to continue to provide services in the absence of future funding under this section;
 - (15) increases in access to services for students and their families; and
 - (16) the degree of increased collaboration among participating agencies and private partners.
- (b) Reports submitted under this section shall be evaluated by the commissioner with respect to the following criteria:
- (1) the effectiveness of the school or the community school consortium in implementing the full-service community school plan, including the degree to which the school site navigated difficulties encountered in the design and operation of the full-service community school plan, including identification of any federal, state, or local statute or regulation impeding program implementation;
 - (2) the extent to which the project has produced lessons about ways to improve delivery of community school programming to students;
 - (3) the degree to which there has been an increase in the number or percentage of students and nonstudents receiving community school programming;
 - (4) the degree to which there has been an improvement in retention of students and improvement in academic achievement among students receiving community school programming;
 - (5) local budget savings, if any, resulting from the implementation of the program;
 - (6) the degree of community stakeholder and institutional partner engagement;
 - (7) the ability, or anticipated ability, of the school site and partners to continue to provide services in the absence of future funding under this section;
 - (8) increases in access to services for students and their families; and
 - (9) the degree of increased collaboration among participating agencies and private partners.

Sec. 19. **[124D.501] INNOVATIVE INCUBATOR SERVICE-LEARNING GRANTS.**

Subdivision 1. **Establishment; eligibility criteria; application requirements.** (a) A five-year grant program is established to initiate or expand and strengthen innovative service-learning opportunities for students in early childhood programs through grade 12 and thereby increase student academic achievement, and help close the academic achievement gap and the community, college, and career opportunity gaps.

(b) To be eligible to apply for and receive an innovative, incubator service-learning grant under this section, at least one public school teacher, administrator, or program staff member and at least one service-learning specialist, service-learning coordinator, or curriculum specialist employed at a public school, public school program, or school district must form an authentic student-adult partnership that includes one or more community-based organizations or government units. The partnership may invite one or more other individuals or entities, such as postsecondary faculty members or institutions, parents, other community members, local businesses or business

organizations, or local media representatives to become partners or participate with the partnership, consistent with this paragraph. Before developing and submitting a grant application to the department, participating students must work with one or more adults who are part of the initial partnership to identify an issue, need, or opportunity to pursue through a service-learning partnership and identify and invite one or more possible partners to collaborate in developing and submitting a grant application. The employing school district that is a member of the partnership or the school district of the school or school program that is a member of the partnership is the fiscal agent for the grant. An eligible service-learning partnership receiving an innovation service-learning grant must:

(1) include at least a group of enrolled students, two or more school district employees, and an eligible community-based organization or unit of government; and

(2) assist students to:

(i) actively participate in service-learning experiences that meet identified student and community needs or opportunities;

(ii) operate collaboratively with service-learning partnership members;

(iii) align service-learning experiences with students' individualized educational plans and programs;

(iv) apply students' knowledge and skills in their community and help solve community problems;

(v) foster students' civic engagement; and

(vi) explore and pursue career pathways and achieve college readiness.

An eligible partnership interested in receiving a grant must apply to the commissioner of education in the form and manner determined by the commissioner. Consistent with this subdivision, the application must describe how the applicant will: with guidance from the service-learning partnership, incorporate student-designed and student-led service learning into the school curriculum or in specific courses or across subject areas; provide students with instruction and experiences during the school day using service-learning best practices and an option to supplement their service-learning experiences outside the school day; align service-learning opportunities with state and local academic standards; and make implementing service-learning best practices an educational priority. The application also must indicate how the partnership intends to provide student-designed, student-led service-learning experiences that meet genuine community needs or develop genuine community opportunities based on service-learning best practices aligned to state academic standards. The partnership must work with a district service-learning specialist or service-learning coordinator or a district curriculum specialist to design a grant application and implement an approved grant application.

Subd. 2. **Innovation grants.** The commissioner of education must award up to four grants of up to \$30,000 each to allow eligible partnerships, equitably distributed to two recipients within the seven-county metropolitan area and two recipients outside the seven-county metropolitan area, to provide innovative, incubator service-learning opportunities to students, consistent with this section. The commissioner may renew a grant annually as appropriations are available and consistent with the grant criteria established in this section and other criteria the commissioner may

establish for grant eligibility or for renewing a grant. In order to receive a grant, a partnership must provide a one-to-one match in funds or in-kind contributions unless the commissioner decides to waive the match requirement for an applicant serving a high number of students whose families meet federal poverty guidelines. A partnership grantee must allocate the grant amount according to its grant application, which must include conveying 50 percent of the actual grant amount to its community-based organization or unit of government partner or partners to implement or help defray the direct costs of carrying out the service-learning strategies and activities described in the partnership's grant application.

Subd. 3. **Evaluation.** The commissioner of education must evaluate these innovative, incubator service-learning initiatives based on the educational and developmental outcomes of students participating in the service learning and include summary data on the characteristics and extent of students' participation in service learning, their development of academic skills or achievements, and their engagement in school, school attendance, course completion rates, opportunity to develop community, college, or career connections, and the graduation rates for participating high school-age students. The commissioner also must evaluate the success of the service-learning grants based on the community outcomes and community results achieved through student service-learning experiences and the corresponding student service activities. The commissioner must transmit an interim progress report on student and community outcomes and results under this section to the legislative committees with oversight over education by February 15, 2019, and a final report to the same legislative committees by February 15, 2021.

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

Sec. 20. Minnesota Statutes 2014, section 124D.81, is amended to read:

124D.81 CONTINUATION OF AMERICAN INDIAN EDUCATION GRANTS-AID.

~~Subdivision 1. **Grants; Procedures.** Each fiscal year the commissioner of education must make grants to no fewer than six American Indian education programs. At least three programs must be in urban areas and at least three must be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of American Indian education programs. Proposals A school district, charter school, or American Indian-controlled tribal contract or grant school enrolling at least 20 American Indian students on October 1 of the previous school year, receiving federal Title 7 funding, and operating an American Indian education program according to section 124D.74 is eligible for Indian education aid if it meets the requirements of this section. Programs may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal, charter, or alternative schools. The commissioner shall prescribe the form and manner of application for grants-aids, and no grant aid shall be made for a proposal program not complying with the requirements of sections 124D.71 to 124D.82.~~

~~Subd. 2. **Plans.** Each To qualify for aid, an eligible district, charter school, or participating tribal contract school submitting a proposal under subdivision 1 must develop and submit with the proposal a plan for approval by the Indian education director which that shall:~~

~~(a) Identify the measures to be used to meet the requirements of sections 124D.71 to 124D.82;~~

~~(b) Identify the activities, methods and programs to meet the identified educational needs of the children to be enrolled in the program;~~

(c) Describe how district goals and objectives as well as the objectives of sections 124D.71 to 124D.82 are to be achieved;

(d) Demonstrate that required and elective courses as structured do not have a discriminatory effect within the meaning of section 124D.74, subdivision 5;

(e) Describe how each school program will be organized, staffed, coordinated, and monitored; and

(f) Project expenditures for programs under sections 124D.71 to 124D.82.

Subd. 2a. **American Indian education aid.** (a) The American Indian education aid for an eligible district or tribal contract school equals the greater of (1) the sum of \$20,000 plus the product of \$63 times the difference between the number of American Indian students enrolled on October 1 of the previous school year and 20; or (2) if the district or school received a grant under this section for fiscal year 2015, the amount of the grant for fiscal year 2015.

(b) Notwithstanding paragraph (a), the American Indian education aid must not exceed the district or tribal contract school's actual expenditure according to the approved plan under subdivision 2.

Subd. 3. **Additional requirements.** Each district receiving a grant aid under this section must each year conduct a count of American Indian children in the schools of the district; test for achievement; identify the extent of other educational needs of the children to be enrolled in the American Indian education program; and classify the American Indian children by grade, level of educational attainment, age and achievement. Participating schools must maintain records concerning the needs and achievements of American Indian children served.

Subd. 4. **Nondiscrimination; testing.** In accordance with recognized professional standards, all testing and evaluation materials and procedures utilized for the identification, testing, assessment, and classification of American Indian children must be selected and administered so as not to be racially or culturally discriminatory and must be valid for the purpose of identifying, testing, assessing, and classifying American Indian children.

Subd. 5. **Records.** Participating schools and districts must keep records and afford access to them as the commissioner finds necessary to ensure that American Indian education programs are implemented in conformity with sections 124D.71 to 124D.82. Each school district or participating school must keep accurate, detailed, and separate revenue and expenditure accounts for pilot American Indian education programs funded under this section.

Subd. 6. **Money from other sources.** A district or participating school providing American Indian education programs shall be eligible to receive moneys for these programs from other government agencies and from private sources when the moneys are available.

Subd. 7. **Exceptions.** Nothing in sections 124D.71 to 124D.82 shall be construed as prohibiting a district or school from implementing an American Indian education program which is not in compliance with sections 124D.71 to 124D.82 if the proposal and plan for that program is not funded pursuant to this section.

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

Sec. 21. Minnesota Statutes 2014, section 124D.83, subdivision 2, is amended to read:

Subd. 2. **Revenue amount.** An American Indian-controlled tribal contract or grant school that is located on a reservation within the state and that complies with the requirements in subdivision 1 is eligible to receive tribal contract or grant school aid. The amount of aid is derived by:

(1) multiplying the formula allowance under section 126C.10, subdivision 2, less \$170, times the difference between (i) the resident pupil units as defined in section 126C.05, subdivision 6, in average daily membership, excluding section 126C.05, subdivision 13, and (ii) the number of pupils for the current school year, weighted according to section 126C.05, subdivision 1, receiving benefits under section 123B.42 or 123B.44 or for which the school is receiving reimbursement under section 124D.69;

(2) adding to the result in clause (1) an amount equal to the product of the formula allowance under section 126C.10, subdivision 2, less \$300 times the tribal contract compensation revenue pupil units;

(3) subtracting from the result in clause (2) the amount of money allotted to the school by the federal government through Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39.11, paragraph (b), for the base rate as applied to kindergarten through twelfth grade, excluding small school adjustments and additional weighting, but not money allotted through subparts F to L for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount of money that is received according to section 124D.69;

(4) dividing the result in clause (3) by the sum of the resident pupil units in average daily membership, excluding section 126C.05, subdivision 13, plus the tribal contract compensation revenue pupil units; and

(5) multiplying the sum of the resident pupil units, including section 126C.05, subdivision 13, in average daily membership plus the tribal contract compensation revenue pupil units by the lesser of ~~\$1,500~~ \$2,376 or the result in clause (4).

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

Sec. 22. Laws 2013, chapter 116, article 3, section 35, subdivision 2, is amended to read:

Subd. 2. **Achievement and integration levy.** For fiscal year 2014 only, a district's achievement and integration levy equals the lesser of the district's achievement and integration revenue for that year or the amount the district was authorized to levy under Laws 2011, First Special Session chapter 11, article 2, section 49, paragraph (f).

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

Sec. 23. Laws 2014, chapter 312, article 16, section 15, is amended to read:

Sec. 15. **TEACHER DEVELOPMENT AND EVALUATION REVENUE.**

(a) For fiscal year 2015 only, teacher development and evaluation revenue for a school district, intermediate school district, educational cooperative, education district, or charter school with any school site that does not have an alternative professional pay system agreement under Minnesota Statutes, section 122A.414, subdivision 2, equals \$302 times the number of full-time equivalent teachers employed on October 1 of the previous school year in each school site without an alternative

professional pay system under Minnesota Statutes, section 122A.414, subdivision 2. Except for charter schools, revenue under this section must be reserved for teacher development and evaluation activities consistent with Minnesota Statutes, section 122A.40, subdivision 8, or Minnesota Statutes, section 122A.41, subdivision 5. For the purposes of this section, "teacher" has the meaning given it in Minnesota Statutes, section 122A.40, subdivision 1, or Minnesota Statutes, section 122A.41, subdivision 1.

(b) Notwithstanding paragraph (a), the state total teacher development and evaluation revenue entitlement must not exceed ~~\$10,000,000~~ \$10,022,000 for fiscal year 2015. The commissioner must limit the amount of revenue under this section so as not to exceed this limit.

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

Sec. 24. Laws 2014, chapter 312, article 16, section 16, subdivision 7, is amended to read:

Subd. 7. **Teacher development and evaluation.** For teacher development and evaluation revenue.

\$9,000,000		
<u>\$9,020,000</u>	.....	2015

The 2015 appropriation includes \$0 for 2014 and ~~\$9,000,000~~ \$9,020,000 for 2015. This is a onetime appropriation and is available until ~~expended~~ the end of fiscal year 2017.

Sec. 25. **AGRICULTURAL EDUCATOR GRANTS.**

Subdivision 1. **Grant program established.** A grant program is established to support school districts in paying agricultural education teachers for work over the summer with high school students in extension programs. Grants must be used to create or increase the availability of agricultural education teachers for students over the summer.

Subd. 2. **Application.** The commissioner of education shall develop the form and method for applying for the grants. The commissioner shall develop criteria for determining the allocation of the grants, including appropriate goals for the use of the grants.

Subd. 3. **Grant awards.** Grant funding under this section must be matched by funding from the school district for the agricultural education teacher's summer employment. Grant funding for each teacher is limited to the one-half share of 30 working days.

Subd. 4. **Reports.** School districts that receive grant funds shall report to the commissioner of education no later than December 31 of each year regarding the number of teachers funded by the grant program and the outcomes compared to the goals established in the grant application. The Department of Education shall develop the criteria necessary for the reports.

Sec. 26. **CONCURRENT ENROLLMENT WORKING GROUP.**

Subdivision 1. **Membership.** The commissioner of education shall convene a working group on concurrent enrollment. Members shall be named by the commissioner of education and include:

- (1) the commissioner of education or the commissioner's designee;
- (2) the commissioner of the Office of Higher Education or the commissioner's designee;

(3) representatives of postsecondary institutions with concurrent enrollment programs including at least:

(i) one postsecondary faculty member from the University of Minnesota who has supervised a concurrent enrollment course;

(ii) one postsecondary faculty member from the Minnesota State Colleges and University system who has supervised a concurrent enrollment course;

(iii) one representative from the University of Minnesota;

(iv) one representative from the Minnesota State Colleges and Universities system;

(v) one representative from a private college with a concurrent enrollment program; and

(vi) one postsecondary faculty member from a career and technical college who has supervised a concurrent enrollment program;

(4) representatives of school districts with concurrent enrollment programs, including at least one high school administrator, one high school teacher, and one high school counselor;

(5) one representative of the National Alliance of Concurrent Enrollment Partnerships;

(6) at least one parent who has or had children participate in a concurrent enrollment course;

(7) at least one student enrolled in a concurrent enrollment course for the 2015-2016 school year; and

(8) other stakeholders as determined by the commissioner.

The chair must be selected by the members at the first meeting.

Subd. 2. **Responsibilities.** (a) The working group shall review:

(1) differences between concurrent enrollment courses and the sponsoring public postsecondary institution's equivalent course in regard to:

(i) course outline including scope, sequence of content, and methods to be employed;

(ii) final exam;

(iii) grading scale; and

(iv) nature and frequency of exams;

(2) each program's student eligibility requirements, including exceptions to the requirements and the number of waivers to the requirements given in the past year;

(3) course prerequisites;

(4) all postsecondary institutions, both in-state and out-of-state, that have accepted or denied transferring courses for college credit;

(5) the frequency with which courses are offered;

(6) the method of charging for delivery of concurrent instruction; and

(7) the compensation and workload of faculty supervisors of concurrent enrollment.

(b) The working group shall make recommendations, including legislative proposals for improving the consistency of concurrent enrollment programs in regards to the items in paragraph (a).

(c) Any costs of the working group and preparing the report under subdivision 3 must be paid for out of the Department of Education and participating public postsecondary institutions' current operating budgets. Postsecondary institutions must make materials available for the study as requested by the commissioners of education and the Office of Higher Education. All intellectual property associated with materials made available for the study are retained by the institution or professor.

Subd. 3. Report. The working group must submit a report to the commissioner of education by January 15, 2016, with their findings and recommendations. The commissioner must prepare and submit to the education policy and finance committees of the legislature by February 15, 2016, a written report including the working group report and summary data on concurrent enrollment courses under Minnesota Statutes, section 124D.09, subdivision 10, consistent with this section.

