

NINETY-SIXTH DAY

St. Paul, Minnesota, Tuesday, May 10, 2016

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Deacon Raymond C. Ortman.

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

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

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

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.

May 6, 2016

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 93, S.F. No. 2227 and Chapter 96, S.F. No. 3084.

Sincerely,
Mark Dayton, Governor

May 6, 2016

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 Acts of the 2016 Session of the State Legislature have been received from the Office of the Governor and are 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 2016	Date Filed 2016
	2956	92	3:16 p.m. May 6	May 6
2227		93	3:19 p.m. May 6	May 6
	2514	94	3:20 p.m. May 6	May 6
	1674	95	3:21 p.m. May 6	May 6
3084		96	3:21 p.m. May 6	May 6

Sincerely,
Steve Simon
Secretary of State

May 10, 2016

The Honorable Sandra L. Pappas
President of the Senate

Dear Senator Pappas:

Pursuant to Senate Rule 8.2, the following appointments have been withdrawn from the following committee and placed on the Confirmation Calendar:

From the Committee on Jobs, Agriculture and Rural Development, to which were referred the following appointments as reported in the Journal for April 7, 2015:

MINNESOTA RURAL FINANCE AUTHORITY
Mary Gritzmacher

Gary Wertish

Sincerely,
JoAnne M. Zoff
Secretary of the Senate

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

H.F. No. 1066 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1066	736				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 1066 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1066, the second engrossment; and insert the language after the enacting clause of S.F. No. 736, the second engrossment; further, delete the title of H.F. No. 1066, the second engrossment; and insert the title of S.F. No. 736, the second engrossment.

And when so amended H.F. No. 1066 will be identical to S.F. No. 736, and further recommends that H.F. No. 1066 be given its second reading and substituted for S.F. No. 736, and that the Senate File be indefinitely postponed.

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

SECOND READING OF HOUSE BILLS

H.F. No. 1066 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Hawj, Abeler, Hoffman and Champion introduced—

S.F. No. 3613: A bill for an act relating to health; appropriating money for a grant to a nonprofit organization to address hepatitis B-related health disparities.

Referred to the Committee on Finance.

Senators Abeler, Benson and Marty introduced—

S.F. No. 3614: A bill for an act relating to capital investment; appropriating money for closed landfill cleanup; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Abeler and Sieben introduced—

S.F. No. 3615: A bill for an act relating to campaign finance; providing a process to terminate a special election cycle early; amending Minnesota Statutes 2014, section 10A.01, subdivision 16; proposing coding for new law in Minnesota Statutes, chapter 10A.

Referred to the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Senator Newman moved that his name be stricken as chief author, shown as a co-author, and the name of Senator Franzen be added as chief author to S.F. No. 2328. The motion prevailed.

Senator Eaton moved that the name of Senator Marty be added as a co-author to S.F. No. 3009. The motion prevailed.

Senator Champion moved that the name of Senator Cohen be added as a co-author to S.F. No. 3609. The motion prevailed.

Senator Bakk moved that H.F. No. 3944 be taken from the table and given a second reading. The motion prevailed.

H.F. No. 3944: A bill for an act relating to health; specifying data from radon testing and mitigation; requiring rulemaking on indoor radon licensure and work standards; providing exemptions to radon licensing; changing fees for radon license application; allowing local governments to require inspections or permits; amending Minnesota Statutes 2014, section 13.3805, by adding a subdivision; Minnesota Statutes 2015 Supplement, section 144.4961, subdivisions 3, 4, 5, 6, 8, by adding subdivisions; Laws 2015, chapter 71, article 8, section 24.

H.F. No. 3944 was read the second time.

Senator Bakk moved that H.F. No. 3944 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 Champion imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED**SPECIAL ORDERS**

Pursuant to Rule 26, Senator Hayden, designee of the Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

S.F. No. 1075, H.F. No. 2954, S.F. Nos. 2881, 3047, H.F. No. 2870, S.F. Nos. 1440, 3368, 3175, 2802, 2385 and 2405.

SPECIAL ORDER

S.F. No. 1075: A bill for an act relating to game and fish; requiring online applications for hunting and fishing licenses to provide for organ donation; requiring a report; amending Minnesota Statutes 2014, section 13.7931, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 97A.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Eaton	Johnson	Pappas	Sparks
Anderson	Eken	Kent	Pederson	Thompson
Benson	Fischbach	Kiffmeyer	Pratt	Tomassoni
Bonoff	Franzen	Koenen	Reinert	Torres Ray
Brown	Gazelka	Latz	Rest	Weber
Carlson	Hall	Limmer	Rosen	Westrom
Chamberlain	Hawj	Lourey	Saxhaug	Wiger
Champion	Hayden	Marty	Scalze	Wiklund
Clausen	Hoffman	Miller	Schmit	
Dahle	Housley	Nelson	Senjem	
Dahms	Ingebrigtsen	Newman	Sheran	
Dziedzic	Jensen	Ortman	Skoe	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2954: A bill for an act relating to commerce; regulating unfair practices in motor vehicle distribution; amending Minnesota Statutes 2014, section 80E.13.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Champion	Fischbach	Housley	Limmer
Anderson	Clausen	Franzen	Ingebrigtsen	Lourey
Benson	Dahle	Gazelka	Jensen	Marty
Bonoff	Dahms	Hall	Johnson	Miller
Brown	Dziedzic	Hawj	Kiffmeyer	Nelson
Carlson	Eaton	Hayden	Koenen	Newman
Chamberlain	Eken	Hoffman	Latz	Ortman

Pappas
Pederson
Pratt
Reinert

Rest
Rosen
Saxhaug
Scalze

Schmit
Senjem
Sheran
Skoe

Sparks
Thompson
Tomassoni
Weber

Westrom
Wiger
Wiklund

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2881: A bill for an act relating to human services; extending the sunset of an existing exception to the consumer-directed community supports budget methodology; amending Laws 2012, chapter 247, article 4, section 47, as amended.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Abeler
Anderson
Benson
Bonoff
Brown
Carlson
Chamberlain
Champion
Clausen
Dahle
Dahms
Dziedzic

Eaton
Eken
Fischbach
Franzen
Gazelka
Hall
Hawj
Hayden
Hoffman
Housley
Ingebrigtsen
Jensen

Johnson
Kent
Kiffmeyer
Koenen
Latz
Limmer
Lourey
Marty
Miller
Nelson
Newman
Ortman

Osmek
Pappas
Pederson
Pratt
Reinert
Rest
Rosen
Saxhaug
Scalze
Schmit
Senjem
Sheran

Skoe
Sparks
Thompson
Tomassoni
Torres Ray
Weber
Westrom
Wiger
Wiklund

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 3047: A bill for an act relating to health care; permitting health carriers to not renew certain conversion individual health plans; requiring notice to affected policyholders; amending Minnesota Statutes 2014, section 62A.17, subdivision 6.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler
Anderson
Benson
Bonoff
Brown
Carlson
Chamberlain
Champion
Clausen
Dahle
Dahms
Dziedzic

Eaton
Eken
Fischbach
Franzen
Gazelka
Hall
Hawj
Hayden
Hoffman
Housley
Ingebrigtsen
Jensen

Johnson
Kent
Kiffmeyer
Koenen
Latz
Limmer
Lourey
Marty
Miller
Nelson
Newman
Ortman

Osmek
Pappas
Pederson
Pratt
Reinert
Rest
Rosen
Saxhaug
Scalze
Schmit
Senjem
Sheran

Skoe
Sparks
Stumpf
Thompson
Tomassoni
Torres Ray
Weber
Westrom
Wiger
Wiklund

So the bill passed and its title was agreed to.