Sec. 27. EXAMINING AND DEVELOPING STATEWIDE SWIMMING RESOURCES.

(a) The commissioner of education must use existing budgetary resources to inventory and report to the education committees of the legislature by February 1, 2016, on the extent of existing resources and best practices available for swimming instruction in Minnesota public schools.

(b) The commissioner of education must establish a work group of interested stakeholders, including the commissioner or commissioner's designee, the commissioner of health or the commissioner's designee, and representatives of K-12 physical education teachers, K-12 school administrators, the Minnesota school boards association, nonprofit fitness and recreational organizations, public parks and recreation departments, and other stakeholders, including community members underserved and disproportionately impacted by the current distribution of swimming resources, interested in swimming instruction and activities identified by the commissioner of education, to determine and report to the education committees of the legislature by February 1, 2016, on the curriculum, resources, personnel, and other costs needed to make swimming instruction available in all Minnesota public schools for children beginning at an early age. The work group must consider the substance of the report under paragraph (a) in preparing its report.

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

Sec. 28. APPROPRIATIONS.

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. Alternative compensation. For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

\$	<u>78,331,000</u>	.....	<u>2016</u>
\$	<u>96,864,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$7,766,000 for 2015 and \$70,565,000 for 2016.

The 2017 appropriation includes \$7,840,000 for 2016 and \$89,024,000 for 2017.

Subd. 3. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

\$	<u>65,539,000</u>	.....	<u>2016</u>
\$	<u>68,745,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$6,382,000 for 2015 and \$59,157,000 for 2016.

The 2017 appropriation includes \$6,573,000 for 2016 and \$62,172,000 for 2017.

Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

\$	<u>44,552,000</u>	.....	<u>2016</u>
\$	<u>45,508,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$4,683,000 for 2015 and \$39,869,000 for 2016.

The 2017 appropriation includes \$4,429,000 for 2016 and \$41,079,000 for 2017.

Subd. 5. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$	<u>15,023,000</u>	.....	<u>2016</u>
\$	<u>15,825,000</u>	.....	<u>2017</u>

Subd. 6. **Early childhood literacy programs.** For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

\$	<u>6,675,000</u>	.....	<u>2016</u>
\$	<u>6,675,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2018 is \$6,375,000.

Subd. 7. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$	<u>3,424,000</u>	.....	<u>2016</u>
\$	<u>3,608,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$204,000 for 2015 and \$3,220,000 for 2016.

The 2017 appropriation includes \$357,000 for 2016 and \$3,251,000 for 2017.

Subd. 8. **Compensatory revenue pilot program.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50, as amended by Laws 2007, chapter 146, article 1, section 21:

\$	<u>7,325,000</u>	<u>2016</u>
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\$ 7,325,000 2017

(a) In fiscal years 2016 and 2017, grants shall be awarded in the following amounts: \$4,730,000 is for a grant to Independent School District No. 11, Anoka-Hennepin; \$240,000 is for a grant to Independent School District No. 286, Brooklyn Center; \$660,000 is for a grant to Independent School District No. 279, Osseo; \$500,000 is for a grant to Independent School District No. 281, Robbinsdale; \$520,000 is for a grant to Independent School District No. 535, Rochester; \$205,000 is for a grant to Independent School District No. 833, South Washington; and \$470,000 is for a grant to Independent School District No. 241, Albert Lea. If a grant to a specific school district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts.

(b) The base for this program in fiscal year 2018 and later is \$2,325,000. Grants shall be awarded in the same amount as under Laws 2011, First Special Session chapter 11, article 1, section 36: \$1,500,000 is for a grant to Independent School District No. 11, Anoka-Hennepin; \$75,000 is for a grant to Independent School District No. 286, Brooklyn Center; \$210,000 is for a grant to Independent School District No. 279, Osseo; \$160,000 is for a grant to Independent School District No. 281, Robbinsdale; \$165,000 is for a grant to Independent School District No. 535, Rochester; \$65,000 is for a grant to Independent School District No. 833, South Washington; and \$150,000 is for a grant to Independent School District No. 241, Albert Lea.

(c) The commissioner of education must submit a report by February 15, 2016, to the education committees of the legislature evaluating the effectiveness of the pilot program.

Subd. 9. **Concurrent enrollment program.** For concurrent enrollment programs under Minnesota Statutes, section 124D.091:

\$ \$4,000,000 2016

\$ \$4,000,000 2017

If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district.

Any balance in the first year does not cancel but is available in the second year.

Subd. 10. **Student support services personnel grants.** For student support services personnel grants under Minnesota Statutes, section 121A.3951:

\$ 8,000,000 2016

Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2021. The commissioner may not allot more than \$1,580,000 of this appropriation before July 1, 2016. Any balance remaining after June 30, 2021, shall cancel to the general fund. \$100,000 in fiscal year 2016 only is for administration of the Student Support Services Personnel Act under Minnesota Statutes, sections 121A.395 to 121A.3951.

Subd. 11. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$ 237,000 2016

\$ 0 2017

The 2016 appropriation includes \$237,000 for 2015 and \$0 for 2016.

Subd. 12. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

\$ 3,371,000 2016

\$ 3,393,000 2017

Subd. 13. **Collaborative urban educator.** For the collaborative urban educator grant program:

\$ 1,090,000 2016

\$ 1,090,000 2017

Grants shall be awarded in equal amounts: \$272,500 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$272,500 each year is for the collaborative urban educator program at the University of St. Thomas; \$272,500 each year is for the Center for Excellence in Urban Teaching at Hamline University; and \$272,500 each year is for the East Africa Student to Teacher program at Augsburg College.

Any balance in the first year does not cancel but is available in the second year.

Each institution shall prepare for the legislature, by January 15 of each year, a detailed report regarding the funds used. The report must include the number of teachers prepared as well as the diversity for each cohort of teachers produced.

Subd. 14. **ServeMinnesota program.** For funding ServeMinnesota programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$ 900,000 2016

\$ 900,000 2017

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time ServeMinnesota program to the extent such coverage is not otherwise available.

Subd. 15. **Student organizations.** For student organizations:

\$ 725,000 2016

\$ 725,000 2017

\$46,000 each year is for student organizations serving health occupations (HOSA).

\$100,000 each year is for student organizations serving trade and industry occupations (Skills USA, secondary and postsecondary).

\$95,000 each year is for student organizations serving business occupations (BPA, secondary and postsecondary).

\$193,000 each year is for student organizations serving agriculture occupations (FFA, PAS).

\$142,000 each year is for student organizations serving family and consumer science occupations (FCCLA).

\$109,000 each year is for student organizations serving marketing occupations (DECA and DECA collegiate).

\$40,000 each year is for the Minnesota Foundation for Student Organizations.

Any balance in the first year does not cancel but is available in the second year.

Subd. 16. **Museums and Education Centers.** For grants to museums and education centers:

\$	<u>626,000</u>	.....	<u>2016</u>
\$	<u>626,000</u>	.....	<u>2017</u>

(a) \$360,000 each year is for the Minnesota Children's Museum. Of this amount, \$100,000 each year is a onetime appropriation.

(b) \$125,000 each year is for the Duluth Children's Museum. Of this amount, \$75,000 each year is a onetime appropriation.

(c) \$41,000 each year is for the Minnesota Academy of Science.

(d) \$75,000 each year is for the Headwaters Science Center. This is a onetime appropriation.

(e) \$75,000 each year is for the Works Museum. This is a onetime appropriation.

Any balance in the first year does not cancel but is available in the second year. The base for this appropriation in fiscal year 2018 is \$351,000.

Subd. 17. **Teacher development and evaluation.** For teacher development and evaluation revenue:

\$	<u>1,002,000</u>	<u>2016</u>
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The 2016 appropriation includes \$1,002,000 for 2016 and \$0 for 2017. This is a onetime appropriation and is available in the second year.

Subd. 18. **Starbase MN.** For a grant to Starbase MN for rigorous science, technology, engineering, and math (STEM) program providing students in grades 4 to 6 with a multisensory learning experience and a hands-on curriculum in an aerospace environment using state-of-the-art technology:

\$	<u>500,000</u>	.....	<u>2016</u>
\$	<u>500,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel and is available in the second year.

Subd. 19. **Recovery program grants.** For recovery program grants under Minnesota Statutes, section 124D.695:

\$	<u>500,000</u>	.....	<u>2016</u>
\$	<u>500,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel and is available in the second year.

Subd. 20. **STEM grants.** For school districts to provide STEM-based courses:

\$	<u>500,000</u>	.....	<u>2016</u>
\$	<u>500,000</u>	.....	<u>2017</u>

The commissioner must determine the form and manner of application and award criteria. Grant awards are limited to \$50,000 per course. Any balance in the first year does not cancel but is available in the second year of the biennium.

This is a onetime appropriation.

Subd. 21. **Teacher-powered school grants.** For grants to teacher-powered schools under Minnesota Statutes, section 123B.045, subdivision 7:

\$	<u>500,000</u>	.....	<u>2016</u>
\$	<u>500,000</u>	.....	<u>2017</u>

The base appropriation in fiscal year 2018 is \$0. Any balance in the first year does not cancel but is available in the second year.

Subd. 22. **Full-service community schools.** For full-service community schools under Minnesota Statutes, section 124D.231:

\$	<u>500,000</u>	.....	<u>2016</u>
\$	<u>500,000</u>	.....	<u>2017</u>

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year.

Subd. 23. **Minnesota math corps program.** For the Minnesota math corps program under Minnesota Statutes, section 124D.42, subdivision 9:

\$	<u>250,000</u>	.....	<u>2016</u>
\$	<u>250,000</u>	.....	<u>2017</u>

Any unexpended balance in the first year does not cancel but is available in the second year.

Subd. 24. **Agricultural educator grants.** For agricultural educator grants under section 24:

\$	<u>250,000</u>	.....	<u>2016</u>
\$	<u>250,000</u>	.....	<u>2017</u>

This is a onetime appropriation. Any balance in the first year does not cancel, but is available in the second year.

Subd. 25. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

\$	<u>230,000</u>	.....	<u>2016</u>
\$	<u>230,000</u>	.....	<u>2017</u>

Of this amount, \$80,000 in each year must be reserved for Bemidji State University and Independent School District No. 38, Red Lake.

Subd. 26. **Excellence in teaching program.** For the Board of Teaching to award excellence in teaching program incentive grants:

\$	<u>200,000</u>	.....	<u>2016</u>
\$	<u>200,000</u>	.....	<u>2017</u>

The Board of Teaching shall award a onetime incentive grant of up to \$2,000 to any Minnesota teacher who achieves National Board Certification after June 30, 2015, as long as funds are available. The grants must be awarded on a first-come, first-served basis.

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year.

Subd. 27. **Innovative service-learning grants.** For innovative service-learning program grants under Minnesota Statutes, section 124D.501:

\$	<u>65,000</u>	.....	<u>2016</u>
\$	<u>65,000</u>	.....	<u>2017</u>

Any funds not expended in the first fiscal year do not cancel but carry forward to the second fiscal year. The Department of Education may retain up to \$10,000 of this appropriation to conduct the evaluation under Minnesota Statutes, section 124D.501, subdivision 3.

Subd. 28. **Regional office of career and technical education.** For a grant to the SW/WC Service Cooperative to establish a regional office of career and technical education:

\$	<u>50,000</u>	.....	<u>2016</u>
\$	<u>50,000</u>	.....	<u>2017</u>

The regional office of career and technical education must:

(1) facilitate the development of highly trained and knowledgeable students who are equipped with technical and workplace skills needed by regional employers, in collaborative participation with three or more school districts;

(2) improve access to career and technical education programs for students who attend sparsely populated rural school districts by developing public/private partnerships with business and industry leaders and by increasing coordination of high school and postsecondary program options; and

(3) increase family and student awareness of the availability and benefit of career and technical education courses and training opportunities.

This is a onetime appropriation.

Subd. 29. **Civic education grants.** For grants to the Minnesota Civic Education Coalition, Kids Voting St. Paul, Learning Law and Democracy Foundation, and YMCA Youth in Government to provide civic education programs for Minnesota youth age 18 and younger. Civic education is the study of constitutional principles and the democratic foundation of our national, state, and local institutions, and the study of political processes and structures of government, grounded in the understanding of constitutional government under the rule of law.

\$	<u>175,000</u>	.....	<u>2016</u>
\$	<u>175,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 30. **Rural science, technology, engineering, and mathematics experiential learning pilot project.** For a grant to the Lakes Country Service Cooperative:

\$	<u>285,000</u>	<u>2016</u>
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The grant must be used to expand career and technical education and science, technology, engineering, and mathematics coursework to students in multiple districts on a rotating basis. Eligible uses of the grant include training and curriculum development, the purchase and maintenance of equipment, and evaluation of the program.

Any balance in the first year does not cancel but is available in the second year.

Subd. 31. **Video resource grants.** For a grant to the Minnesota Public Television Association for professional development initiatives to provide prekindergarten through grade 12 teachers with the necessary skills to effectively incorporate public television video resources into classroom curriculum and instruction and to integrate regional arts, culture, and history videos across the curriculum in order to increase student achievement:

\$	<u>100,000</u>	.....	<u>2016</u>
\$	<u>100,000</u>	.....	<u>2017</u>

Public television stations eligible to receive grants under Minnesota Statutes, section 129D.13, shall select teachers throughout the state to participate in training sessions and to develop model lessons for identifying and integrating videos on regional arts, culture, and history into prekindergarten through grade 12 curriculum and lesson plans.

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year.

Subd. 32. **Minnesota Council on Economic Education.** For a grant to the Minnesota Council on Economic Education to provide staff development to teachers for the implementation of the state graduation standards in learning areas relating to economic education:

\$	<u>100,000</u>	.....	<u>2016</u>
\$	<u>100,000</u>	.....	<u>2017</u>

The commissioner, in consultation with the council, shall develop expected results of staff development, eligibility criteria for participants, an evaluation procedure, and guidelines for direct and in-kind contributions by the council.

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year.

Subd. 33. **Minnesota Principals' Program.** For grants to the Minnesota Principals' Program under Minnesota Statutes, section 122A.74, to reduce the costs to participants, broaden programming and accessibility, or expand the curriculum and instructional elements:

\$	<u>100,000</u>	.....	<u>2016</u>
\$	<u>100,000</u>	.....	<u>2017</u>

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year.

Subd. 34. **Wilderness inquiry.** For a grant to wilderness inquiry:

\$	<u>100,000</u>	.....	<u>2016</u>
\$	<u>100,000</u>	.....	<u>2017</u>

Of this amount, \$70,000 in fiscal year 2016 is for a continuation of research establishing the socioemotional benefits of outdoor engagement leading to improved academic outcomes.

Of this amount, \$30,000 each year is to facilitate Minnesota teachers' participation in professional development focused on place-based education that furthers the research.

This is a onetime appropriation.

Subd. 35. **Race 2 Reduce.** For grants to support expanded Race 2 Reduce water conservation programming in Minnesota schools:

\$	<u>81,000</u>	.....	<u>2016</u>
\$	<u>69,000</u>	.....	<u>2017</u>

In the first year, \$28,000 is for H2O for Life; \$38,000 is for Independent School District No. 624, White Bear Lake; and \$15,000 is for Independent School District No. 832, Mahtomedi. In the second year, \$32,000 is for H2O for Life; \$22,000 is for Independent School District No. 624, White Bear Lake; and \$15,000 is for Independent School District No. 832, Mahtomedi.

Any balance in the first year does not cancel but is available in the second year. The base appropriation for fiscal year 2018 and later is \$0.

Subd. 36. **Network for the Development of Children of African Descent.** For a grant to the Network for the Development of Children of African Descent:

\$	<u>70,000</u>	.....	<u>2016</u>
\$	<u>70,000</u>	.....	<u>2017</u>

This amount must be used for family literacy services and the high school community action research program that helps students earn high school and college credit while learning community action research skills. A progress report on the activities and outcomes associated with this grant must be submitted to the commissioner of education by September 15, 2016, and a final report must be submitted on September 15, 2017.

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year.

Subd. 37. **Minnesota Learning Resource Center.** For a grant to A Chance to Grow for the Minnesota Learning Resource Center's comprehensive training program for education professionals charged with helping children in prekindergarten programs through grade 3 acquire basic reading and math skills:

\$	<u>50,000</u>	.....	<u>2016</u>
\$	<u>50,000</u>	.....	<u>2017</u>

This is a onetime appropriation.

Subd. 38. **We Win Institute planning grant.** For a planning grant to the We Win Institute:

\$	<u>50,000</u>	.....	<u>2016</u>
\$	<u>50,000</u>	.....	<u>2017</u>

The W. Matthew Little Cultural and Educational Excellence Center must be established to:

- (1) develop the academic and social development of marginalized youth;
- (2) develop intergenerational leadership skills;
- (3) develop pathways for marginalized youth to attend and be successful in postsecondary education programs; and
- (4) develop public-private partnerships that create success for marginalized youth. The We Win Institute must submit a detailed report to the chairs and ranking minority members of the legislative committees having primary jurisdiction over early childhood through grade 12 education by January 18, 2017, on how the funds were used.

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year.

Subd. 39. **Regional career and technical education advisory committee.** For a grant to the SW/WC Service Cooperative for a regional career and technical education advisory committee:

\$	<u>200,000</u>	.....	<u>2016</u>
\$	<u>200,000</u>	.....	<u>2017</u>

Eligible uses of this grant are:

- (1) capital start-up costs for such items as determined by the committee including, but not limited to, a mobile welding lab, medical equipment and lab, and industrial kitchen equipment;

(2) informational materials for students, families, and residents of the region that communicate the relationship between career and technical education programs, labor market needs, and well-paying employment;

(3) incentive and training grants to develop career and technical education instructors; and

(4) transportation reimbursement grants to provide equitable opportunities throughout the region for students to participate in career and technical education.

This is a onetime appropriation.

Subd. 40. **Northwestern Online College in the High School program.** For the Northwestern Online College in the High School program:

\$	<u>50,000</u>	.....	<u>2016</u>
\$	<u>50,000</u>	.....	<u>2017</u>

This is a onetime appropriation. Any balance from the first year may carry forward into the second year.

Subd. 41. **Education Partnership Pilots.** For education partnership pilot grants:

\$	<u>300,000</u>	.....	<u>2016</u>
\$	<u>300,000</u>	.....	<u>2017</u>

Of this amount, \$100,000 in each year is for the Northfield Healthy Community Initiative for a pilot site in Northfield; \$100,000 in each year is for the Jones Family Foundation for a pilot site in Red Wing; and \$100,000 in each year is for Independent School District No. 742, St. Cloud, for a pilot site in St. Cloud. Each partnership pilot program shall support community collaborations focused on academic achievement and youth development, use a comprehensive and data-driven approach to increase student success, and measure outcomes, such as kindergarten readiness, reading proficiency at third grade, high school graduation, and college and career readiness. By February 15, 2016, each partnership pilot grant recipient shall submit to the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education a report describing the activities funded by the grant, changes in outcome measures attributable to the grant-funded activities, and the recipient's program plan for the following year.

This is a onetime appropriation. Any balance from the first year may carry forward into the second year.

Subd. 42. **Southwest Minnesota State University Special Education Teacher Education Program.** For the Southwest Minnesota State University Special Education Teacher Education Program to support special education paraprofessionals working toward licensure in an online program.

\$	<u>195,000</u>	.....	<u>2016</u>
\$	<u>0</u>	.....	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year. This is a onetime appropriation.

ARTICLE 3**STANDARDS AND ASSESSMENTS**

Section 1. Minnesota Statutes 2014, section 120B.021, subdivision 1, is amended to read:

Subdivision 1. **Required academic standards.** (a) The following subject areas are required for statewide accountability:

- (1) language arts;
- (2) mathematics;
- (3) science;
- (4) social studies, including history, geography, economics, and government and citizenship;
- (5) physical education;
- (6) health, for which locally developed academic standards apply; and

(7) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

(b) For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education program team has determined that the required academic standards are inappropriate. An individualized education program team that makes this determination must establish alternative standards.

(c) The department must adopt the most recent National Association of Sport and Physical Education kindergarten through grade 12 standards and benchmarks for physical education as the required physical education academic standards. The department may modify and adapt the national standards to accommodate state interest. The modification and adaptations must maintain the purpose and integrity of the national standards. The department must make available sample assessments for school districts to assess students' mastery of the physical education standards beginning in the 2018-2019 school year.

(e) (d) District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

Sec. 2. Minnesota Statutes 2014, section 120B.021, subdivision 3, is amended to read:

Subd. 3. **Rulemaking.** The commissioner, consistent with the requirements of this section and section 120B.022, must adopt statewide rules under section 14.389 for implementing statewide rigorous core academic standards in language arts, mathematics, science, social studies, physical education, and the arts. After the rules authorized under this subdivision are initially adopted, the commissioner may not amend or repeal these rules nor adopt new rules on the same topic without specific legislative authorization. The academic standards for language arts, mathematics, and the arts must be implemented for all students beginning in the 2003-2004 school year. The academic

standards for science and social studies must be implemented for all students beginning in the 2005-2006 school year.

Sec. 3. Minnesota Statutes 2014, section 120B.021, subdivision 4, is amended to read:

Subd. 4. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a ten-year cycle to review and, consistent with the review, revise state academic standards and related benchmarks, consistent with this subdivision. During each ten-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area. The commissioner must include the contributions of Minnesota American Indian tribes and communities as related to the academic standards during the review and revision of the required academic standards.

(b) The commissioner must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year and every ten years thereafter.

(c) The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year and every ten years thereafter.

(d) The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year and every ten years thereafter.

(e) The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year and every ten years thereafter.

(f) The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year and every ten years thereafter.

(g) The commissioner must implement a review of the academic standards and related benchmarks in physical education beginning in the 2024-2025 school year and every ten years thereafter.

~~(g)~~ (h) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

Sec. 4. [120B.026] PHYSICAL EDUCATION.

Subdivision 1. Exclusion from class; recess. A student may be excused from a physical education class if the student submits written information signed by a physician stating that physical activity will jeopardize the student's health. A student may be excused from a physical education class if being excused meets the student's unique and individualized needs according to the student's individualized education program, federal 504 plan, or individualized health plan.

A student may be excused if a parent or guardian requests an exemption on religious grounds. A student with a disability must be provided with modifications or adaptations that allow physical education class to meet their needs. Schools are strongly encouraged not to exclude students in kindergarten through grade 5 from recess due to punishment or disciplinary action.

Subd. 2. **Teachers.** Physical education must be taught by teachers who are licensed to teach physical education. A physical education teacher shall be adequately prepared and regularly participate in professional development activities under section 122A.60.

Sec. 5. Minnesota Statutes 2014, section 120B.30, is amended by adding a subdivision to read:

Subd. 5. **ACT administration to nonpublic pupils.** By January 1, 2016, the Department of Education shall allow up to 100 nonpublic pupils in grades 11 and 12 to take the ACT exam on state testing dates, choose a testing site, and register 45 days before the exam's administration. The department shall notify a school district of the number of nonpublic pupils registered to take the ACT exam at the district's testing sites.

Sec. 6. Minnesota Statutes 2014, section 120B.30, is amended by adding a subdivision to read:

Subd. 6. **Commissioner-ordered suspension of assessments.** In the event that it becomes necessary for the commissioner to order the suspension of assessments under this section because of service disruptions, technical interruptions, or any other reason beyond the control of school districts, the commissioner must immediately notify the chair and ranking member of the legislative committees with jurisdiction over kindergarten through grade 12 education.

Sec. 7. Minnesota Statutes 2014, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance reports.** (a) The commissioner shall report student academic performance under section 120B.35, subdivision 2; the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the percentage of students under section 120B.35, subdivision 3, paragraph (b), clause (2), whose progress and performance levels are meeting career and college readiness benchmarks under sections 120B.30, subdivision 1, and 120B.35, subdivision 3, paragraph (e); longitudinal data on the progress of eligible districts in reducing disparities in students' academic achievement and realizing racial and economic integration under section 124D.861; the acquisition of English, and where practicable, native language academic literacy, including oral academic language, and the academic progress of English learners under section 124D.59, subdivisions 2 and 2a; the weekly amount of time students in kindergarten through grade 8 are scheduled to spend in physical education class, the percent of students in kindergarten through grade 12 who receive a passing grade in physical education, and the number of required physical education credits high school students must complete to graduate; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; district mobility; and extracurricular activities. The report also must indicate a school's adequate yearly progress status under applicable federal law, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance reports.

(c) The commissioner must make available performance reports by the beginning of each school year.

(d) A school or district may appeal its adequate yearly progress status in writing to the commissioner within 30 days of receiving the notice of its status. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance data are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. The commissioner shall annually post school performance reports to the department's public Web site no later than September 1, except that in years when the reports reflect new performance standards, the commissioner shall post the school performance reports no later than October 1.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to reports for the 2017-2018 school year and later.

Sec. 8. COMMISSIONER OF EDUCATION; ASSESSMENT RECOMMENDATIONS.

The commissioner of education must research whether the Minnesota Comprehensive Assessments can be replaced by the Measures of Academic Progress (MAP) assessments. This study shall include assessing the alignment of the MAP to current Minnesota state standards and whether it would meet federal accountability requirements. The commissioner must report the recommendations to the committees of the legislature having jurisdiction over kindergarten through grade 12 education by January 15, 2016.

Sec. 9. MINNESOTA ASSESSMENT SYSTEM DISRUPTIONS; ASSESSMENT RESULTS.

Notwithstanding any law to the contrary, the assessment results for any student whose scheduled assessment was delayed or canceled as a result of assessment system interruptions beyond the control of the school district during the 2014-2015 school year may, at the discretion of the school district, be excluded for the purposes of school and student indicators of growth and achievement under Minnesota Statutes, section 120B.35, or school performance reports under Minnesota Statutes, section 120B.36.

Sec. 10. REALLOCATION OF MINNESOTA ASSESSMENT SYSTEM PAYMENT REDUCTIONS.

Following each contract year of the contract for the Minnesota Assessment System, the commissioner of education shall distribute the amount of the agreed-upon cumulative payment reduction for the prior contract year to school districts and charter schools equally on a per pupil basis.

Sec. 11. MINNESOTA ASSESSMENT SYSTEM CONTRACTOR PERFORMANCE REPORT.

By February 15, 2016, the commissioner of education shall make a report to the committees of the legislature having jurisdiction over kindergarten through grade 12 education describing the performance of the contractor for the Minnesota Assessment System, including documentation related to any payment reductions agreed to under the terms of the contract, summary measures of stakeholder satisfaction with the assessment system, and any other information the commissioner wishes to provide.

Sec. 12. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

\$	<u>18,865,000</u>	<u>.....</u>	<u>2016</u>
\$	<u>18,553,000</u>	<u>.....</u>	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 3. **Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

\$	<u>4,500,000</u>	<u>.....</u>	<u>2016</u>
\$	<u>4,500,000</u>	<u>.....</u>	<u>2017</u>

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. **ACT administration to nonpublic pupils.** For ACT administration to nonpublic pupils under Minnesota Statutes, section 120B.30, subdivision 5:

\$	<u>5,000</u>	<u>.....</u>	<u>2016</u>
\$	<u>0</u>	<u>.....</u>	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year.

ARTICLE 4
CHARTER SCHOOLS

Section 1. Minnesota Statutes 2014, section 124D.10, subdivision 8, is amended to read:

Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A school authorized by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(d) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. An authorizer may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution. A charter school student must be released for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

(e) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled. This paragraph does not apply to shared time aid under section 126C.19.

(f) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people older than 18 years of age. A charter school may offer a free preschool or prekindergarten that meets high-quality early learning instructional program standards that are aligned with Minnesota's early learning standards for children. A charter school with at least 90 percent of enrolled students that are eligible for special education services and have a primary disability of deafness or are hard-of-hearing may enroll prekindergarten pupils with a disability under section 126C.05, subdivision 1, paragraph (a).

(g) A charter school may not charge tuition.

(h) A charter school is subject to and must comply with chapter 363A and section 121A.04.

(i) Once a student is enrolled in the school, the student is considered enrolled in the school until the student formally withdraws or is expelled under the Pupil Fair Dismissal Act in sections 121A.40 to 121A.56. A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(j) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under subdivision 6a. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor,

legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(k) A charter school is a district for the purposes of tort liability under chapter 466.

(l) A charter school must comply with chapters 13 and 13D; and sections 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

(m) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(n) A charter school offering online courses or programs must comply with section 124D.095.

(o) A charter school and charter school board of directors are subject to chapter 181.

(p) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.

(q) A charter school that provides early childhood health and developmental screening must comply with sections 121A.16 to 121A.19.

(r) A charter school that provides school-sponsored youth athletic activities must comply with section 121A.38.

(s) A charter school is subject to and must comply with continuing truant notification under section 260A.03.

(t) A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (13). The teacher evaluation process in this paragraph does not create any additional employment rights for teachers.

(u) A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.

(v) A charter school must comply with section 121A.031 governing policies on prohibited conduct.

(w) A charter school must comply with all pupil transportation requirements in section 123B.88, subdivision 1. A charter school must not require parents to surrender their rights to pupil transportation under section 123B.88, subdivision 2.

Sec. 2. Minnesota Statutes 2014, section 124D.10, subdivision 12, is amended to read:

Subd. 12. **Pupils with a disability.** A charter school must comply with sections 125A.02, 125A.03 to 125A.24, and 125A.65 and rules relating to the education of pupils with a disability as though it were a district. A charter school enrolling prekindergarten pupils with a disability under subdivision 8, paragraph (f), must comply with sections 125A.259 to 125A.48 and rules relating to the interagency early childhood intervention system as though it were a district.

Sec. 3. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$	<u>66,787,000</u>	.....	<u>2016</u>
\$	<u>73,603,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$6,032,000 for 2015 and \$60,755,000 for 2016.

The 2017 appropriation includes \$6,750,000 for 2016 and \$66,853,000 for 2017.

ARTICLE 5

SPECIAL EDUCATION

Section 1. Minnesota Statutes 2014, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without declining enrollment revenue, local optional revenue, basic skills revenue, extended time support revenue, pension adjustment revenue, transition revenue, and transportation sparsity revenue, plus declining enrollment revenue, basic skills revenue, extended time support revenue, pension adjustment revenue, and transition revenue as though the school were a school district. The general education revenue for each extended time support pupil unit equals \$4,794.

(b) Notwithstanding paragraph (a), the general education revenue for an eligible special education charter school as defined in subdivision 5a equals the sum of the amount determined under paragraph (a) and the school's unreimbursed cost as defined in subdivision 5a for educating students not eligible for special education services.

Sec. 2. Minnesota Statutes 2014, section 124D.11, subdivision 5, is amended to read:

Subd. 5. **Special education aid.** (a) Except as provided in subdivision 2, special education aid must be paid to a charter school according to section 125A.76, as though it were a school district.

(b) For fiscal year 2015 and later, the special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 127A.47, subdivision 7, paragraphs (b) to ~~(d)~~ (e).

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

Sec. 3. Minnesota Statutes 2014, section 124D.11, is amended by adding a subdivision to read:

Subd. 5a. **Definitions.** (a) For purposes of subdivision 5b, the terms in this subdivision have the meanings given.

(b) "Unreimbursed costs" means the difference between the total cost of educating students at the school and the total of state and federal aids and grants, excluding aid under subdivision 1, paragraph (b), and subdivision 5b.

(c) "Eligible special education charter school" means a charter school:

(1) where the percent of students eligible for special education services equals at least 90 percent of the charter school's total enrollment; and

(2) that submits to the commissioner a preliminary annual budget by June 15 prior to the start of the fiscal year and a revised budget by January 15 of the current fiscal year detailing its unreimbursed costs for educating students eligible and not eligible for special education services.

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

Sec. 4. Minnesota Statutes 2014, section 124D.11, is amended by adding a subdivision to read:

Subd. 5b. **Special education aid for eligible special education charter schools.** (a) Notwithstanding subdivision 5, the special education aid for an eligible special education charter school equals the sum of the school's special education aid under subdivision 5, paragraph (a), and the school's approved unreimbursed cost for educating students eligible for special education services.