SPECIAL ORDER

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

Senator Dahle moved that the amendment made to H.F. No. 2870 by the Committee on Rules and Administration in the report adopted April 26, 2016, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2870 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1440: A bill for an act relating to health; making changes to the Minnesota prescription monitoring program; amending Minnesota Statutes 2014, section 152.126, subdivisions 1, 3, 5, 6; repealing Laws 2014, chapter 286, article 7, section 4.

Senator Rosen moved to amend S.F. No. 1440 as follows:

Page 5, line 15, delete "April" and insert "July" and after "prescriber" insert "licensed by a health-related licensing board listed in section 214.01, subdivision 2,"

Page 5, line 18, delete the first "with" and insert "within"

Page 5, line 19, delete "prescribers, pharmacists, and" and insert "a prescriber, pharmacist, or"

Page 5, line 20, delete "delegates" and insert "delegate"

Page 6, line 11, strike everything after the period

Page 6, lines 12 and 13, strike the old language

Page 6, line 33, strike everything after the period

Page 6, lines 34 and 35, strike the old language

Page 7, lines 1 and 2, strike the old language

The motion prevailed. So the amendment was adopted.

S.F. No. 1440 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 51 and nays 8, as follows:

Those who voted in the affirmative were:

Abeler	Eken	Kent	Pratt	Stumpf
Benson	Fischbach	Koenen	Reinert	Tomassoni
Bonoff	Franzen	Latz	Rest	Torres Ray
Carlson	Hall	Lourey	Rosen	Weber
Champion	Hawj	Marty	Saxhaug	Westrom
Clausen	Hayden	Miller	Scalze	Wiger
Dahle	Hoffman	Nelson	Schmit	Wiklund
Dahms	Housley	Newman	Senjem	
Dibble	Ingebrigtsen	Ortman	Sheran	
Dziedzic	Jensen	Pappas	Skoe	
Eaton	Johnson	Pederson	Sparks	

Those who voted in the negative were:

Anderson	Chamberlain	Kiffmeyer	Osmek
Brown	Gazelka	Limmer	Thompson

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

SPECIAL ORDER

S.F. No. 3368: A bill for an act relating to transportation; modifying permit requirements for temporary use of certain rights-of-way; amending Minnesota Statutes 2014, section 160.27, by adding subdivisions; Minnesota Statutes 2015 Supplement, section 160.27, subdivision 10.

Senator Koenen moved to amend S.F. No. 3368 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2015 Supplement, section 160.27, subdivision 10, is amended to read:

Subd. 10. **Department of Transportation temporary permit for field application.** (a) In connection with the use of ~~the road right-of-way of a road authority~~ controlled by the commissioner, excluding on controlled-access highways under section 160.08, a property owner or occupant of property ~~abutting the road right-of-way~~ may apply for a permit for temporary placement, for up to 14 days, of a pressurized flexible force main for the transport of manure for field application.

(b) The property owner or occupant must:

- (1) identify the entire length of the right-of-way for use under the permit;
- (2) place the force main within the backslope of the ~~road authority's~~ right-of-way where possible;
- (3) place pumping equipment outside the ~~road authority's~~ right-of-way; and
- (4) meet all of the permit requirements identified by the ~~road authority~~ commissioner.

(c) Once the ~~road authority~~ commissioner has issued a permit, the property owner or occupant may ~~install~~ place the force main over the length of the right-of-way from the permittee's property to where the manure will be applied, irrespective of whether the permittee is the owner or occupant of all property abutting the portion of the right-of-way where the force main is to be ~~installed~~ placed.

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

Sec. 2. Minnesota Statutes 2014, section 160.27, is amended by adding a subdivision to read:

Subd. 11. Local road authority temporary permit for certain field application. A local road authority may, by ordinance, establish a permitting process to authorize the placement of force mains within that road authority's rights-of-way. A local road authority that has implemented a permitting process shall issue a permit to any property owner or occupant who applies for a permit to place a force main within a right-of-way subject to the road authority's control, for the purpose of transporting manure for field application by means of a pressurized flexible force main if:

(1) the applicant submits a complete application at least five days prior to the day the applicant intends to place the force main within the identified right-of-way;

(2) the applicant identifies the intended starting and end points and the intended path of the placement;

(3) the identified right-of-way is not a controlled-access highway under section 160.08;

(4) the applicant provides his or her full name, address, and phone number where the applicant can be reached during the time the force main is placed within the right-of-way and any other contact information where the applicant can be reached after the force main has been removed from the right-of-way;

(5) the applicant holds a valid commercial animal waste technician applicator license under section 18C.430, including proof of insurance and financial responsibility;

(6) the applicant provides the intended dates the force main will be placed in the right-of-way;

(7) the placement will not unreasonably interfere with maintenance activities authorized by the road authority; and

(8) the force main placement will not unreasonably interfere with: (i) another landowner or occupant's access to the owner or occupant's property, (ii) the safe use of the right-of-way in which the force main is placed, or (iii) the safe use of any road that must be crossed by the force main.

EFFECTIVE DATE. This section is effective the day following final enactment. The section applies to permit applications submitted on or after adoption by the road authority of a compliant permit system or 45 days after the effective date of this section, whichever occurs first.

Sec. 3. Minnesota Statutes 2014, section 160.27, is amended by adding a subdivision to read:

Subd. 12. General authority for certain field application. When the local road authority has not adopted a permitting process under subdivision 11, an owner or occupant may place a pressurized force main in a right-of-way if:

(1) the owner or occupant provides at least five days' notice to the local road authority of the intent to place a force main within an identified right-of-way for which the owner or occupant identifies the

intended starting and end points and the path of the intended placement, and provides the intended starting and ending dates the force main will be placed in the right-of-way;

(2) the identified right-of-way is not a controlled-access highway under section 160.08;

(3) the owner or occupant provides his or her full name, address, and phone number where the applicant can be reached during the time the force main is placed within the right-of-way and any other contact information where the applicant can be reached after the force main has been removed from the right-of-way;

(4) the owner or occupant holds a valid commercial animal waste technician applicator license under section 18C.430, including proof of insurance and financial responsibility;

(5) the road authority fails within the five-day notice period to notify the owner or occupant of the road authority's scheduled maintenance activities that would be unduly interfered with if the placement were to occur during the maintenance activity; and

(6) the force main placement will not unreasonably interfere with: (i) another landowner or occupant's access to the owner or occupant's property, (ii) the safe use of the right-of-way in which the force main is placed, or (iii) the safe use of any road that must be crossed by the force main.