(b) The commissioner must review the budget data submitted by an eligible special education charter school under subdivision 5a and notify the school of the approved unreimbursed cost to be used for current aid payments within 30 days of receiving the budget from the school.

(c) For purposes of section 127A.45, subdivision 13, the aid under this subdivision is not subject to the 97.4 percent current fiscal year special education aid entitlement provision.

(d) Final aid payments must be calculated using the actual unreimbursed costs as determined by the department based on year-end financial and student data submitted by the charter school.

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

Sec. 5. Minnesota Statutes 2014, section 125A.03, is amended to read:

125A.03 SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.

(a) As defined in paragraph (b), every district must provide special instruction and services, either within the district or in another district, for all children with a disability, including providing required services under Code of Federal Regulations, title 34, section 300.121, paragraph (d), to those children suspended or expelled from school for more than ten school days in that school year, who are residents of the district and who are disabled as set forth in section 125A.02. For purposes of state and federal special education laws, the phrase "special instruction and services" in the state Education Code means a free and appropriate public education provided to an eligible child with disabilities. "Free appropriate public education" means special education and related services that:

(1) are provided at public expense, under public supervision and direction, and without charge;

(2) meet the standards of the state, including the requirements of the Individuals with Disabilities Education Act, Part B or C;

(3) include an appropriate preschool, elementary school, or secondary school education; and

(4) are provided to children ages three through 21 in conformity with an individualized education program that meets the requirements of the Individuals with Disabilities Education Act, subpart A, sections 300.320 to 300.324, and provided to infants and toddlers in conformity with an individualized family service plan that meets the requirements of the Individuals with Disabilities Education Act, subpart A, sections 303.300 to 303.346.

(b) Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth until July 1 after the child with a disability becomes 21 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 124D.68, subdivision 2. Local health, education, and social service agencies must refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible children with a disability as determined by the commissioner must cooperate with other districts to maintain a full range of programs for education and services for children with a disability. This section does not alter the compulsory attendance requirements of section 120A.22.

(c) At the board's discretion, a school district that participates in a reciprocity agreement with a neighboring state under section 124D.041 may enroll and provide special instruction and services to a child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service if the district has completed child identification procedures for that child to determine the child's eligibility for special education services, and the child has received developmental screening under sections 121A.16 to 121A.19.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 6. Minnesota Statutes 2014, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraphs (b) to (d), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability under section 125A.76 received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's

average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(b) Notwithstanding paragraph (a), when a charter school receiving special education aid under section 124D.11, subdivision 5b, provides special instruction and services for a pupil with a disability as defined in section 125A.02, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.46, subdivision 7, paragraphs (b) to (e), special education aid paid to the resident district must be reduced by an amount equal to that calculated under paragraph (a) as if the charter school received aid under section 124D.11, subdivision 5. Notwithstanding paragraph (a), special education aid paid to the charter school providing special instruction and services for the pupil must not be increased by the amount of the reduction in the aid paid to the resident district.

(c) Notwithstanding paragraph (a) and section 127A.47, subdivision 7, paragraphs (b) to (d), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a), or section 127A.47, subdivision 7, paragraphs (b) to (d), as applicable.

(e) (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraph (b), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding the local optional levy according to section 126C.10, subdivision 2e, paragraph (c), plus the referendum equalization aid according to section 126C.17, subdivision 7.

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

Sec. 7. Minnesota Statutes 2014, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed old formula special education expenditures" means:

(1) old formula special education expenditures for the prior fiscal year; minus

(2) for fiscal years 2014 and 2015, the sum of the special education aid under section 125A.76, subdivision 5, for the prior fiscal year and the cross subsidy reduction aid under section 125A.76, subdivision 2b, and for fiscal year 2016 and later, the special education initial aid under section 125A.76, subdivision 2a; minus

(3) for fiscal year 2016 and later, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(b) "Unreimbursed nonfederal special education expenditures" means:

(1) nonfederal special education expenditures for the prior fiscal year; minus

(2) special education initial aid under section 125A.76, subdivision 2a; minus

(3) the amount of general education revenue and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(c) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding transportation sparsity revenue, local optional revenue, and total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124D.11, subdivision 1, and transportation revenue according to section 124D.11, subdivision 2, excluding referendum equalization aid, transportation sparsity revenue, and operating capital revenue.

Sec. 8. Minnesota Statutes 2014, section 127A.45, subdivision 3, is amended to read:

Subd. 3. **Payment dates and percentages.** (a) The commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (1) the district's other district receipts through the current payment, and (2) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
Payment 1	July 15:	5.5
Payment 2	July 30:	8.0
Payment 3	August 15:	17.5
Payment 4	August 30:	20.0

Payment 5	September 15:	22.5
Payment 6	September 30:	25.0
Payment 7	October 15:	27.0
Payment 8	October 30:	30.0
Payment 9	November 15:	32.5
Payment 10	November 30:	36.5
Payment 11	December 15:	42.0
Payment 12	December 30:	45.0
Payment 13	January 15:	50.0
Payment 14	January 30:	54.0
Payment 15	February 15:	58.0
Payment 16	February 28:	63.0
Payment 17	March 15:	68.0
Payment 18	March 30:	74.0
Payment 19	April 15:	78.0
Payment 20	April 30:	85.0
Payment 21	May 15:	90.0
Payment 22	May 30:	95.0
Payment 23	June 20:	100.0

(b) In addition to the amounts paid under paragraph (a), the commissioner shall pay to a school district or charter school on the dates indicated an amount computed as follows:

Payment 3	August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392
Payment 4	August 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
Payment 6	September 30: 40 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
Payment 8	October 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits

(c) Notwithstanding paragraph (b), if the current year aid payment percentage under subdivision 2, paragraph (d), is less than 90, in addition to the amounts paid under paragraph (a), the commissioner shall pay to a charter school on the dates indicated an amount computed as follows:

Payment 1	July 15: 75 percent of the final adjustment for the prior fiscal year for all aid entitlements
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Payment 8 October 30: 25 percent of the final adjustment for the prior fiscal year for all aid entitlements

(d) Notwithstanding paragraph (b), if a charter school is an eligible special education charter school under section 124D.11, subdivision 5a, in addition to the amounts paid under paragraph (a), the commissioner shall pay to a charter school on the dates indicated an amount computed as follows:

Payment 1 July 15: 75 percent of the final adjustment for the prior fiscal year for all aid entitlements

Payment 8 October 30: 25 percent of the final adjustment for the prior fiscal year for all aid entitlements

Sec. 9. Minnesota Statutes 2014, section 127A.47, subdivision 7, is amended to read:

Subd. 7. Alternative attendance programs. (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid as defined in section 125A.11, subdivision 1, paragraph (c) (d), attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76 attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(c) For fiscal year 2015 and later, special education aid paid to a resident district must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing special education and services.

(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(e) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced under paragraph (d) for students at a charter school receiving special education aid under

section 124D.11, subdivision 5b, calculated as if the charter school received special education aid under section 124D.11, subdivision 5.

(e) (f) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident district's special education aid is insufficient to make the full adjustment under paragraphs (c), (d), and (e), the remaining adjustment shall be made to other state aids due to the district.

(g) Notwithstanding paragraph (a), general education aid paid to the resident district of a nonspecial education student for whom an eligible special education charter school receives general education aid under section 124D.11, subdivision 1, paragraph (b), must be reduced by an amount equal to the difference between the general education aid attributable to the student under section 124D.11, subdivision 1, paragraph (b), and the general education aid that the student would have generated for the charter school under section 124D.11, subdivision 1, paragraph (a). For purposes of this paragraph, "nonspecial education student" means a student who does not meet the definition of pupil with a disability, as defined in section 125A.02 or the definition of a pupil in section 125A.51.

(f) (h) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (e) (f), the district of residence must pay tuition equal to at least 90 and no more than 100 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without compensatory revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

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

Sec. 10. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$	<u>1,171,029,000</u>	.....	<u>2016</u>
\$	<u>1,228,842,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$137,932,000 for 2015 and \$1,033,097,000 for 2016.

The 2017 appropriation includes \$145,429,000 for 2016 and \$1,083,413,000 for 2017.

Subd. 3. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	<u>361,000</u>	.....	<u>2016</u>
\$	<u>371,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$35,000 for 2015 and \$326,000 for 2016.

The 2017 appropriation includes \$36,000 for 2016 and \$335,000 for 2017.

Subd. 4. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$	<u>250,000</u>	.....	<u>2016</u>
\$	<u>250,000</u>	.....	<u>2017</u>

Subd. 5. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	<u>1,406,000</u>	.....	<u>2016</u>
\$	<u>1,629,000</u>	.....	<u>2017</u>

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

Subd. 6. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$	<u>56,000</u>	.....	<u>2016</u>
\$	<u>57,000</u>	.....	<u>2017</u>

Subd. 7. **Training and technical assistance to reduce district use of seclusion and restraint.** For providing school districts with training and technical assistance to reduce district use of seclusion and restraint on students with complex needs:

\$	<u>100,000</u>	<u>2016</u>
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Of this appropriation, \$75,000 is available to the commissioner to reimburse school districts for the cost of hiring experts to provide staff training in reducing district use of seclusion and restraint on students with complex needs. Of this appropriation, \$25,000 is available to the commissioner for the costs of providing specialized training and assistance to school districts with a high use of seclusion and restraint on students with complex needs. The commissioner may contract with experts from intermediate school districts teams or level four programs to provide the specialized training and technical assistance. Any funds unexpended in fiscal year 2016 do not cancel but carry forward into the next fiscal year.

ARTICLE 6

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2014, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, and lease purchase payments under section 126C.40, subdivision 2, ~~alternative facilities levies under section 123B.59, subdivision 5, paragraph (a); excluding long-term facilities maintenance levies under section 123B.595,~~ minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust, excluding the portion of taconite payments from the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24;

(4) obligations under section 123B.62; and

(5) obligations equalized under section 123B.535.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 2. Minnesota Statutes 2014, section 123B.53, subdivision 4, is amended to read:

Subd. 4. **Debt service equalization revenue.** (a) The debt service equalization revenue of a district equals the sum of the first tier debt service equalization revenue and the second tier debt service equalization revenue.

(b) The first tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue minus the amount raised by a levy of 15.74 percent times the adjusted net tax capacity of the district minus the second tier debt service equalization revenue of the district.

(c) The second tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, ~~excluding alternative facilities levies under section 123B.59, subdivision 5;~~ minus the amount raised by a levy of 26.24 percent times the adjusted net tax capacity of the district.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 3. Minnesota Statutes 2014, section 123B.57, is amended to read:

123B.57 CAPITAL EXPENDITURE; HEALTH AND SAFETY.

~~Subdivision 1. **Health and safety revenue application.** (a) To receive health and safety revenue for any fiscal year a district must submit to the commissioner a capital expenditure health and safety revenue application by the date determined by the commissioner. The application must include a health and safety budget adopted and confirmed by the school district board as being consistent with the district's health and safety policy under subdivision 2. The budget must include the estimated cost of the program per Uniform Financial Accounting and Reporting Standards (UFARS) finance code, by fiscal year. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards and the approval of the Department of Education, a school district may include its proportionate share of the costs of health and safety projects for an intermediate district in its application.~~

~~(b) Health and safety projects with an estimated cost of \$500,000 or more per site are not eligible for health and safety revenue. Health and safety projects with an estimated cost of \$500,000 or more per site that meet all other requirements for health and safety funding, are eligible for alternative facilities bonding and levy revenue according to section 123B.59. A school board shall not separate portions of a single project into components to qualify for health and safety revenue, and shall not combine unrelated projects into a single project to qualify for alternative facilities bonding and levy revenue.~~

~~(c) The commissioner of education shall not make eligibility for health and safety revenue contingent on a district's compliance status, level of program development, or training. The commissioner shall not mandate additional performance criteria such as training, certifications, or compliance evaluations as a prerequisite for levy approval.~~

~~Subd. 2. **Health and safety policy.** To qualify for health and safety revenue, a school board must adopt a health and safety policy. The policy must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices including indoor air quality management.~~

~~Subd. 3. **Health and safety revenue.** A district's health and safety revenue for a fiscal year equals the district's alternative facilities levy under section 123B.59, subdivision 5, paragraph (b), plus the greater of zero or:~~

~~(1) the sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, excluding expenditures funded with bonds issued under section 123B.59 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or 6; and other federal, state, or local revenues, minus~~

~~(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district's health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable.~~

~~Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the~~

district for the year preceding the year the levy is certified by the adjusted pupil units in the district for the school year to which the levy is attributable, to \$3,165.

~~Subd. 5. **Health and safety aid.** A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid must be reduced in proportion to the actual amount levied. Health and safety aid may not be reduced as a result of reducing a district's health and safety levy according to section 123B.79.~~

~~Subd. 6. **Uses of Health and safety revenue capital projects.** (a) Health and safety revenue may be used only for approved capital projects may include expenditures necessary for the correction of fire and life safety hazards; design, purchase, installation, maintenance, and inspection of fire protection and alarm equipment; purchase or construction of appropriate facilities for the storage of combustible and flammable materials; inventories and facility modifications not related to a remodeling project to comply with lab safety requirements under section 121A.31; inspection, testing, repair, removal or encapsulation, and disposal of asbestos-containing building materials; cleanup and disposal of polychlorinated biphenyls; cleanup and disposal of hazardous and infectious wastes; cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01; correction of occupational safety and health administration regulated hazards; indoor air quality inspections, investigations, and testing; mold abatement; upgrades or replacement of mechanical ventilation systems to meet American Society of Heating, Refrigerating and Air Conditioning Engineers standards and State Mechanical Code; design, materials, and installation of local exhaust ventilation systems, including required make-up air for controlling regulated hazardous substances; correction of Department of Health Food Code violations; correction of swimming pool hazards excluding depth correction; playground safety inspections, repair of unsafe outdoor playground equipment, and the installation of impact surfacing materials; bleacher repair or rebuilding to comply with the order of a building code inspector under section 326B.112; testing and mitigation of elevated radon hazards; lead testing; copper in water testing; cleanup after major weather-related disasters or flooding; reduction of excessive organic and inorganic levels in wells and capping of abandoned wells; installation and testing of boiler backflow valves to prevent contamination of potable water; vaccinations, titers, and preventative supplies for bloodborne pathogen compliance; costs to comply with the Janet B. Johnson Parents' Right to Know Act; automated external defibrillators and other emergency plan equipment and supplies specific to the district's emergency action plan; compliance with the National Emission Standards for Hazardous Air Pollutants for school generators established by the United States Environmental Protection Agency; and health, safety, and environmental management costs associated with implementing the district's health and safety program including costs to establish and operate safety committees, in school buildings or property owned or being acquired by the district. Testing and calibration activities are permitted for existing mechanical ventilation systems at intervals no less than every five years.~~

~~(b) For fiscal years 2014 through 2017, a school district must not include expenses related to emission compliance projects for school generators in its health and safety revenue capital projects unless it reduces its approved spending on other qualified health and safety projects by the same amount.~~

~~Subd. 6a. **Restrictions on health and safety revenue.** Notwithstanding subdivision 6, health and safety revenue must not be used:~~

~~(1) to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;~~

~~(2) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms;~~

~~(3) for interest or other financing expenses;~~

~~(4) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education;~~

~~(5) for replacement of building materials or facilities including roof, walls, windows, internal fixtures and flooring, nonhealth and safety costs associated with demolition of facilities, structural repair or replacement of facilities due to unsafe conditions, violence prevention and facility security, ergonomics, or public announcement systems and emergency communication devices; or~~

~~(6) for building and heating, ventilating and air conditioning supplies, maintenance, and cleaning activities. All assessments, investigations, inventories, and support equipment not leading to the engineering or construction of a project shall be included in the health, safety, and environmental management costs in subdivision 8, paragraph (a).~~

~~Subd. 6b. **Health and safety projects.** (a) Health and safety revenue applications defined in subdivision 1 must be accompanied by a description of each project for which funding is being requested. Project descriptions must provide enough detail for an auditor to determine if the work qualifies for revenue. For projects other than fire and life safety projects, playground projects, and health, safety, and environmental management activities, a project description does not need to include itemized details such as material types, room locations, square feet, names, or license numbers. The commissioner may request supporting information and shall approve only projects that comply with subdivisions 6 and 8, as defined by the Department of Education.~~

~~(b) Districts may request funding for allowable projects based on self-assessments, safety committee recommendations, insurance inspections, management assistance reports, fire marshal orders, or other mandates. Notwithstanding subdivision 1, paragraph (b), and subdivision 8, paragraph (b), for projects under \$500,000, individual project size for projects authorized by this subdivision is not limited and may include related work in multiple facilities. Health and safety management costs from subdivision 8 may be reported as a single project.~~

~~(c) All costs directly related to a project shall be reported in the appropriate Uniform Financial Accounting and Reporting Standards (UFARS) finance code.~~

~~(d) For fire and life safety egress and all other projects exceeding \$20,000, cited under the Minnesota Fire Code, a fire marshal plan review is required.~~

~~(e) Districts shall update project estimates with actual expenditures for each fiscal year. If a project's final cost is significantly higher than originally approved, the commissioner may request additional supporting information.~~

~~Subd. 6c. **Appeals process.** In the event a district is denied funding approval for a project the district believes complies with subdivisions 6 and 8, and is not otherwise excluded, a district may appeal the decision. All such requests must be in writing. The commissioner shall respond in writing. A written request must contain the following: project number; description and amount; reason for~~

denial; unresolved questions for consideration; reasons for reconsideration; and a specific statement of what action the district is requesting.

Subd. 7. **Proration.** In the event that the health and safety aid available for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

Subd. 8. **Health, safety, and environmental management cost.** (a) "Health, safety, and environmental management" is defined in section 123B.56.

(b) A district's cost for health, safety, and environmental management is limited to the lesser of:

(1) actual cost to implement their plan; or

(2) an amount determined by the commissioner, based on enrollment, building age, and size.

(c) The department may contract with regional service organizations, private contractors, Minnesota Safety Council, or state agencies to provide management assistance to school districts for health and safety capital projects. Management assistance is the development of written programs for the identification, recognition and control of hazards, and prioritization and scheduling of district health and safety capital projects. The commissioner shall not mandate management assistance or exclude private contractors from the opportunity to provide any health and safety services to school districts.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 4. [123B.595] LONG-TERM FACILITIES MAINTENANCE REVENUE.

Subdivision 1. **Long-term facilities maintenance revenue.** (a) For fiscal year 2017 only, long-term facilities maintenance revenue equals the greater of (1) \$193 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site or (2) the sum of the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591.

(b) For fiscal year 2018 only, long-term facilities maintenance revenue equals the greater of (1) \$292 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site or (2) the sum of the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591.

(c) For fiscal year 2019 and later, long-term facilities maintenance revenue equals the greater of (1) \$380 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site or (2) the sum of the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591.

Subd. 2. **Long-term facilities maintenance revenue for a charter school.** (a) For fiscal year 2017 only, long-term facilities maintenance revenue for a charter school equals \$34 times the adjusted pupil units.

(b) For fiscal year 2018 only, long-term facilities maintenance revenue for a charter school equals \$85 times the adjusted pupil units.

(c) For fiscal year 2019 and later, long-term facilities maintenance revenue for a charter school equals \$132 times the adjusted pupil units.

Subd. 3. **Intermediate districts and other cooperative units.** Upon approval through the adoption of a resolution by each member district school board of an intermediate district or other cooperative units under section 123A.24, subdivision 2, and the approval of the commissioner of education, a school district may include in its authority under this section a proportionate share of the long-term maintenance costs of the intermediate district or cooperative unit. The cooperative unit may issue bonds to finance the project costs or levy for the costs, using long-term maintenance revenue transferred from member districts to make debt service payments or pay project costs. Authority under this subdivision is in addition to the authority for individual district projects under subdivision 1.

Subd. 4. **Facilities plans.** (a) To qualify for revenue under this section, a school district or intermediate district, not including a charter school, must have a ten-year facility plan adopted by the school board and approved by the commissioner. The plan must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices, including indoor air quality management.

(b) The district must annually update the plan, biennially submit a facility maintenance plan to the commissioner, and indicate whether the district will issue bonds to finance the plan or levy for the costs.

(c) For school districts issuing bonds to finance the plan, the plan must include a debt service schedule demonstrating that the debt service revenue required to pay the principal and interest on the bonds each year will not exceed the projected long-term facilities revenue for that year.

Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds under this section to finance facilities plans approved by its board and the commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

(b) At least 20 days before the earliest of solicitation of bids, the issuance of bonds, or the final certification of levies under subdivision 6, the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) The portion of revenue under this section for bonded debt must be recognized in the debt service fund.

Subd. 6. **Levy authorization.** A district may levy for costs related to an approved plan under subdivision 4 as follows:

(1) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued under subdivision 5 after reduction for any aid receivable under subdivision 9;

(2) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy according to the schedule approved in the plan after reduction for any aid receivable under subdivision 9; or

(3) if the debt service revenue for a district required to pay the principal and interest on bonds issued under subdivision 5 exceeds the district's long-term facilities maintenance revenue for the same fiscal year, the district's general fund levy must be reduced by the amount of the excess.

Subd. 7. Long-term facilities maintenance equalization revenue. (a) For fiscal year 2017 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$193 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(b) For fiscal year 2018 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$292 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(c) For fiscal year 2019 and later, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$380 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

Subd. 8. Long-term facilities maintenance equalization levy. For fiscal year 2017 and later, a district's long-term facilities maintenance equalization levy equals the lesser of (1) its long-term facilities maintenance equalization revenue times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified to 123 percent of the state average adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified or (2) the greater of zero or the district's long-term facilities maintenance equalization revenue minus the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6.

Subd. 9. Long-term facilities maintenance equalization aid. A district's long-term facilities maintenance equalization aid equals the difference between its long-term facilities maintenance equalization revenue and its long-term facilities maintenance equalization levy.

Subd. 10. Long-term facilities maintenance unequalized levy. Each year, a district may levy an amount equal to the difference between its total long-term facilities maintenance revenue under subdivision 1 and its long-term facilities maintenance equalization revenue.

Subd. 11. Allowed uses for long-term facilities maintenance revenue. (a) A district may use revenue under this section for any of the following:

(1) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities;

(2) increasing accessibility of school facilities; or

(3) health and safety capital projects under section 123B.57.

(b) A charter school may use revenue under this section for any purpose related to the school.

Subd. 12. **Restrictions on long-term facilities maintenance revenue.** Notwithstanding subdivision 11, long-term facilities maintenance revenue may not be used:

(1) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms;

(2) to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;

(3) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education; or

(4) for violence prevention and facility security, ergonomics, or public announcement systems and emergency communication devices.

Subd. 13. **Reserve account.** The portion of long-term facilities maintenance revenue not recognized under subdivision 5, paragraph (c), must be maintained in a reserve account within the general fund.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 5. Minnesota Statutes 2014, section 126C.01, subdivision 2, is amended to read:

Subd. 2. **Adjusted net tax capacity.** (a) Except as provided in paragraph (b), "adjusted net tax capacity" means the net tax capacity of the taxable property of the district as adjusted by the commissioner of revenue under sections 127A.48 and 273.1325. The adjusted net tax capacity for any given calendar year must be used to compute levy limitations for levies certified in the succeeding calendar year and aid for the school year beginning in the second succeeding calendar year.

(b) For purposes of the long-term maintenance facilities equalization levy under section 123B.595, subdivision 8, "adjusted net tax capacity" means the value described in paragraph (a) reduced by 50 percent of the value of class 2a agricultural land determined under that paragraph before the application of the growth limit under section 127A.48, subdivision 7.

EFFECTIVE DATE. This section is effective for taxes payable in 2016 and later.

Sec. 6. Minnesota Statutes 2014, section 127A.33, is amended to read:

127A.33 SCHOOL ENDOWMENT FUND; APPORTIONMENT.

(a) The commissioner shall apportion the school endowment fund semiannually on the first Monday in March and September in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to each district's adjusted average daily membership during the preceding year. The apportionment shall not be paid to a district for pupils for whom tuition is received by the district.

(b) For fiscal year 2016 and later, a district must reserve for school technology and telecommunications infrastructure, programs, and training an amount equal to the greater of (1) zero or (2) the total fiscal year apportionment per prior year pupil in adjusted average daily membership minus \$31.62.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 7. COMMISSIONER OF EDUCATION; 1:1 DEVICE PROGRAM GUIDELINES.

The commissioner of education must research existing 1:1 device programs in Minnesota and across the country to determine best practices for Minnesota schools implementing 1:1 device programs. By February 15, 2016, the commissioner must develop and publish guidelines to ensure maximum effectiveness of 1:1 device programs and make a report on the research findings to the committees of the legislature with jurisdiction over kindergarten through grade 12 education.

Sec. 8. FAIR SCHOOL CRYSTAL TRANSITION.

Subdivision 1. **Student enrollment.** A student enrolled in the FAIR School Crystal during the 2014-2015 school year and a student accepted for enrollment during the 2015-2016 school year may continue to enroll in the FAIR School Crystal in any year through the 2019-2020 school year. For the 2015-2016 school year and later, other students may apply for enrollment under Minnesota Statutes, section 124D.03.

Subd. 2. **Compensatory revenue; literacy aid; alternative compensation revenue.** For the 2015-2016 school year only, the Department of Education must calculate compensatory revenue, literacy aid, and alternative compensation revenue for the FAIR School Crystal based on the October 1, 2014, enrollment counts.

Subd. 3. **Pupil transportation.** The district may transport a pupil enrolled in the 2014-2015 school year and a pupil accepted for enrollment during the 2015-2016 school year to and from the FAIR School Crystal in succeeding school years regardless of the pupil's district of residence. Pupil transportation expenses under this section are reimbursable under Minnesota Statutes, section 124D.87.

EFFECTIVE DATE. This section is effective the day following the date on which the real and personal property of the FAIR School Crystal in Crystal is conveyed to Independent School District No. 281, Robbinsdale.

Sec. 9. FAIR SCHOOL DOWNTOWN TRANSITION.

Subdivision 1. **Student enrollment.** A student enrolled in the FAIR School downtown during the 2014-2015 school year and a student accepted for enrollment during the 2015-2016 school year may continue to enroll in the FAIR School downtown in any year through the 2018-2019 school year. For the 2015-2016 school year and later, other students may apply for enrollment under Minnesota Statutes, section 124D.03.

Subd. 2. **Compensatory revenue; literacy aid; alternative compensation revenue.** For the 2015-2016 school year only, the Department of Education must calculate compensatory revenue, literacy aid, and alternative compensation revenue for the FAIR School downtown based on the October 1, 2014, enrollment counts.

Subd. 3. **Pupil transportation.** The district may transport a pupil enrolled in the 2014-2015 school year and a pupil accepted for enrollment during the 2015-2016 school year to and from the FAIR School downtown in succeeding school years regardless of the pupil's district of residence. Pupil transportation expenses under this section are reimbursable under Minnesota Statutes, section 124D.87.

EFFECTIVE DATE. This section is effective the day following the date on which the real and personal property of the FAIR School downtown in Minneapolis is conveyed to Special School District No. 1, Minneapolis.

Sec. 10. **INFORMATION TECHNOLOGY CERTIFICATION PARTNERSHIP.**

Subdivision 1. **Request for proposals.** The commissioner of education shall issue a request for proposals no later than July 1, 2015, and award a contract no later than September 1, 2015, to a provider for the program under subdivision 3.

Subd. 2. **Eligible schools.** A school district, intermediate district, or charter school is eligible to participate in the program under this section, as long as funds are available.

Subd. 3. **Program description; provider duties.** (a) The provider must partner with eligible schools to make available a program to teach information technology skills and competencies that are essential for career and college readiness. By December 1, 2015, the provider must contact each eligible school and indicate how the school can access program services under this section.

(b) The provider shall recruit up to 200 schools to participate in the program as long as funds are available. The provider must engage schools on a first-come, first-served basis, except that no more than half of the total funds available may be used to deliver the program to schools located in the seven-county metropolitan area.

(c) The provider shall deliver to each participating school:

(1) a research-based information technology curriculum;

(2) online access to the curriculum;

(3) instructional software for classroom and student use;

(4) training for teachers who will be using the curriculum or instructional software;

(5) industry-recognized certification of skills and competencies in a broad array of information technology-related skill areas; and

(6) project management, deployment, and program support, including, but not limited to, integration with academic standards under Minnesota Statutes, section 120B.021 or 120B.022.

Subd. 4. **Department support.** The Department of Education must make support available to the provider, including acting as the primary liaison between schools and the provider and providing direction and oversight, consistent with the purposes of this section.

Subd. 5. **Report required.** By February 1, 2018, the provider and commissioner must jointly develop and deliver to the committees of the legislature with jurisdiction over kindergarten through grade 12 education, a summary report on program activities and outcomes, including a description of the number and location of participating schools and students, and the number and type of certifications earned by students.

Sec. 11. **CANCELLATION OF PREVIOUS BIENNIUM APPROPRIATION.**

The appropriation made by Laws 2014, chapter 312, article 16, section 16, subdivision 5, is canceled.

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

Sec. 12. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Long-term maintenance equalization aid.** For long-term maintenance equalization aid under Minnesota Statutes, section 123B.595:

\$	<u>0</u>	.....	<u>2016</u>
\$	<u>61,236,000</u>	.....	<u>2017</u>

The 2017 appropriation includes \$0 for 2016 and \$63,440,000 for 2017.

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$	<u>20,349,000</u>	.....	<u>2016</u>
\$	<u>22,171,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$2,295,000 for 2015 and \$18,054,000 for 2016.

The 2017 appropriation includes \$2,005,000 for 2016 and \$20,166,000 for 2017.

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$	<u>19,287,000</u>	.....	<u>2016</u>
\$	<u>1,928,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$1,928,000 for 2015 and \$17,359,000 for 2016.

The 2017 appropriation includes \$1,928,000 for 2016 and \$0 for 2017.

Subd. 5. **Equity in telecommunications access.** For equity in telecommunications access:

\$	<u>5,250,000</u>	.....	<u>2016</u>
\$	<u>5,250,000</u>	.....	<u>2017</u>

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2016 and 2017 shall be prorated.

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2018 is \$3,750,000.

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$	<u>3,520,000</u>	.....	<u>2016</u>
\$	<u>345,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$409,000 for 2015 and \$3,111,000 for 2016.

The 2017 appropriation includes \$345,000 for 2016 and \$0 for 2017.

Subd. 7. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$	<u>501,000</u>	.....	<u>2016</u>
\$	<u>48,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$66,000 for 2015 and \$435,000 for 2016.

The 2017 appropriation includes \$48,000 for 2016 and \$0 for 2017.

Subd. 8. **Information technology certification partnership.** For an information technology certification partnership:

\$	<u>500,000</u>	.....	<u>2016</u>
\$	<u>0</u>	.....	<u>2017</u>

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year. Of this appropriation, five percent is for departmental costs related to providing support for the information technology certification partnership.

Subd. 9. **Innovative Technology Cooperative.** For a grant to the Innovative Technology Cooperative under Minnesota Statutes, section 123A.215, to provide professional development related to technology:

\$	<u>150,000</u>	.....	<u>2016</u>
\$	<u>150,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2018 is \$0.

Subd. 10. **Northwest mobile manufacturing lab.** For a grant to the Pine to Prairie Cooperative Center:

\$	<u>100,000</u>	.....	<u>2016</u>
\$	<u>100,000</u>	.....	<u>2017</u>

The grant must be used to establish a northwest mobile manufacturing lab program, containing two manufacturing labs and two welding labs, operated by Pine to Prairie Cooperative Center in collaboration with Northland Community and Technical College.

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2018 is \$0.

Subd. 11. **Anoka-Hennepin School District fabrication lab.** For a grant to Independent School District No. 11, Anoka-Hennepin, to purchase equipment and software for a fabrication lab at its Secondary Technical Education Program in collaboration with Anoka Technical College and private program partners.

\$ 100,000 2016

Sec. 13. **REPEALER.**

Minnesota Statutes 2014, sections 123B.59; and 123B.591, are repealed.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

ARTICLE 7

NUTRITION AND ACCOUNTING

Section 1. Minnesota Statutes 2014, section 124D.1158, subdivision 3, is amended to read:

Subd. 3. **Program reimbursement.** Each school year, the state must reimburse each participating school 30 cents for each reduced-price breakfast, 55 cents for each fully paid breakfast served to students in grades ± 2 to 12, and \$1.30 for each fully paid breakfast served to a students in kindergarten student to grade 1.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017.

Sec. 2. Minnesota Statutes 2014, section 124D.1158, subdivision 4, is amended to read:

Subd. 4. **No fees.** A school that receives school breakfast aid under this section must make breakfast available without charge to all participating students in grades ± 2 to 12 who qualify for free or reduced-price meals and to all students in kindergarten students to grade 1.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017.

Sec. 3. **COMMUNITY SERVICE FUND ACCOUNT TRANSFERS; BARNUM.**

Notwithstanding any law to the contrary, on June 30 of each year from 2015 through 2018, Independent School District No. 91, Barnum, may transfer any positive account balances between the reserve accounts for early childhood family education and school readiness. The annual transfer may only occur after the school board has taken public testimony on the proposed transfer and has adopted a written resolution authorizing the transfer.

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

Sec. 4. **FUND TRANSFER; FISCAL YEARS 2016 AND 2017.**

(a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal years 2016 and 2017 only, the commissioner must approve a request for a fund transfer if the transfer does not increase state aid obligations to the district or result in additional property tax authority for the district. This section does not permit transfers from the community service fund, the food service fund, or the reserved account for staff development under Minnesota Statutes, section 122A.61.

(b) A school board may approve a fund transfer under paragraph (a) only after adopting a resolution stating the fund transfer will not diminish instructional opportunities for students.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 5. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$	<u>15,661,000</u>	.....	<u>2016</u>
\$	<u>15,818,000</u>	.....	<u>2017</u>

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$	<u>9,731,000</u>	.....	<u>2016</u>
\$	<u>14,552,000</u>	.....	<u>2017</u>

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$	<u>942,000</u>	.....	<u>2016</u>
\$	<u>942,000</u>	.....	<u>2017</u>

Subd. 5. **Summer school service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$	<u>150,000</u>	.....	<u>2016</u>
\$	<u>150,000</u>	.....	<u>2017</u>

ARTICLE 8

LIBRARIES

Section 1. Minnesota Statutes 2014, section 134.355, subdivision 5, is amended to read:

Subd. 5. **Base aid distribution.** Five Thirteen percent of the available aid funds shall be paid to each system as base aid for basic system services.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 2. Minnesota Statutes 2014, section 134.355, subdivision 6, is amended to read:

Subd. 6. **Adjusted net tax capacity per capita distribution.** Twenty-five Seventeen percent of the available aid funds shall be distributed to regional public library systems based upon the adjusted net tax capacity per capita for each member county or participating portion of a county as calculated for the second year preceding the fiscal year for which aid is provided. Each system's entitlement shall be calculated as follows:

(a) Multiply the adjusted net tax capacity per capita for each county or participating portion of a county by .0082.

(b) Add sufficient aid funds that are available under this subdivision to raise the amount of the county or participating portion of a county with the lowest value calculated according to paragraph

(a) to the amount of the county or participating portion of a county with the next highest value calculated according to paragraph (a). Multiply the amount of the additional aid funds by the population of the county or participating portion of a county.

(c) Continue the process described in paragraph (b) by adding sufficient aid funds that are available under this subdivision to the amount of a county or participating portion of a county with the next highest value calculated in paragraph (a) to raise it and the amount of counties and participating portions of counties with lower values calculated in paragraph (a) up to the amount of the county or participating portion of a county with the next highest value, until reaching an amount where funds available under this subdivision are no longer sufficient to raise the amount of a county or participating portion of a county and the amount of counties and participating portions of counties with lower values up to the amount of the next highest county or participating portion of a county.

(d) If the point is reached using the process in paragraphs (b) and (c) at which the remaining aid funds under this subdivision are not adequate for raising the amount of a county or participating portion of a county and all counties and participating portions of counties with amounts of lower value to the amount of the county or participating portion of a county with the next highest value, those funds are to be divided on a per capita basis for all counties or participating portions of counties that received aid funds under the calculation in paragraphs (b) and (c).

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 3. Minnesota Statutes 2014, section 134.355, subdivision 8, is amended to read:

Subd. 8. **Eligibility.** A regional public library system may apply for regional library telecommunications aid. ~~The aid must be used for data and video access maintenance, equipment, or installation of telecommunication lines~~ on behalf of itself and member public libraries. The aid must be used for connections and other eligible nonvoice related E-rate Program category 1 services. Aid must be used for E-rate Program category 2 services as identified in the Federal Communications Commission's eligible services list for the current and preceding four funding years, if sufficient funds remain once category 1 needs are met in each funding year. To be eligible, a regional public library system must be officially designated by the commissioner of education as a regional public library system as defined in section 134.34, subdivision 3, and each of its participating cities and counties must meet local support levels defined in section 134.34, subdivision 1. A public library building that receives aid under this section must be open a minimum of 20 hours per week. Exceptions to the minimum open hours requirement may be granted by the Department of Education on request of the regional public library system for the following circumstances: short-term closing for emergency maintenance and repairs following a natural disaster; in response to exceptional economic circumstances; building repair or maintenance that requires public services areas to be closed; or to adjust hours of public service to respond to documented seasonal use patterns.

Sec. 4. Minnesota Statutes 2014, section 134.355, subdivision 9, is amended to read:

Subd. 9. **Telecommunications aid.** An application for regional library telecommunications aid must, at a minimum, contain information to document the following:

(1) the connections are adequate and employ an open network architecture that will ensure interconnectivity and interoperability with school districts, postsecondary education, or other governmental agencies;

(2) that the connection is established through the most cost-effective means and that the regional library has explored and coordinated connections through school districts, postsecondary education, or other governmental agencies;

(3) that the regional library system has and all member libraries included in the application have filed or are included in an e-rate application; and

(4) other information, as determined by the commissioner of education, to ensure that connections are coordinated, efficient, and cost-effective, take advantage of discounts, and meet applicable state standards.

The library system may include costs associated with cooperative arrangements with postsecondary institutions, school districts, and other governmental agencies.

Sec. 5. Minnesota Statutes 2014, section 134.355, subdivision 10, is amended to read:

Subd. 10. **Award of funds.** The commissioner of education shall develop an application and a reporting form and procedures for regional library telecommunications aid. Aid shall be based on actual costs of, including, but not limited to, connections, as documented in e-rate funding commitment decision letters for category 1 services and acceptable documentation for category 2 services and funds available for this purpose. The commissioner shall make payments directly to the regional public library system.

Sec. 6. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Regional library basic system support.** For regional library basic system support aid under Minnesota Statutes, section 134.355:

\$	<u>14,920,000</u>	.....	<u>2016</u>
\$	<u>15,070,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$1,357,000 for 2015 and \$13,563,000 for 2016.

The 2017 appropriation includes \$1,507,000 for 2016 and \$13,563,000 for 2017.

Subd. 3. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$	<u>2,300,000</u>	.....	<u>2016</u>
\$	<u>2,300,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$230,000 for 2015 and \$2,070,000 for 2016.

The 2017 appropriation includes \$230,000 for 2016 and \$2,070,000 for 2017.

Subd. 4. **Multicounty, multitype library systems.** For aid under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$	<u>1,300,000</u>	<u>2016</u>
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\$ 1,300,000 2017

The 2016 appropriation includes \$130,000 for 2015 and \$1,170,000 for 2016.

The 2017 appropriation includes \$130,000 for 2016 and \$1,170,000 for 2017.

Subd. 5. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

\$ 900,000 2016

\$ 900,000 2017

Any balance in the first year does not cancel but is available in the second year.

ARTICLE 9

EARLY CHILDHOOD EDUCATION

Section 1. Minnesota Statutes 2014, section 124D.15, subdivision 3, is amended to read:

Subd. 3. **Program requirements.** (a) A school readiness program provider must:

(1) assess each child's cognitive and language skills with a comprehensive child assessment instrument when the child enters and again before the child leaves the program to improve program planning and implementation, communicate with parents, and promote kindergarten readiness;

(2) provide comprehensive program content and intentional instructional practice aligned with the state early childhood learning guidelines and kindergarten standards and based on early childhood research and professional practice that is focused on children's cognitive, social, emotional, and physical skills and development and prepares children for the transition to kindergarten, including early literacy and language skills;

(3) at the option of the school board, offer at least 500 hours per year of program content and instruction, including 50 summer hours, to each child who is eligible under subdivision 15, clause (1), except that a program provider may establish a waiting list consistent with subdivision 16 when funds are not available to serve every child eligible under subdivision 15, clause (1);

(4) coordinate appropriate kindergarten transition with parents and kindergarten teachers;

(4) (5) involve parents in program planning and decision making;

(5) (6) coordinate with relevant community-based services;

(6) (7) cooperate with adult basic education programs and other adult literacy programs;

(7) (8) ensure staff-child ratios of one-to-ten and maximum group size of 20 children with the first staff required to be a teacher; and

(8) (9) provide high-quality staff development in order to have teachers knowledgeable in early childhood curriculum content, assessment, native and English language development programs, and instruction.

(b) In order to receive aid under section 124D.16, a school readiness or preschool program must ensure that all classroom teachers have a license issued by the Board of Teaching or special permission by the 2019-2020 school year and later. Employees under this section who have served as a school readiness or preschool teacher in a school district for at least two years prior to the 2019-2020 school year are deemed to have completed their student teaching requirement.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 2. Minnesota Statutes 2014, section 124D.15, subdivision 5, is amended to read:

Subd. 5. **Services with new or existing providers.** A district may contract with a charter school or community-based organization to provide eligible children developmentally appropriate services that meet the program requirements in subdivision 3. In the alternative, a district may pay tuition or fees to place an eligible child in an existing program. A district may establish a new program where no existing, reasonably accessible program meets the program requirements in subdivision 3. ~~Districts must submit a copy of each contract to the commissioner with the biennial plan.~~ Services may be provided in a site-based program or in the home of the child or a combination of both. The district may not restrict participation to district residents.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 3. Minnesota Statutes 2014, section 124D.15, subdivision 12, is amended to read:

Subd. 12. **Program fees.** A district must adopt a sliding fee schedule based on a family's income but must waive a fee for a participant unable to pay. School districts must use school readiness aid for eligible children. Children who do not meet the eligibility requirements in subdivision 15 may participate on a fee-for-service basis. A fee may not be charged for a four-year-old child eligible under subdivision 15, clause (1), who is enrolled fewer than 500 hours per year.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 4. Minnesota Statutes 2014, section 124D.15, subdivision 15, is amended to read:

Subd. 15. **Eligibility.** A child is eligible to participate in a school readiness program if the child has completed health and developmental screening within 90 days of program enrollment under sections 121A.16 to 121A.19, and:

(1) ~~is at least three years old on September 1~~ is at least four years old on September 1; or

(2) ~~has completed health and developmental screening within 90 days of program enrollment under sections 121A.16 to 121A.19; and~~ is at least three years old on September 1, and has one or more of the following risk factors:

(3) ~~has one or more of the following risk factors:~~

(i) qualifies for free or reduced-price lunch;

(ii) is an English learner;

(iii) is homeless;

(iv) has an individualized education program (IEP) or an individual interagency intervention plan (IIP);

(v) is identified, through health and developmental screenings under sections 121A.16 to 121A.19, with a potential risk factor that may influence learning; or

(vi) is defined as at-risk by the school district.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 5. Minnesota Statutes 2014, section 124D.15, is amended by adding a subdivision to read:

Subd. 16. **Waiting list.** A program that has eligible children on a waiting list must give enrollment priority to children eligible under subdivision 15, clause (2).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2017 and later.

Sec. 6. Minnesota Statutes 2014, section 124D.16, subdivision 2, is amended to read:

Subd. 2. **Amount of aid.** (a) A district is eligible to receive school readiness aid for eligible prekindergarten pupils enrolled in a school readiness program under section 124D.15 if the biennial plan required by section 124D.15, subdivision 3a, has been approved by the commissioner.

(b) A district must receive school readiness aid equal to:

(1) the number of four-year-old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of four-year-old children reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the previous school year.

(c) For fiscal year 2016, the total school readiness aid entitlement equals \$21,058,000. For fiscal year 2017, the total school readiness aid entitlement equals \$74,516,000. For fiscal year ~~2015~~ 2018 and later, the total school readiness aid entitlement equals ~~\$12,170,000~~ \$74,152,000.

(d) Aid for a district that does not offer the program described under section 124D.15, subdivision 3, must be reduced by 80 percent and the reduction reallocated among all other districts.

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

Sec. 7. Minnesota Statutes 2014, section 124D.165, subdivision 2, is amended to read:

Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship, parents or guardians must meet the following eligibility requirements:

(1) have a child three or four years of age on September 1 of the current school year, who has not yet started kindergarten; and

(2) have income equal to or less than 185 percent of federal poverty level income in the current calendar year, or be able to document their child's current participation in the free and reduced-price lunch program or child and adult care food program, National School Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food Distribution Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program

under chapter 256J; child care assistance programs under chapter 119B; the supplemental nutrition assistance program; or placement in foster care under section 260C.212.

(b) Notwithstanding the other provisions of this section, a parent under age 21 who is pursuing a high school or general education equivalency diploma is eligible for an early learning scholarship if the parent has a child age zero to five years old and meets the income eligibility guidelines in this subdivision.

(c) Any siblings between the ages zero to five years old of a child who has been awarded a scholarship under this section must be awarded a scholarship upon request, provided the sibling attends the same program as long as funds are available.

(d) A child who has received a scholarship under this section must continue to receive a scholarship each year until that child is eligible for kindergarten under section 120A.20 and as long as funds are available.

(e) Early learning scholarships may not be counted as earned income for the purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota family investment program under chapter 256J, child care assistance programs under chapter 119B, or Head Start under the federal Improving Head Start for School Readiness Act of 2007.

(f) A child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service, who has received developmental screening under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district, and whose family meets the criteria of paragraph (a) is eligible for an early learning scholarship under this section.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 8. STUDY OF EARLY CHILDHOOD EFFECTIVENESS ON THIRD GRADE LITERACY.

The Department of Education must study and, using valid student assessment data, report annually on the effect of public school-provided preschool, public school-provided all-day kindergarten, Head Start, and any federally- or state-funded early learning scholarships on the literacy rates of public school third grade students. An initial report shall be provided on February 1, 2017, and annually thereafter to the chairs and ranking minority members of committees of the legislature having jurisdiction over early childhood through grade 12 education. The department must use existing staff and resources for the report.

Sec. 9. APPROPRIATIONS.

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$	<u>20,170,000</u>	<u>.....</u>	<u>2016</u>
\$	<u>69,170,000</u>	<u>.....</u>	<u>2017</u>

The 2016 appropriation includes \$1,217,000 for 2015 and \$18,953,000 for 2016.

The 2017 appropriation includes \$2,105,000 for 2016 and \$67,065,000 for 2017.

Subd. 3. **Early learning scholarships.** For the early learning scholarship program under Minnesota Statutes, section 124D.165:

\$	<u>30,384,000</u>	.....	<u>2016</u>
\$	<u>30,384,000</u>	.....	<u>2017</u>

Up to \$950,000 each year is for administration of this program.

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. **Head Start program.** For Head Start programs under Minnesota Statutes, section 119A.52:

\$	<u>22,100,000</u>	.....	<u>2016</u>
\$	<u>22,100,000</u>	.....	<u>2017</u>

Subd. 5. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$	<u>27,997,000</u>	.....	<u>2016</u>
\$	<u>28,984,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$2,713,000 for 2015 and \$25,284,000 for 2016.

The 2017 appropriation includes \$2,809,000 for 2016 and \$26,175,000 for 2017.

Subd. 6. **Developmental screening aid.** For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	<u>3,363,000</u>	.....	<u>2016</u>
\$	<u>3,369,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$338,000 for 2015 and \$3,025,000 for 2016.

The 2017 appropriation includes \$336,000 for 2016 and \$3,033,000 for 2017.

Subd. 7. **Parent-child home program.** For a grant to the parent-child home program:

\$	<u>500,000</u>	.....	<u>2016</u>
\$	<u>500,000</u>	.....	<u>2017</u>

The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing program locations. The base for fiscal year 2018 and later is \$350,000.

Subd. 8. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

\$	<u>281,000</u>	.....	<u>2016</u>
\$	<u>281,000</u>	.....	<u>2017</u>

Subd. 9. **Early childhood programs at tribal schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

\$	<u>68,000</u>	.....	<u>2016</u>
\$	<u>68,000</u>	.....	<u>2017</u>

Subd. 10. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

\$	<u>49,000</u>	.....	<u>2016</u>
\$	<u>49,000</u>	.....	<u>2017</u>

ARTICLE 10 PREVENTION

Section 1. Minnesota Statutes 2014, section 121A.17, subdivision 3, is amended to read:

Subd. 3. **Screening program.** (a) A screening program must include at least the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child's height and weight, the date of the child's most recent comprehensive vision examination, if any, identification of risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. The district and the person performing or supervising the screening must provide a parent or guardian with clear written notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice must state "Early childhood developmental screening helps a school district identify children who may benefit from district and community resources available to help in their development. Early childhood developmental screening includes a vision screening that helps detect potential eye problems but is not a substitute for a comprehensive eye exam." The notice must clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the district and the person performing or supervising the screening must convey the information in another manner. The notice must also inform the parent or guardian that a child need not submit to the district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization or individual health care provider. The notice must be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and must be given again at the screening location.

(b) All screening components shall be consistent with the standards of the state commissioner of health for early developmental screening programs. A developmental screening program must not provide laboratory tests or a physical examination to any child. The district must request from the public or private health care organization or the individual health care provider the results of

any laboratory test or physical examination within the 12 months preceding a child's scheduled screening. For the purposes of this section, "comprehensive vision examination" means a vision examination performed by an optometrist or ophthalmologist.

(c) If a child is without health coverage, the school district must refer the child to an appropriate health care provider.

(d) A board may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history.

(e) If a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened because of conscientiously held beliefs of the parent or guardian, the screening is not required.

Sec. 2. Minnesota Statutes 2014, section 121A.17, subdivision 5, is amended to read:

Subd. 5. **Developmental screening program information.** (a) The board must inform each resident family with a child eligible to participate in the developmental screening program, and a charter school that provides screening must inform families that apply for admission to the charter school, about the availability of the program and the state's requirement that a child receive a developmental screening or provide health records indicating that the child received a comparable developmental screening from a public or private health care organization or individual health care provider not later than 30 days after the first day of attending kindergarten in a public school. A school district must inform all resident families with eligible children under age seven, and a charter school that provides screening must inform families that apply for admission to the charter school, that their children may receive a developmental screening conducted either by the school district or by a public or private health care organization or individual health care provider and that the screening is not required if a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened.

(b) A school district that enrolls students from an adjoining state under section 124D.041 may inform a nonresident child whose family resides at a Minnesota address as assigned by the United States Postal Service about the availability of the developmental screening program and may provide screening under this section to that child.

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

Sec. 3. Minnesota Statutes 2014, section 124D.20, subdivision 4a, is amended to read:

Subd. 4a. **Youth after-school enrichment revenue.** ~~In fiscal year 2003 and thereafter,~~ Youth after-school enrichment revenue for a district operating a youth after-school enrichment program under section 124D.19, subdivision 12, equals:

(1) ~~\$1.85~~ \$2.37 times the greater of 1,335 or the population of the district, as defined in section 275.14, not to exceed 10,000; and

(2) ~~\$0.43~~ \$0.55 times the population of the district, as defined in section 275.14, in excess of 10,000. Youth after-school enrichment revenue must be reserved for youth after-school enrichment programs.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2017 and later.

Sec. 4. AFTER-SCHOOL COMMUNITY LEARNING GRANTS.

Subdivision 1. Grant program established. A competitive grant program is established to support community-based organizations, schools, political subdivisions, or child care centers that service young people in kindergarten through grade 12 after school or during nonschool hours. Grants must be used to offer a broad array of enrichment activities that promote positive youth development, including art, music, community engagement, literacy, technology education, health, agriculture, and recreation programs.

Subd. 2. Application. The commissioner of education shall develop the form and method for applying for the grants. The application must include information on the applicant's outreach to children and youth that qualify for free or reduced-price lunch and two-year measurable goals and activities linked to research or best practices. The commissioner shall develop criteria for determining the allocation of the grants and appropriate goals for the use of the grants including:

(1) increasing access to protective factors that build young people's capacity to become productive adults, such as connections to a caring adult;

(2) developing children's skills and behaviors necessary to succeed in postsecondary education and career opportunities; and

(3) encouraging attendance and improving performance in school.

Subd. 3. Grant awards. To the extent practicable, the selection of applicants shall result in an equitable distribution of grant awards among geographic areas within Minnesota, including rural, suburban, and urban communities. The commissioner shall also give priority to programs that collaborate with and leverage existing community resources that have demonstrated effectiveness. Applicants selected as grantees are eligible to receive a two-year grant, contingent upon satisfactory progress toward goals and objectives and the availability of funds.

Sec. 5. COMPREHENSIVE VISION EXAMINATION REPORT.

By January 15, 2017, the commissioner must submit to the committees of the legislature with jurisdiction over kindergarten through grade 12 education a report describing the number and proportion of children in each school district who report having had a comprehensive vision examination, disaggregated by age at the time of early childhood developmental screening under Minnesota Statutes, section 121A.17.

Sec. 6. APPROPRIATION.

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. Community education aid. For community education aid under Minnesota Statutes, section 124D.20:

\$	<u>788,000</u>	<u>.....</u>	<u>2016</u>
\$	<u>777,000</u>	<u>.....</u>	<u>2017</u>

The 2016 appropriation includes \$107,000 for 2015 and \$681,000 for 2016.

The 2017 appropriation includes \$75,000 for 2016 and \$702,000 for 2017.

Subd. 3. **Northside Achievement Zone.** For a grant to the Northside Achievement Zone.

\$	<u>650,000</u>	.....	<u>2016</u>
\$	<u>650,000</u>	.....	<u>2017</u>

Funds appropriated in this section are to reduce multigenerational poverty and the educational achievement gap through increased enrollment of families within the zone, and may be used for Northside Achievement Zone programming and services consistent with federal Promise Neighborhood program agreements and requirements.

Subd. 4. **St. Paul Promise Neighborhood.** For a grant to the St. Paul Promise Neighborhood.

\$	<u>650,000</u>	.....	<u>2016</u>
\$	<u>650,000</u>	.....	<u>2017</u>

Funds appropriated in this section are to reduce multigenerational poverty and the educational achievement gap through increased enrollment of families within the zone, and may be used for St. Paul Promise Neighborhood programming and services consistent with federal Promise Neighborhood program agreements and requirements.

Subd. 5. **After-school community learning grants.** For after-school community learning grants under section 1:

\$	<u>500,000</u>	.....	<u>2016</u>
\$	<u>500,000</u>	.....	<u>2017</u>

Up to seven percent of the appropriation in each fiscal year may be used for administration, evaluation, and technical assistance, including partnering with the Minnesota Afterschool Network, Ignite Afterschool, and other appropriate entities to ensure implementation of strategies statewide to ensure the provision of high quality, research-driven learning opportunities.

This is a onetime appropriation. Any balance in the first year does not cancel, but is available in the second year.

Subd. 6. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	<u>710,000</u>	.....	<u>2016</u>
\$	<u>710,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$71,000 for 2015 and \$639,000 for 2016.

The 2017 appropriation includes \$71,000 for 2016 and \$639,000 for 2017.

Subd. 7. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

\$	<u>70,000</u>	<u>2016</u>
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\$ 70,000 2017

Subd. 8. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

\$ 1,000 2016

\$ 1,000 2017

The 2016 appropriation includes \$0 for 2015 and \$1,000 for 2016.

The 2017 appropriation includes \$0 for 2016 and \$1,000 for 2017.

ARTICLE 11

SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$ 49,118,000 2016

\$ 50,592,000 2017

The 2016 appropriation includes \$4,782,000 for 2015 and \$44,336,000 for 2016.

The 2017 appropriation includes \$4,926,000 for 2016 and \$45,666,000 for 2017.

Subd. 3. **GED tests.** For payment of 60 percent of the costs of GED tests under Minnesota Statutes, section 124D.55:

\$ 125,000 2016

\$ 125,000 2017

ARTICLE 12

STATE AGENCIES

Section 1. Minnesota Statutes 2014, section 5A.03, is amended to read:

5A.03 ORGANIZATION APPLICATION FOR REGISTRATION.

Subdivision 1. **Placing high school students in Minnesota.** (a) An application for registration as an international student exchange visitor placement organization must be submitted in the form prescribed by the secretary of state. The application must include:

(1) evidence that the organization meets the standards established by the secretary of state by rule;

(2) the name, address, and telephone number of the organization, its chief executive officer, and the person within the organization who has primary responsibility for supervising placements within the state;

(3) the organization's unified business identification number, if any;

(4) the organization's Office of Exchange Coordination and Designation, United States Department of State number, if any;

(5) evidence of Council on Standards for International Educational Travel listing, if any;

(6) whether the organization is exempt from federal income tax; and

(7) a list of the organization's placements in Minnesota for the previous academic year including the number of students placed, their home countries, the school districts in which they were placed, and the length of their placements.

(b) The application must be signed by the chief executive officer of the organization and the person within the organization who has primary responsibility for supervising placements within Minnesota. If the secretary of state determines that the application is complete, the secretary of state shall file the application and the applicant is registered.

(c) Organizations that have registered shall inform the secretary of state of any changes in the information required under paragraph (a), clause (1), within 30 days of the change. There is no fee to amend a registration.

(d) Registration under this chapter is valid for one year. The registration may be renewed annually. The fee to renew a registration is \$50 per year.

(e) Organizations registering for the first time in Minnesota must pay an initial registration fee of \$150.

(f) Fees collected by the secretary of state under this section must be deposited in the state treasury and credited to the general fund.

Subd. 2. Placing Minnesota students in travel abroad programs. (a) A school district or charter school with enrolled students who participate in a foreign exchange or study or other travel abroad program under a written agreement between the district or charter school and the program provider must use a form developed by the Department of Education to annually report to the department by November 1 the following data from the previous school year:

(1) the number of Minnesota student deaths that occurred while Minnesota students were participating in the foreign exchange or study or other travel abroad program and that resulted from Minnesota students participating in the program;

(2) the number of Minnesota students hospitalized due to accidents and the illnesses that occurred while Minnesota students were participating in the foreign exchange or study or other travel abroad program and that resulted from Minnesota students participating in the program; and

(3) the name and type of the foreign exchange or study or other travel abroad program and the city or region where the reported death, hospitalization due to accident, or the illness occurred.

(b) School districts and charter schools must ask but must not require enrolled eligible students and the parents or guardians of other enrolled students who complete a foreign exchange or study or other travel abroad program to disclose the information under paragraph (a).

(c) When reporting the data under paragraph (a), a school district or charter school may supplement the data with a brief explanatory statement. The Department of Education annually must aggregate and publish the reported data on the department Web site in a format that facilitates public access to the aggregated data and include links to both the United States Department of State's Consular Information Program that informs the public of conditions abroad that may affect students' safety and security and the publicly available reports on sexual assaults and other criminal acts affecting students participating in a foreign exchange or study or other travel abroad program.

(d) School districts and charter schools with enrolled students who participate in foreign exchange or study or other travel abroad programs under a written agreement between the district or charter school and the program provider are encouraged to adopt policies supporting the programs and to include program standards in their policies to ensure students' health and safety.

(e) To be eligible under this subdivision to provide a foreign exchange or study or other travel abroad program to Minnesota students enrolled in a school district or charter school, a program provider annually must register with the secretary of state and provide the following information on a form developed by the secretary of state: the name, address, and telephone number of the program provider, its chief executive officer, and the person within the provider's organization who is primarily responsible for supervising programs within the state; the program provider's unified business identification number, if any; whether the program provider is exempt from federal income tax; a list of the program provider's placements in foreign countries for the previous school year including the number of Minnesota students placed, where Minnesota students were placed, and the length of their placement; the terms and limits of the medical and accident insurance available to cover participating students and the process for filing a claim; and the signatures of the program provider's chief executive officer and the person primarily responsible for supervising Minnesota students' placements in foreign countries. If the secretary of state determines the registration is complete, the secretary of state shall file the registration and the program provider is registered. Registration with the secretary of state must not be considered or represented as an endorsement of the program provider by the secretary of state. The secretary of state annually must publish on its Web site aggregated data under paragraph (c) received from the Department of Education.

(f) Program providers, annually by August 1, must provide the data required under paragraph (a), clauses (1) to (3), to the districts and charter schools with enrolled students participating in the provider's program.

(g) The Department of Education must publish the information it has under paragraph (c), but it is not responsible for any errors or omissions in the information provided to it by a school district or charter school. A school district or charter school is not responsible for omissions in the information provided to it by students and programs.

EFFECTIVE DATE. This section is effective for the 2015-2016 school year and later.

Sec. 2. Minnesota Statutes 2014, section 122A.18, subdivision 8, is amended to read:

Subd. 8. **Background checks.** (a) The Board of Teaching and the commissioner of education must request a criminal history background check from the superintendent of the Bureau of Criminal

Apprehension on all applicants for initial licenses under their jurisdiction. An application for a license under this section must be accompanied by:

(1) an executed criminal history consent form, including fingerprints; and

(2) a money order or cashier's check payable to the Bureau of Criminal Apprehension for the fee for conducting the payment to conduct a criminal history background check. Proceeds from this fee are annually appropriated to the commissioner for costs associated with processing licensure applications.

(b) The superintendent of the Bureau of Criminal Apprehension shall perform the background check required under paragraph (a) by retrieving criminal history data as defined in section 13.87 and shall also conduct a search of the national criminal records repository. The superintendent is authorized to exchange fingerprints with the Federal Bureau of Investigation for purposes of the criminal history check. The superintendent shall recover the cost to the bureau of a background check through the fee charged to the applicant under paragraph (a).

(c) The Board of Teaching or the commissioner of education may issue a license pending completion of a background check under this subdivision, but must notify the individual that the individual's license may be revoked based on the result of the background check.

Sec. 3. RULEMAKING AUTHORITY.

(a) The Board of Teaching shall adopt rules for a process for approving certificates of advanced professional study. A certificate of advanced professional study is a credential available only to a teacher with a full license in at least one discipline that allows for teaching without further waiver or variance when a licensure program in the discipline does not exist or when a teacher with a full license in the discipline cannot be found. The certificate of advanced professional study must:

(1) have fewer requirements than the full license in the discipline;

(2) set the specific qualifications required to attain it; and

(3) maintain professional standards for teaching in that discipline.

(b) The rules adopted under paragraph (a) must limit certificates of advanced professional study to:

(1) disciplines in which at least one geographic area of the state has a demonstrated shortage of fully licensed teachers; and

(2) emerging disciplines where full licenses or licensure programs do not exist.

Sec. 4. APPROPRIATIONS; DEPARTMENT OF EDUCATION.

Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Department.** (a) For the Department of Education:

<u>\$</u>	<u>21,521,000</u>	<u>.....</u>	<u>2016</u>
<u>\$</u>	<u>21,650,000</u>	<u>.....</u>	<u>2017</u>

Of these amounts:

(1) \$1,020,000 in fiscal year 2016 and \$768,000 in fiscal year 2017 are for the Board of Teaching;

(2) \$228,000 in fiscal year 2016 and \$231,000 in fiscal year 2017 are for the Board of School Administrators;

(3) \$1,000,000 each year is for Regional Centers of Excellence under Minnesota Statutes, section 120B.115;

(4) \$500,000 each year is for the School Safety Technical Assistance Center under Minnesota Statutes, section 127A.052;

(5) \$250,000 each year is for the School Finance Division to enhance financial data analysis;

(6) \$20,000 in fiscal year 2016 only is for the commissioner to provide assessment recommendations; and

(7) \$5,000 in fiscal year 2016 only is for costs related to the Concurrent Enrollment Working Group.

(b) Any balance in the first year does not cancel but is available in the second year.

(c) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C. office.

(d) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(e) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanism specified in that agreement.

(f) The agency's base budget in fiscal year 2018 is \$21,470,000. The agency's base budget in fiscal year 2019 is \$21,425,000.

Sec. 5. APPROPRIATIONS; MINNESOTA STATE ACADEMIES.

(a) The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

\$	<u>12,853,000</u>	.....	<u>2016</u>
\$	<u>12,819,000</u>	.....	<u>2017</u>

(b) Of the amounts appropriated in paragraph (a), \$708,000 in fiscal year 2016 and \$490,000 in fiscal year 2017 are for technology enhancements and may be used for: (1) computer hardware; (2) computer software; (3) connectivity, communications, and infrastructure; (4) assistive technology; (5) access to electronic books and other online materials, licenses, and subscriptions; and (6) technology staff and training costs.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) The agency's budget base in fiscal year 2018 is \$12,804,000.

(e) The agency's budget base in fiscal year 2019 is \$12,786,000.

Sec. 6. APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.

(a) The sums in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

\$	<u>7,572,000</u>	.....	<u>2016</u>
\$	<u>7,673,000</u>	.....	<u>2017</u>

(b) Of the amounts appropriated in paragraph (a), \$700,000 in fiscal year 2016 and \$700,000 in fiscal year 2017 are for continuing and expanding the arts integration networks and piloting arts-integrated courses and additional rural regions with an online focus.

(c) Any balance in the first year does not cancel but is available in the second year.

ARTICLE 13

FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2013, chapter 116, article 1, section 58, subdivision 2, as amended by Laws 2013, chapter 144, section 7, and Laws 2014, chapter 312, article 15, section 26, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$	6,851,419,000	.....	2014
	6,464,199,000		
\$	<u>6,443,330,000</u>	.....	2015

The 2014 appropriation includes \$780,156,000 for 2013 and \$6,071,263,000 for 2014.

The 2015 appropriation includes ~~\$589,095,000~~ \$586,824,000 for 2014 and ~~\$5,875,104,000~~ \$5,856,506,000 for 2015.

Sec. 2. Laws 2013, chapter 116, article 1, section 58, subdivision 3, as amended by Laws 2014, chapter 312, article 22, section 1, is amended to read:

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	37,000	.....	2014
	40,000		
\$	<u>36,000</u>	.....	2015

Sec. 3. Laws 2013, chapter 116, article 1, section 58, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 2, is amended to read:

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$	2,876,000	.....	2014
	3,103,000		
\$	<u>2,796,000</u>	.....	2015

The 2014 appropriation includes \$301,000 for 2013 and \$2,575,000 for 2014.

The 2015 appropriation includes \$286,000 for 2014 and ~~\$2,817,000~~ \$2,510,000 for 2015.

Sec. 4. Laws 2013, chapter 116, article 1, section 58, subdivision 5, as amended by Laws 2014, chapter 312, article 22, section 3, is amended to read:

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	585,000	.....	2014
	254,000		
\$	<u>263,000</u>	.....	2015

The 2014 appropriation includes \$40,000 for 2013 and \$545,000 for 2014.

The 2015 appropriation includes \$60,000 for 2014 and ~~\$194,000~~ \$203,000 for 2015.

Sec. 5. Laws 2013, chapter 116, article 1, section 58, subdivision 6, as amended by Laws 2014, chapter 312, article 15, section 27, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	15,867,000	.....	2014
	16,132,000		
\$	<u>15,569,000</u>	.....	2015

The 2014 appropriation includes \$1,898,000 for 2013 and \$13,969,000 for 2014.

The 2015 appropriation includes ~~\$1,552,000~~ \$1,394,000 for 2014 and ~~\$14,580,000~~ \$14,175,000 for 2015.

Sec. 6. Laws 2013, chapter 116, article 1, section 58, subdivision 7, as amended by Laws 2014, chapter 312, article 15, section 28, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	18,500,000	.....	2014
	17,710,000		
\$	<u>18,118,000</u>	.....	2015

The 2014 appropriation includes \$2,602,000 for 2013 and \$15,898,000 for 2014.

The 2015 appropriation includes \$1,766,000 for 2014 and ~~\$15,944,000~~ \$16,352,000 for 2015.

Sec. 7. Laws 2013, chapter 116, article 1, section 58, subdivision 11, as amended by Laws 2014, chapter 312, article 22, section 4, is amended to read:

Subd. 11. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

\$	3,959,000	.....	2014
	5,172,000		
\$	<u>5,617,000</u>	.....	2015

The 2014 appropriation includes \$0 for 2013 and \$3,959,000 for 2014.

The 2015 appropriation includes ~~\$439,000~~ \$445,000 for 2014 and ~~\$4,733,000~~ \$5,172,000 for 2015.

B. EDUCATION EXCELLENCE

Sec. 8. Laws 2013, chapter 116, article 3, section 37, subdivision 3, as amended by Laws 2014, chapter 312, article 22, section 5, is amended to read:

Subd. 3. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

\$	55,609,000	.....	2014
	62,692,000		
\$	<u>63,831,000</u>	.....	2015

The 2014 appropriation includes \$0 for 2013 and \$55,609,000 for 2014.

The 2015 appropriation includes ~~\$6,178,000~~ \$6,386,000 for 2014 and ~~\$56,514,000~~ \$57,445,000 for 2015.

Sec. 9. Laws 2013, chapter 116, article 3, section 37, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 6, is amended to read:

Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

\$	50,998,000	.....	2014
	47,458,000		
\$	<u>44,839,000</u>	.....	2015

The 2014 appropriation includes \$6,607,000 for 2013 and \$44,391,000 for 2014.

The 2015 appropriation includes \$4,932,000 for 2014 and ~~\$42,526,000~~ \$39,907,000 for 2015.

Sec. 10. Laws 2013, chapter 116, article 3, section 37, subdivision 5, as amended by Laws 2014, chapter 312, article 22, section 7, is amended to read:

Subd. 5. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$	13,521,000	.....	2014
	14,248,000		
\$	<u>14,261,000</u>	.....	2015

Sec. 11. Laws 2013, chapter 116, article 3, section 37, subdivision 20, as amended by Laws 2013, chapter 144, section 10, and Laws 2014, chapter 312, article 22, section 9, is amended to read:

Subd. 20. **Alternative compensation.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

	71,599,000		
\$	<u>69,899,000</u>	.....	2015

The 2015 appropriation includes \$0 for 2014 and ~~\$71,599,000~~ \$69,899,000 for 2015.

C. CHARTER SCHOOLS

Sec. 12. Laws 2013, chapter 116, article 4, section 9, subdivision 2, as amended by Laws 2014, chapter 312, article 22, section 10, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$	54,625,000	.....	2014
	58,294,000		
\$	<u>59,565,000</u>	.....	2015

The 2014 appropriation includes \$6,681,000 for 2013 and \$47,944,000 for 2014.

The 2015 appropriation includes ~~\$5,327,000~~ \$5,270,000 for 2014 and ~~\$52,967,000~~ \$54,295,000 for 2015.

D. SPECIAL PROGRAMS

Sec. 13. Laws 2013, chapter 116, article 5, section 31, subdivision 2, as amended by Laws 2013, chapter 144, section 14, and Laws 2014, chapter 312, article 22, section 11, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$	1,038,465,000	.....	2014
	1,111,641,000		
\$	<u>1,109,144,000</u>	.....	2015

The 2014 appropriation includes \$118,183,000 for 2013 and \$920,282,000 for 2014.

The 2015 appropriation includes ~~\$129,549,000~~ \$129,317,000 for 2014 and ~~\$982,092,000~~ \$979,827,000 for 2015.

Sec. 14. Laws 2013, chapter 116, article 5, section 31, subdivision 3, as amended by Laws 2014, chapter 312, article 22, section 12, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	1,548,000	.....	2014
	1,674,000		
\$	<u>1,367,000</u>	.....	2015

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

Sec. 15. Laws 2013, chapter 116, article 5, section 31, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 13, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	351,000	.....	2014
	346,000		
\$	<u>351,000</u>	.....	2015

The 2014 appropriation includes \$45,000 for 2013 and \$306,000 for 2014.

The 2015 appropriation includes \$33,000 for 2014 and ~~\$313,000~~ \$318,000 for 2015.

E. FACILITIES AND TECHNOLOGY

Sec. 16. Laws 2013, chapter 116, article 6, section 12, subdivision 2, as amended by Laws 2014, chapter 312, article 22, section 15, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$	471,000	.....	2014
	651,000		
\$	<u>649,000</u>	.....	2015

The 2014 appropriation includes \$24,000 for 2013 and \$447,000 for 2014.

The 2015 appropriation includes \$49,000 for 2014 and ~~\$602,000~~ \$600,000 for 2015.

Sec. 17. Laws 2013, chapter 116, article 6, section 12, subdivision 6, as amended by Laws 2014, chapter 312, article 22, section 18, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$	3,877,000	2014
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	4,024,000		
\$	<u>4,067,000</u>	2015

The 2014 appropriation includes \$475,000 for 2013 and \$3,402,000 for 2014.

The 2015 appropriation includes \$378,000 for 2014 and ~~\$3,646,000~~ \$3,689,000 for 2015.

F. NUTRITION AND LIBRARIES

Sec. 18. Laws 2013, chapter 116, article 7, section 21, subdivision 2, as amended by Laws 2014, chapter 312, article 19, section 5, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$	12,417,000	.....	2014
	16,185,000		
\$	<u>15,506,000</u>	.....	2015

Sec. 19. Laws 2013, chapter 116, article 7, section 21, subdivision 3, as amended by Laws 2014, chapter 312, article 19, section 6, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$	5,308,000	.....	2014
	6,176,000		
\$	<u>9,168,000</u>	.....	2015

Sec. 20. Laws 2013, chapter 116, article 7, section 21, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 19, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$	992,000	.....	2014
	1,002,000		
\$	<u>942,000</u>	.....	2015

G. EARLY CHILDHOOD EDUCATION, SELF-SUFFICIENCY, AND LIFELONG LEARNING

Sec. 21. Laws 2013, chapter 116, article 8, section 5, subdivision 3, as amended by Laws 2014, chapter 312, article 20, section 17, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$	22,797,000	2014
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	26,651,000		
\$	<u>26,623,000</u>	2015

The 2014 appropriation includes \$3,008,000 for 2013 and \$19,789,000 for 2014.

The 2015 appropriation includes \$2,198,000 for 2014 and ~~\$24,453,000~~ \$24,425,000 for 2015.

Sec. 22. Laws 2013, chapter 116, article 8, section 5, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 23, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	3,524,000	.....	2014
	3,330,000		
\$	<u>3,390,000</u>	.....	2015

The 2014 appropriation includes \$471,000 for 2013 and \$3,053,000 for 2014.

The 2015 appropriation includes \$339,000 for 2014 and ~~\$2,991,000~~ \$3,051,000 for 2015.

Sec. 23. Laws 2013, chapter 116, article 8, section 5, subdivision 14, as amended by Laws 2014, chapter 312, article 20, section 20, is amended to read:

Subd. 14. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$	48,776,000	.....	2014
	48,415,000		
\$	<u>47,750,000</u>	.....	2015

The 2014 appropriation includes \$6,278,000 for 2013 and \$42,498,000 for 2014.

The 2015 appropriation includes ~~\$4,722,000~~ \$4,712,000 for 2014 and ~~\$43,693,000~~ \$43,038,000 for 2015."

Delete the title and insert:

"A bill for an act relating to education; providing funding and policy for early childhood and family, prekindergarten through grade 12, and adult education, including general education, education excellence, special education, facilities, technology, nutrition, libraries, accounting, early childhood, education, self-sufficiency, lifelong learning, and state agencies; appropriating money; amending Minnesota Statutes 2014, sections 5A.03; 120B.021, subdivisions 1, 3, 4; 120B.13, subdivision 4; 120B.30, by adding subdivisions; 120B.36, subdivision 1; 121A.17, subdivisions 3, 5; 122A.09, by adding a subdivision; 122A.18, subdivision 8; 122A.413, subdivisions 1, 2; 122A.414, subdivisions 1, 1a, 2, 2a, 2b, 3; 122A.415; 122A.74; 123B.045, by adding a subdivision; 123B.53, subdivisions 1, 4; 123B.57; 124D.041, subdivisions 1, 2; 124D.09, subdivisions 5, 8; 124D.10, subdivisions 8, 12; 124D.11, subdivisions 1, 5, by adding subdivisions; 124D.1158, subdivisions 3, 4; 124D.15, subdivisions 3, 5, 12, 15, by adding a subdivision; 124D.16, subdivision 2; 124D.165, subdivision 2; 124D.20, subdivision 4a; 124D.4531, subdivision 1; 124D.81; 124D.83, subdivision 2; 125A.03; 125A.11, subdivision 1; 125A.79, subdivision 1; 126C.01,

subdivision 2; 126C.10, subdivisions 1, 2, 2a, 13a, 18; 126C.15, subdivision 2; 127A.33; 127A.45, subdivision 3; 127A.47, subdivision 7; 129C.30, subdivision 3; 134.355, subdivisions 5, 6, 8, 9, 10; Laws 2013, chapter 116, article 1, section 58, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 11, as amended; article 3, sections 35, subdivision 2; 37, subdivisions 3, as amended, 4, as amended, 5, as amended, 20, as amended; article 4, section 9, subdivision 2, as amended; article 5, section 31, subdivisions 2, as amended, 3, as amended, 4, as amended; article 6, section 12, subdivisions 2, as amended, 6, as amended; article 7, section 21, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 5, subdivisions 3, as amended, 4, as amended, 14, as amended; Laws 2014, chapter 312, article 16, sections 15; 16, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 123B; 124D; 136D; repealing Minnesota Statutes 2014, sections 123B.59; 123B.591."

And when so amended the bill do pass and be re-referred to the Committee on Taxes.

Pursuant to Rule 7.2, Senator Fischbach raised a point of order as to the committee report on S.F. No. 811. The President ruled the point of order well taken.

Senator Nienow questioned the reference of S.F. No. 811, and under Rule 21, the bill was referred to the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H.F. No. 4 was read the second time.

RECESS

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

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

CALL OF THE SENATE

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

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. 2225: Senators Dahle, Skoe and Dahms.

Senator Bakk moved that the foregoing appointments be approved. 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 Reports of Committees.

REPORTS OF COMMITTEES

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

Senator Bakk from the Committee on Rules and Administration, to which was referred under Rule 21, together with the committee report thereon,

S.F. No. 811: A bill for an act relating to education; providing funding and policy for early childhood and family, prekindergarten through grade 12, and adult education, including general education, education excellence, special education, facilities, technology, nutrition, libraries, accounting, early childhood, education, self-sufficiency, lifelong learning, and state agencies; appropriating money; amending Minnesota Statutes 2014, sections 120A.41; 122A.415, subdivision 1; 124D.1158, subdivision 3; 124D.15, subdivision 5; 124D.162; 124D.165, subdivision 2; 124D.42, subdivision 8; 124D.59, subdivision 2; 125A.79, subdivision 1; 126C.05, subdivision 1; 126C.10, subdivisions 2, 13a; 127A.41, subdivisions 8, 9; proposing coding for new law in Minnesota Statutes, chapter 124D; repealing Minnesota Statutes 2014, sections 124D.15, subdivision 3a; 124D.16, subdivisions 2, 3, 5.

Reports the same back with the recommendation that the report from the Committee on Finance, shown in the Journal for April 24, 2015, be adopted; that recommendation being:

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

MEMBERS EXCUSED

Senators Pederson, J.; Torres Ray and Weber were excused from the Session of today. Senator Schmit was excused from the Session of today from 12:00 noon to 2:15 p.m. Senator Ingebrigtsen was excused from the Session of today at 2:35 p.m. Senator Hayden was excused from the Session of today from 2:35 to 4:45 p.m. Senator Ruud was excused from the Session of today at 3:40 p.m. Senator Goodwin was excused from the Session of today at 4:05 p.m. Senator Sieben was excused from the Session of today from 4:30 to 4:45 p.m. Senator Pappas was excused from the Session of today from 4:30 to 5:45 p.m. Senator Bakk was excused from the Session of today from 4:50 to 5:10 p.m. Senator Chamberlain was excused from the Session of today at 5:00 p.m. Senator Rosen was excused from the Session of today at 6:30 p.m.

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 12:00 noon, Monday, April 27, 2015. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate