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

Sec. 4. Minnesota Statutes 2014, section 160.27, is amended by adding a subdivision to read:

Subd. 13. **General regulations regarding certain field application.** The following regulations shall apply when a force main is placed in a road right-of-way under subdivision 10, 11, or 12:

(1) unless otherwise instructed by the commissioner in the case of a right-of-way subject to the commissioner's control, or by the applicable local road authority, the force main shall be placed to the extent possible in the backslope of the right-of-way;

(2) unless specifically instructed otherwise, the owner or occupant shall place all pumping equipment outside of the right-of-way;

(3) unless specifically authorized, the force main shall not be left in a right-of-way subject to the commissioner's control for greater than 14 days, and no more than 21 days for a right-of-way subject to control by a local road authority. The duration that a force main may be placed in a right-of-way may be extended by the commissioner with regard to rights-of-way under the commissioner's control, or by the applicable local road authority if application delays are encountered due to weather, natural disaster, or declared public emergency;

(4) except for roads subject to the commissioner's control, no permit or notice shall be required under subdivision 11 or 12 if the placement of the force main is necessary to deal with emergency pumping activities created by flooding, natural disaster, or declared emergency. The owner or occupant shall make a good faith effort to notify the road authority of the emergency placement and operation of a force main under this provision. Any force main placed under the emergency conditions set forth in this provision shall be removed within three days following the end of the flood, natural disaster response, or declared emergency;

(5) the commissioner or applicable local road authority may remove or have removed, at the owner or occupant's expense, any force main remaining in a right-of-way after the authorized number of days allowed under this section;

(6) the owner or occupant shall be responsible for restoring the right-of-way to the preplacement condition, including the immediate cleanup of any spillage or leakage of manure into the right-of-way; and

(7) a road authority may, by ordinance, restrict the number of force mains simultaneously located in the same right-of-way.

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

Sec. 5. Minnesota Statutes 2014, section 160.27, is amended by adding a subdivision to read:

Subd. 14. **Causes of action against the road authority.** No city, county, or town road authority shall be subject to any cause of action arising from or related to the placement or operation of a pressurized flexible force main under this section.

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

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 3368 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 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

SPECIAL ORDER

S.F. No. 3175: A bill for an act relating to commerce; regulating bullion product dealers; amending Minnesota Statutes 2014, sections 80G.01; 80G.02; 80G.03; 80G.04; 80G.05; 80G.06; 80G.07, subdivision 1; 80G.08; 80G.10; repealing Minnesota Statutes 2014, section 80G.07, subdivision 2.

Senator Tomassoni moved to amend S.F. No. 3175 as follows:

Page 2, line 24, after "consumers" insert "solely"

Page 4, line 6, delete the new language

Page 4, line 7, delete "all petty" and insert "misdemeanor traffic citations and misdemeanor convictions involving driving under the influence, driving while intoxicated, driving without a license, reckless driving, or driving with a suspended or revoked license, and juvenile offenses,"

Page 4, delete line 8

Page 4, line 9, delete the new language

Page 11, after line 32, insert:

"Sec. 11. **EFFECTIVE DATE.**

Sections 1 to 10 are effective July 1, 2016."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 3175 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 49 and nays 9, as follows:

Those who voted in the affirmative were:

Abeler	Eaton	Jensen	Ortman	Skoe
Bonoff	Eken	Johnson	Pederson	Sparks
Carlson	Fischbach	Kent	Reinert	Stumpf
Champion	Franzen	Koenen	Rest	Tomassoni
Clausen	Gazelka	Latz	Rosen	Torres Ray
Cohen	Hawj	Lourey	Saxhaug	Weber
Dahle	Hayden	Marty	Scalze	Westrom
Dahms	Hoffman	Miller	Schmit	Wiger
Dibble	Housley	Nelson	Senjem	Wiklund
Dziedzic	Ingebrigtsen	Newman	Sheran	

Those who voted in the negative were:

Anderson	Brown	Hall	Osmek	Thompson
Benson	Chamberlain	Kiffmeyer	Pratt	

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

SPECIAL ORDER

S.F. No. 2802: A bill for an act relating to cosmetology; regulating eyelash extension services; amending Minnesota Statutes 2014, section 155A.23, by adding subdivisions; Minnesota Statutes 2015 Supplement, sections 155A.23, subdivisions 8, 18; 155A.27, subdivision 1; 155A.271; 155A.29, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 48 and nays 11, as follows:

Those who voted in the affirmative were:

Abeler	Bonoff	Champion	Cohen	Dahms
Anderson	Carlson	Clausen	Dahle	Dibble

Dziedzic	Hoffman	Lourey	Saxhaug	Tomassoni
Eaton	Housley	Marty	Scalze	Torres Ray
Eken	Ingebrigtsen	Miller	Schmit	Weber
Fischbach	Jensen	Nelson	Senjem	Westrom
Franzen	Johnson	Ortman	Sheran	Wiger
Hall	Kent	Pederson	Skoe	Wiklund
Hawj	Koenen	Rest	Sparks	
Hayden	Latz	Rosen	Stumpf	

Those who voted in the negative were:

Benson	Gazelka	Newman	Reinert
Brown	Kiffmeyer	Osmek	Thompson
Chamberlain	Limmer	Pratt	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2385: A bill for an act relating to the Metropolitan Council; providing for staggered terms; expanding the membership of the nomination committee; requiring additional information to be made publicly available as part of the selection process; clarifying council member qualifications; requiring new advisory committee; amending Minnesota Statutes 2014, sections 473.123, subdivisions 2a, 3; 473.127.

Senator Pratt moved to amend S.F. No. 2385 as follows:

Page 2, delete section 2 and insert:

"Sec. 2. Minnesota Statutes 2014, section 473.123, subdivision 3, is amended to read:

Subd. 3. **Membership; appointment; qualifications.** (a) Sixteen members must be appointed by the governor from districts defined by this section. Each council member must reside in the council district represented. Each council district must be represented by one member of the council. Each Metropolitan Council member must be an elected city council member or mayor, or county commissioner. A Metropolitan Council member's office becomes vacant if the person appointed to that position ceases to be an elected city council member or mayor, or county commissioner.

(b) In addition to the notice required by section 15.0597, subdivision 4, notice of vacancies and expiration of terms must be published in newspapers of general circulation in the metropolitan area and the appropriate districts. The governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which a member is to be appointed must be notified in writing. The notices must describe the appointments process and invite participation and recommendations on the appointment. The notice must refer persons to find more information on the Web site of the council and other appropriate entities. The notice or the information on the Web sites must include a description of the work of the council, the skills and knowledge needed by council members, and the time commitment if appointed to the council, including attending meetings throughout the member's district during the day and at night.

(c) ~~The governor shall create a nominating committee, composed~~ A committee of seven 13 metropolitan citizens ~~appointed by the governor, to shall~~ nominate persons for appointment to the council from districts. Three Six of the committee members must be local elected officials appointed by the Association of Metropolitan Municipalities. Seven members must be county commissioners, one appointed from each metropolitan county by the respective county boards. Following the submission of applications as provided under section 15.0597, subdivision 5,

the nominating committee shall conduct public meetings, after appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and other local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the governor a list of up to three nominees for each appointment. The list of nominees must be posted on the council's Web site, and may be made public by any other means that the nominating committee chooses, at least 14 days before the governor makes any appointments. The governor is not required to appoint from the list.

(d) Before making an appointment, the governor shall consult with all members of the legislature from the council district for which the member is to be appointed.

(e) Appointments to the council are subject to the advice and consent of the senate as provided in section 15.066.

(f) Members of the council must be appointed to reflect fairly the various demographic, political, and other interests in the metropolitan area and the districts.

(g) Members of the council must be persons knowledgeable about urban and metropolitan affairs.

(h) Any vacancy in the office of a council member shall immediately be filled for the unexpired term. In filling a vacancy, the governor may forgo the requirements of paragraph (c) if the governor has made appointments in full compliance with the requirements of this subdivision within the preceding 12 months.

EFFECTIVE DATE; APPLICATION. This section is effective for appointments made on or after January 1, 2019, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 32, as follows:

Those who voted in the affirmative were:

Abeler	Fischbach	Kiffmeyer	Osmek	Weber
Anderson	Gazelka	Limmer	Pederson	Westrom
Benson	Hall	Miller	Pratt	
Brown	Hoffman	Nelson	Rosen	
Chamberlain	Housley	Newman	Sparks	
Dahms	Ingebrigtsen	Ortman	Thompson	

Those who voted in the negative were:

Bonoff	Dziedzic	Johnson	Rest	Tomassoni
Carlson	Eaton	Kent	Saxhaug	Torres Ray
Champion	Eken	Koenen	Scalze	Wiger
Clausen	Franzen	Latz	Schmit	Wiklund
Cohen	Hawj	Lourey	Sheran	
Dahle	Hayden	Marty	Sieben	
Dibble	Jensen	Reinert	Skoe	

The motion did not prevail. So the amendment was not adopted.

CALL OF THE SENATE

Senator Dibble imposed a call of the Senate for the balance of the proceedings on S.F. No. 2385. The Sergeant at Arms was instructed to bring in the absent members.

Senator Pratt moved to amend S.F. No. 2385 as follows:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 2014, section 462.387, subdivision 3, is amended to read:

Subd. 3. **Establishment.** Upon receipt of a petition as provided in subdivision 1 a regional development commission shall be established by the governor or designee and all local government units within the region for which the commission is proposed shall be notified. The notification shall be made within 60 days of the governor's receipt of a petition under subdivision 1 and members shall be appointed as provided in section 462.388.

Sec. 2. Minnesota Statutes 2014, section 462.388, subdivision 1, is amended to read:

Subdivision 1. **Representation Appointment of various members; notice requirements; terms.** (a) The governor shall appoint the members of each commission as provided in this subdivision. In addition to the notice required by section 15.0597, subdivision 4, notice of vacancies and expiration of terms must be published in newspapers of general circulation in the development region. The governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the development region for which a member is to be appointed must be notified in writing. Within ten days of submitting notice to the secretary of state as required by section 15.0597, subdivision 4, the notice must be published and provided to statutory and home rule charter cities, counties, and towns. The notices required by this section must include a description of the appointments process and a detailed position description that includes the required skills, expected time commitment, and connection to the region; and must invite participation and recommendations on the appointment.

(b) The governor shall create a nominating committee to nominate persons for appointment to each commission. Each nominating commission is made up of 13 members, appointed as follows: seven members appointed by the governor; two members to represent cities appointed by the League of Minnesota Cities; two members to represent counties appointed by the Association of Minnesota Counties; and two members to represent towns appointed by the Minnesota Association of Townships. All members of a nominating committee must reside within the development region.

(c) Following the submission of applications as provided under section 15.0597, subdivision 5, the nominating committee shall conduct public meetings, after appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the region. The committee may consolidate meetings. Following the meetings, the committee shall submit to the governor three finalists for each appointment. The nominating committee shall publish the names and qualifications of each of the three finalists in the same newspaper in which the notice of vacancy was published. The governor must not make an appointment until the names of the finalists have been public for 14 calendar days. The governor is not required to appoint from the list.

(d) Before making an appointment, the governor shall consult with all members of the legislature from the development region for which the member is to be appointed.

(e) Any vacancy in the office of a commission member shall immediately be filled for the unexpired term. In filling a vacancy, the governor may forgo the requirements of paragraph (c), if the governor has made appointments in full compliance with the requirements of this subdivision within the preceding 12 months.

A commission (f) The governor shall consist of appoint the following members for each commission:

- (1) one member from each county board of every county in the development region;
- (2) one additional county board member from each county of over 100,000 population;
- (3) the town clerk, town treasurer, or one member of a town board of supervisors from each county containing organized towns;
- (4) one additional member selected by the county board of from any county containing no townships;
- (5) one mayor or council member from a municipality of under 10,000 population from each county, selected by the mayors of all such municipalities in the county;
- (6) one mayor or council member from each municipality of over 10,000 in each county;
- (7) two school board members elected by a majority of the chairs of school boards in the development region;
- (8) one member from each council of governments;
- (9) one member appointed by representing each native American tribal council located in each region; and
- (10) citizens representing public interests within the region including members of minority groups to be selected after adoption of the bylaws of the commission.

(g) Members must serve four-year, staggered terms. A member must continue to serve until a successor is appointed and qualified.

EFFECTIVE DATE; TRANSITION. This section is effective on January 1, 2017. Terms of existing members shall expire upon a successor being appointed and qualified. The initial appointment of half of the members for each commission must be for two years and the remainder of members must be appointed for four-year terms. Thereafter, the term of each member is four years, with terms ending the first Monday in January."

Page 4, after line 14, insert:

"Sec. 6. **REPEALER.**

Minnesota Statutes 2014, sections 462.387, subdivision 4; and 462.388, subdivision 2, are repealed.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Dibble questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Chambermain moved to amend S.F. No. 2385 as follows:

Page 4, after line 14, insert:

"Sec. 4. Minnesota Statutes 2014, section 473.517, subdivision 3, is amended to read:

Subd. 3. **Allocation of treatment, interceptor costs; reserved capacity.** (a) In preparing each budget the council shall estimate the current costs of acquisition, betterment, and debt service, only, of the treatment works in the metropolitan disposal system which will not be used to total capacity during the budget year, and the percentage of such capacity which will not be used, and shall deduct the same percentage of such treatment works costs from the current costs allocated under subdivision 1. The council shall also estimate the current costs of acquisition, betterment, and debt service, only, of the interceptors in the metropolitan disposal system that will not be used to total capacity during the budget year, shall estimate the percentage of the total capacity that will not be used, and shall deduct the same percentage of interceptor costs from the current costs allocated under subdivision 1. The total amount so deducted with respect to all treatment works and interceptors in the system shall be allocated among and paid by the respective local government units in the metropolitan area through a metropolitan sewer availability charge for each new connection or increase in capacity demand to the metropolitan disposal system within each local government unit. Amounts collected through the metropolitan sewer availability charge (SAC) must be deposited in the council's wastewater reserve capacity fund. Each fiscal year an amount from the wastewater reserve capacity fund shall be transferred to the wastewater operating fund for the reserved capacity costs described in this paragraph. For the purposes of this subdivision, the amount transferred from the wastewater reserve capacity fund to the wastewater operating fund shall be referred to as the "SAC transfer amount."

(b) If, after appropriate study and a public hearing, the council determines for the next fiscal year that a reduction of the SAC transfer amount is necessary or desirable to ensure adequate funds remain in the wastewater reserve capacity fund, based on a goal of maintaining at least the next year's estimated SAC transfer amount in the wastewater reserve capacity fund, the council may reduce the SAC transfer amount for that fiscal year. If the council reduces the SAC transfer amount for the next fiscal year, the council must then increase the metropolitan sewer availability charge not less than the greater of six percent or the annual percentage change in the Consumer Price Index for the metropolitan region for the previous year plus three percentage points. For the purposes of this subdivision, any reduction in the SAC transfer amount shall be referred to as the "SAC transfer deficit." The provisions of this paragraph expire at the end of calendar year 2015.

(c) The council will record on a cumulative basis the total SAC transfer deficit. In any year that the wastewater reserve capacity fund has a year-end balance of at least two years' estimated SAC transfer amount, the council shall increase the subsequent annual SAC transfer amount in excess of the amount required by paragraph (a) with the goal of eliminating the cumulative total SAC transfer deficit. The annual amount by which the council increases the SAC transfer amount shall be determined by the council after appropriate study and a public hearing.

(d) The council must not impose a sewer availability charge on an existing eating or drinking establishment due to an addition or expansion of outdoor seating unless the establishment also increases the number or capacity of its facilities using water and the sanitary sewer system. If the establishment increases the number or capacity of its facilities, the charge must be proportionate to the increase in use of the water and sanitary sewer system. "Eating and drinking establishments" include coffee shops, bars, restaurants, and similar businesses that sell food or beverages for customers to consume on site.

EFFECTIVE DATE; APPLICATION. This section is effective for sewer availability charges imposed on or after August 1, 2016. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Amend the title accordingly

Senator Johnson questioned whether the amendment was germane.

The President ruled that the amendment was germane.

Senator Chamberlain withdrew his amendment.

Senator Torres Ray moved to amend S.F. No. 2385 as follows:

Page 4, after line 14, insert:

"Sec. 4. **SEWER AVAILABILITY CHARGES STAKEHOLDER GROUP.**

The Metropolitan Council must convene a stakeholder group to review and make recommendations on sewer availability charges for new or expanded outdoor seating at eating or drinking establishments. The Metropolitan Council must consult with stakeholders representing the range of users who are served by the Metropolitan Council Environmental Services wastewater treatment system and are subject to sewer availability charge determinations. The Metropolitan Council must submit a report to the chair and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over the Metropolitan Council. The Metropolitan Council must provide a technical basis for any proposed changes."

Amend the title accordingly

Senator Torres Ray moved to amend the Torres Ray amendment to S.F. No. 2385 as follows:

Page 1, line 11, after the first "Council" insert "by January 25, 2017"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the first Torres Ray amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

S.F. No. 2385 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 41 and nays 21, as follows:

Those who voted in the affirmative were:

Abeler
Bakk

Bonoff
Carlson

Chamberlain
Champion

Clausen
Cohen

Dahle
Dibble

Dziedzic	Jensen	Miller	Schmit	Torres Ray
Eaton	Johnson	Nelson	Sheran	Wiger
Eken	Kent	Pappas	Sieben	Wiklund
Franzen	Koenen	Reinert	Skoe	
Hawj	Latz	Rest	Sparks	
Hayden	Lourey	Saxhaug	Stumpf	
Hoffman	Marty	Scalze	Tomassoni	

Those who voted in the negative were:

Anderson	Gazelka	Limmer	Pratt	Westrom
Benson	Hall	Newman	Rosen	
Brown	Housley	Ortman	Senjem	
Dahms	Ingebrigtsen	Osmek	Thompson	
Fischbach	Kiffmeyer	Pederson	Weber	

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

SPECIAL ORDER

S.F. No. 2405: A bill for an act relating to energy; establishing an electric vehicle promotion program; amending Minnesota Statutes 2014, section 216B.62, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 216B.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 41 and nays 19, as follows:

Those who voted in the affirmative were:

Abeler	Eaton	Koenen	Rosen	Stumpf
Bakk	Eken	Latz	Saxhaug	Tomassoni
Bonoff	Franzen	Lourey	Scalze	Torres Ray
Carlson	Hawj	Marty	Schmit	Wiger
Clausen	Hayden	Miller	Senjem	Wiklund
Cohen	Housley	Nelson	Sheran	
Dahle	Jensen	Pappas	Sieben	
Dibble	Johnson	Reinert	Skoe	
Dziedzic	Kent	Rest	Sparks	

Those who voted in the negative were:

Anderson	Dahms	Ingebrigtsen	Ortman	Thompson
Benson	Fischbach	Kiffmeyer	Osmek	Weber
Brown	Gazelka	Limmer	Pederson	Westrom
Chamberlain	Hall	Newman	Pratt	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

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

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 3272, 2430 and 2498.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 9, 2016

Madam President:

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

S.F. No. 2527: A bill for an act relating to natural resources; appropriating money from outdoor heritage fund; modifying evaluation provisions; modifying prior appropriations; amending Minnesota Statutes 2014, section 97A.056, subdivision 10; Laws 2015, First Special Session chapter 2, article 1, section 2, subdivisions 2, 3, 5.

Senate File No. 2527 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 9, 2016

Senator Saxhaug moved that the Senate do not concur in the amendments by the House to S.F. No. 2527, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2014, 2955 and 3328.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 9, 2016

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 2014: A bill for an act relating to transportation; providing for appeal process for denial or revocation of driveway permit by commissioner of transportation; amending Minnesota Statutes 2014, section 160.18, by adding a subdivision.

Senator Bakk moved that H.F. No. 2014 be laid on the table. The motion prevailed.

H.F. No. 2955: A bill for an act relating to human rights; establishing requirement for demand letter involving architectural barriers limiting accessibility; providing for accessibility audits;

amending Minnesota Statutes 2014, section 363A.28, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 363A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2584, now on General Orders.

H.F. No. 3328: A bill for an act relating to claims against the state; providing for payment of awards under the Imprisonment and Exoneration Remedies Act; providing for payment of injury and medical claims against the Department of Corrections; appropriating money; providing for claims for loss, damage, or destruction of property of patients or inmates of a state institution; establishing a claim limit of \$7,000 for settlement by the commissioners of human services, veterans affairs, or corrections for property claims made by patients or inmates and medical claims made by conditionally released offenders; increasing claims filing fee; amending Minnesota Statutes 2014, sections 3.736, subdivision 3; 3.739, subdivision 2; 3.749; proposing coding for new law in Minnesota Statutes, chapter 3.

Referred to the Committee on Finance.

REPORTS OF COMMITTEES

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

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

H.F. No. 3931: A bill for an act relating to state government; appropriating money for certain agriculture-related purposes; modifying various agriculture-related provisions; making clarifying, technical, and policy changes; providing a tractor rollover pilot grant program; establishing an agricultural emergency account; appropriating money for environment and natural resources; modifying prior appropriations; modifying provisions to harvest wild rice; establishing requirements for marine carbon monoxide detection devices; modifying terms of certain committees, funds, and accounts; providing for prescribed burns; modifying provisions for certain land sales and exchanges; creating Aggregate Resources Task Force; providing appointments; providing for certain water level control permit; appropriating money for jobs, economic development, and energy affordability; appropriating money to the Departments of Employment and Economic Development, Labor and Industry, and Commerce, the Housing Finance Agency, Public Utilities Commission, Public Facilities Authority, Explore Minnesota Tourism, Bureau of Mediation Services, and Public Employment Relations Board; making policy changes to jobs and economic development, labor and industry, housing, workers' compensation, unemployment insurance, telephone regulation, broadband development, and energy; requiring reports; amending Minnesota Statutes 2014, sections 3.736, subdivision 4; 17.117, subdivisions 4, 11a; 17.4982, subdivision 18a; 18B.26, subdivision 3; 41A.12, subdivision 2; 84.027, subdivision 13; 84.089, subdivision 3; 84.091, subdivision 2; 84D.01, subdivision 2; 84D.05, subdivision 1; 84D.09, subdivision 2; 84D.10, subdivision 4; 84D.108, by adding a subdivision; 84D.13, subdivision 4; 86B.005, by adding subdivisions; 88.01, by adding a subdivision; 88.22, subdivision 1; 93.0015, subdivision 3; 93.2236; 94.3495, subdivisions 2, 3, 7; 97A.075, subdivisions 1, 7; 115C.09, subdivisions 1, 3; 116C.779, subdivision 1, by adding a subdivision; 116J.395, subdivisions 4, 6, 7, by adding subdivisions; 116J.548, subdivisions 2, 3; 116J.8737, subdivision 3; 116J.8747, subdivisions 1, 2; 116M.15, subdivision 1; 176.011, subdivision 7a; 176.081, subdivisions 1, 3; 176.137,

subdivisions 1, 4, by adding a subdivision; 176.331; 176.361, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 176.471, subdivisions 3, 5; 176.511, subdivisions 2, 3; 176.571, subdivision 1; 182.653, subdivision 9; 216A.03, subdivision 1, by adding a subdivision; 216B.1641; 216B.241, subdivisions 1, 1a, 1c; 216B.243, subdivision 8; 216C.20, subdivision 3; 216E.03, subdivision 5; 216H.01, by adding a subdivision; 216H.03, subdivision 1; 222.37, subdivision 1; 237.01, by adding subdivisions; 237.012, subdivisions 1, 2; 268.035, subdivisions 12, 20, 23a, 29, by adding subdivisions; 268.051, subdivision 5; 268.085, subdivisions 4, 5; 268.0865, subdivisions 3, 4; 268.095, subdivisions 1, 2, 5; 268.101, subdivision 2; 268.18; 268.182, subdivision 2; 383B.142; 462A.204, subdivisions 1, 3; Minnesota Statutes 2015 Supplement, sections 16A.967, subdivisions 2, 7; 41A.14; 41A.15, subdivisions 2, 10, by adding subdivisions; 41A.16, subdivision 1; 41A.17, subdivisions 1, 2; 41A.18, subdivision 1; 84.027, subdivision 13a; 84D.11, subdivision 1; 84D.13, subdivision 5; 116D.04, subdivision 2a; 116J.394; 176.135, subdivision 7a; 176.136, subdivision 1b; 268.07, subdivision 3b; 268.085, subdivision 2; Laws 2001, chapter 130, section 3; Laws 2015, First Special Session chapter 1, article 1, sections 2, subdivision 3; 3, subdivision 3; 8, subdivision 8; Laws 2015, First Special Session chapter 4, article 1, sections 2, subdivisions 2, 4; 5; article 3, section 3, subdivision 2; article 4, section 131; proposing coding for new law in Minnesota Statutes, chapters 17; 84D; 86B; 116J; 216E; 237; 383B; repealing Minnesota Statutes 2014, sections 116P.13; 116U.26; 179A.50; 179A.51; 179A.52; 179A.53.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2014, section 116J.8737, subdivision 2, is amended to read:

Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business or qualified greater Minnesota small business for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the business as satisfying the conditions required of a qualified small business or qualified greater Minnesota small business, request additional information from the business, or reject the application for certification. If the commissioner requests additional information from the business, the commissioner must either certify the business or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the business nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$150 application fee. A business that applies for certification and is rejected may reapply.

(c) To receive certification as a qualified small business, a business must satisfy all of the following conditions:

(1) the business has its headquarters in Minnesota;

(2) at least: (i) 51 percent of the business's employees are employed in Minnesota, and; (ii) 51 percent of the business's total payroll is paid or incurred in the state; and (iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in Minnesota, unless the business obtains a waiver under paragraph (i);

(3) the business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:

(i) using proprietary technology to add value to a product, process, or service in a qualified high-technology field;

(ii) researching or developing a proprietary product, process, or service in a qualified high-technology field;

(iii) researching or developing a proprietary product, process, or service in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation; or

(iv) researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

(4) other than the activities specifically listed in clause (3), the business is not engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants;

(5) the business has fewer than 25 employees;

(6) the business must pay its employees annual wages of at least 175 percent of the federal poverty guideline for the year for a family of four and must pay its interns annual wages of at least 175 percent of the federal minimum wage used for federally covered employers, except that this requirement must be reduced proportionately for employees and interns who work less than full-time, and does not apply to an executive, officer, or member of the board of the business, or to any employee who owns, controls, or holds power to vote more than 20 percent of the outstanding securities of the business;

(7) the business has (i) not been in operation for more than ten years, or (ii) not been in operation for more than 20 years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which United States Food and Drug Administration approval is required for use in the treatment or diagnosis of a disease or condition;

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

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

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

(d) In applying the limit under paragraph (c), clause (5), the employees in all members of the unitary business, as defined in section 290.17, subdivision 4, must be included.

(e) In order for a qualified investment in a business to be eligible for tax credits:

(1) the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made;

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

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

(4) the business must not have a liquidation event within 180 days after the date on which the qualified investment was made.

(f) The commissioner must maintain a list of qualified small businesses and qualified greater Minnesota businesses certified under this subdivision for the calendar year and make the list accessible to the public on the department's Web site.

(g) For purposes of this subdivision, the following terms have the meanings given:

(1) "qualified high-technology field" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields;

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted; and

(3) "greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

(h) To receive certification as a qualified greater Minnesota business, a business must satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

(1) the business has its headquarters in greater Minnesota; and

(2) at least: (i) 51 percent of the business's employees are employed in greater Minnesota, and; (ii) 51 percent of the business's total payroll is paid or incurred in greater Minnesota; and (iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in greater Minnesota, unless the business obtains a waiver under paragraph (i).

(i) The commissioner must exempt a business from the requirement under paragraph (c), clause (2), item (iii), if the business certifies to the commissioner that the services required under a contract in connection with the primary business activity cannot be performed in Minnesota if the business otherwise qualifies as a qualified small business, or in greater Minnesota if the business otherwise qualifies as a qualified greater Minnesota business. The business must submit the certification required under this paragraph every six months from the month the exemption was

granted. The exemption allowed under this paragraph must be submitted in a form and manner prescribed by the commissioner.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2015.

Sec. 2. [270C.22] TAX TIME SAVINGS GRANT PROGRAM.

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

(b) "Financial capability services" means any of the following:

(1) assistance with opening a savings or transactional account that meets the Federal Deposit Insurance Corporation's model safe accounts template standards;

(2) assistance with depositing all or part of a tax refund into a savings or transactional account;

(3) assistance with obtaining and reviewing a consumer report or credit score, as those terms are defined in United States Code, title 15, section 1681a;

(4) assistance with obtaining and reviewing a banking history report;

(5) financial coaching, or referral to financial coaching services, as provided in section 256E.35, subdivision 4a;

(6) National Foundation for Credit Counseling certified consumer credit and debt counseling or referral to these services;

(7) enrollment in a matched or incentivized savings program, including the provision of matching or incentive funds;

(8) assistance with purchasing federal retirement savings bonds, as described in Code of Federal Regulations, title 31, part 347; or

(9) assistance with purchasing a Series I United States Savings Bond with all or part of a tax refund.

(c) "Transactional account" means a traditional demand deposit account or a general purpose reloadable prepaid card offered by a bank or credit union.

(d) "TCE" means the Tax Counseling for the Elderly program established by the Internal Revenue Service.

(e) "VITA" means the Volunteer Income Tax Assistance program established by the Internal Revenue Service.

Subd. 2. **Creation.** The commissioner of revenue shall establish a tax time savings grant program to make grants to one or more nonprofit organizations to fund the integration of financial capability services into the delivery of taxpayer assistance services funded by grants under section 270C.21.

Subd. 3. **Qualified applicant.** To be eligible to receive a grant under the tax time savings grant program, an applicant must:

(1) qualify under section 501(c)(3) of the Internal Revenue Code and be registered with the Internal Revenue Service as part of either the VITA or TCE programs; and

(2) commit to dedicate at least one staff or volunteer position to coordinate financial capability services at a VITA or TCE program site and to offer VITA or TCE program participants free assistance with the initiation through completion of:

(i) opening a savings and a transactional account that meet the Federal Deposit Insurance Corporation's model safe accounts template standards;

(ii) depositing all or part of a tax refund into a savings or transactional account; and

(iii) purchasing a Series I United States Savings Bond with all or part of a tax refund.

Subd. 4. **Conflict of interest.** (a) No applicant may receive direct compensation from a bank, credit union, other financial services provider, or vendor in exchange for the applicant offering to program participants the products or services of that bank, credit union, other financial services provider, or vendor.

(b) No applicant may receive funding from a bank, credit union, other financial services provider, or vendor that is contingent on the applicant offering products or services of that bank, credit union, other financial services provider, or vendor to program participants.

(c) An applicant may receive funding from a bank, credit union, other financial services provider, or vendor that is not in exchange for or contingent upon the applicant offering products or services of that bank, credit union, other financial services provider, or vendor to program participants.

Subd. 5. **Permitted use of grant funds.** (a) A grant recipient may use grant funds to dedicate a staff or volunteer position to coordinate financial capability services at a VITA or TCE site and to offer VITA or TCE program participants free assistance with the initiation through completion of:

(1) opening a savings and a transactional account that meet the Federal Deposit Insurance Corporation's model safe accounts template standards;

(2) depositing all or part of a tax refund into a savings or transactional account; and

(3) purchasing a Series I United States Savings Bond with all or part of a tax refund.

(b) A grant recipient who offers all of the financial capability services enumerated in paragraph (a) may also use grant funds to provide one or more additional financial capability services to VITA or TCE program participants at no cost to the participant.

Sec. 3. Minnesota Statutes 2015 Supplement, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~2014~~ 2015.

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

Sec. 4. Minnesota Statutes 2015 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. **Net income.** The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and

any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, ~~2014~~ 2015, shall be in effect for taxable years beginning after December 31, 1996.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19 to 19f mean the code in effect for purposes of determining net income for the applicable year.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 5. Minnesota Statutes 2014, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute; and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except:

(A) the portion of the exempt-interest dividends exempt from state taxation under the laws of the United States; and

(B) the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental

agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends, including any dividends exempt under subitem (A), that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the state itemized deduction exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, minus any addition that would have been required under clause (17) if the taxpayer had claimed the standard deduction. For the purpose of this clause, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed under clause (15);

(3) the capital gain amount of a lump-sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and taxes based on net income paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

(5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10 other than expenses or interest used in computing net interest income for the subtraction allowed under subdivision 19b, clause (1);

(6) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(7) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed;

(8) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by under the dollar limits of section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(9) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

(10) the amount of expenses disallowed under section 290.10, subdivision 2;

(11) for taxable years beginning before January 1, 2010, the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;

(12) for taxable years beginning before January 1, 2010, the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income;

(13) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code;

(14) changes to federal taxable income attributable to a net operating loss that the taxpayer elected to carry back for more than two years for federal purposes but for which the losses can be carried back for only two years under section 290.095, subdivision 11, paragraph (c);

(15) the amount of disallowed itemized deductions, but the amount of disallowed itemized deductions plus the addition required under clause (2) may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, and reduced by any addition that would have been required under clause (17) if the taxpayer had claimed the standard deduction:

(i) the amount of disallowed itemized deductions is equal to the lesser of:

(A) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

(B) 80 percent of the amount of the itemized deductions otherwise allowable to the taxpayer under the Internal Revenue Code for the taxable year;

(ii) the term "applicable amount" means \$100,000, or \$50,000 in the case of a married individual filing a separate return. Each dollar amount shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof;

(iii) the term "itemized deductions" does not include:

(A) the deduction for medical expenses under section 213 of the Internal Revenue Code;

(B) any deduction for investment interest as defined in section 163(d) of the Internal Revenue Code; and

(C) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or for losses described in section 165(d) of the Internal Revenue Code;

(16) the amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount:

(i) the disallowed personal exemption amount is equal to the number of personal exemptions allowed under section 151(b) and (c) of the Internal Revenue Code multiplied by the dollar amount for personal exemptions under section 151(d)(1) and (2) of the Internal Revenue Code, as adjusted for inflation by section 151(d)(4) of the Internal Revenue Code, and by the applicable percentage;

(ii) "applicable percentage" means two percentage points for each \$2,500 (or fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the applicable percentage exceed 100 percent;

(iii) the term "threshold amount" means:

(A) \$150,000 in the case of a joint return or a surviving spouse;

(B) \$125,000 in the case of a head of a household;

(C) \$100,000 in the case of an individual who is not married and who is not a surviving spouse or head of a household; and

(D) \$75,000 in the case of a married individual filing a separate return; and

(iv) the thresholds shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; ~~and~~

(17) to the extent deducted in the computation of federal taxable income, for taxable years beginning after December 31, 2010, and before January 1, 2014, the difference between the standard deduction allowed under section 63(c) of the Internal Revenue Code and the standard deduction allowed for 2011, 2012, and 2013 under the Internal Revenue Code as amended through December 1, 2010; and

(18) to the extent deducted in the computation of federal taxable income, the amount of charitable contributions under section 170 of the Internal Revenue Code used to claim the credit under section 290.06, subdivision 37.

EFFECTIVE DATE. The change to clause (8) is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes. Clause (18) is effective for taxable years beginning after December 31, 2015.

Sec. 6. Minnesota Statutes 2014, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (12), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(9) job opportunity building zone income as provided under section 469.316;

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, including compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05, subdivision 5b, and "active service" includes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

(12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

(14) to the extent included in the federal taxable income of a nonresident of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

(15) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program;

(16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under subdivision 19a, clause (13);

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

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

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

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

~~(21) to the extent included in federal taxable income, the amount of qualified transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal Revenue Code. The subtraction is limited to the lesser of the amount of qualified transportation fringe benefits received in excess of the limitations under section 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A) of the Internal Revenue Code.~~

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 7. Minnesota Statutes 2014, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. **Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 and 965 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(9) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(10) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(11) any increase in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

(12) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

(13) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by under the dollar limits of section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(14) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

(15) the amount of expenses disallowed under section 290.10, subdivision 2; ~~and~~

(16) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code; and

(17) to the extent deducted in the computation of federal taxable income, the amount of charitable contributions under section 170 of the Internal Revenue Code used to claim the credit under section 290.06, subdivision 37.

EFFECTIVE DATE. The change to clause (13) is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes. Clause (17) is effective for taxable years beginning after December 31, 2015.

Sec. 8. Minnesota Statutes 2015 Supplement, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~2014~~ 2015. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as amended through March 18, 2010.

EFFECTIVE DATE. This section is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 9. Minnesota Statutes 2014, section 290.06, is amended by adding a subdivision to read:

Subd. 37. **Prepared food donation credit.** (a) A qualifying taxpayer is allowed a credit against the tax imposed by this chapter equal to 20 percent of the taxpayer's eligible charitable food donation. The credit may not exceed the taxpayer's liability for tax and may not be carried forward to any other taxable year.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "eligible charitable food donation" means a contribution of prepared food allowable as a charitable deduction for the taxable year under section 170(a) of the Internal Revenue Code, subject to the limitations of section 170(b) of the Internal Revenue Code, and determined without regard to whether or not the taxpayer itemizes deductions;

(2) "prepared food" means food that meets all quality and labeling standards imposed by federal, state, and local laws and regulations even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other conditions, and includes:

(i) food which is cooked or heated by the qualifying taxpayer;

(ii) two or more ingredients mixed together to be eaten as a single item; and

(iii) any ingredients supplied for ingestion or chewing by humans that are consumed for their taste or nutritional value;

(3) "qualifying taxpayer" means any restaurant making a charitable food donation in Minnesota; and

(4) "restaurant" means any facility:

(i) which is operated for profit;

(ii) where the usual and customary business is the serving of meals to consumers;

(iii) which has a kitchen within the facility; and

(iv) which receives at least 70 percent of its gross receipts from the sale of prepared food.

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

(d) Credits allowed to a partnership, a limited liability company taxed as a partnership, an S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's income for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2015.

Sec. 10. Minnesota Statutes 2015 Supplement, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code without regard to the earned income or adjusted gross income limitations.

(b) For individuals with no qualifying children, the credit equals ~~2.10~~ 3.0 percent of the first ~~\$6,180~~ \$6,500 of earned income. The credit is reduced by ~~2.01~~ 3.0 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~ \$12,000, but in no case is the credit less than zero. For individuals qualifying under this paragraph, the taxpayer must have been at least 21 years of age, but under 65 years of age, at the end of the tax year.

(c) For individuals with one qualifying child, the credit equals ~~9.35~~ 12.71 percent of the first ~~\$11,120~~ \$8,350 of earned income. The credit is reduced by ~~6.02~~ 5.2 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~ \$21,620, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals ~~11~~ 14.94 percent of the first ~~\$18,240~~ \$13,700 of earned income. The credit is reduced by ~~10.82~~ 9.2 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$25,130~~ \$25,640, but in no case is the credit less than zero.

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

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

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

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

(h)(1) For tax years beginning after December 31, 2012, and before January 1, 2014, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are increased by \$5,340 for married taxpayers filing joint returns; and (2) For tax years beginning after December 31, 2013 2015, and before January 1, 2018, the \$8,130 \$12,000 in paragraph (b), the \$21,190 \$21,620 in paragraph (c), and the \$25,130 \$25,640 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 \$5,550 for married taxpayers filing joint returns. For tax years beginning after December 31, 2010, and before January 1, 2012, and for tax years beginning after December 31, 2013 2016, and before January 1, 2018, the commissioner shall annually adjust the \$5,000 \$5,550 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" "2015" shall be substituted for the word "1992." For 2011 2017, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008 2015, to the 12 months ending on August 31, 2010 2016, and in each subsequent year, from the 12 months ending on August 31, 2008 2015, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

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

EFFECTIVE DATE. This section is effective for tax years beginning after December 31, 2015.

Sec. 11. [290.0693] CITIZENSHIP CREDIT.

Subdivision 1. Credit allowed. An individual is allowed a credit against the tax imposed by this chapter equal to qualified citizenship expenses paid for a qualified citizen applicant. The maximum credit per qualified citizen applicant is \$700.

Subd. 2. Limitations on credit. (a) The credit is not allowed if the sum of an individual's income and the individual's spouse's income exceeds 200 percent of the federal poverty guideline.

(b) For an individual who is not a Minnesota resident for the entire year, the credit must be apportioned using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

(c) The credit is not allowed to an individual who is eligible to be claimed as a dependent.

(d) The credit is not allowed for a qualified citizenship applicant who qualifies for a federal waiver of qualified citizenship expenses.

Subd. 3. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Dependent" has the meaning given in sections 151 and 152 of the Internal Revenue Code.

(c) "Federal poverty guideline" means the guideline most recently published in the Federal Register, adjusted for family size.

(d) "Income" has the meaning given in section 290.067, subdivision 2a.

(e) "Qualified citizenship expenses" means filing fees, including both application and biometric fingerprint fees, paid to the United States Citizenship and Immigration Services in connection with an N-400 naturalization application for a qualified citizenship applicant.

(f) "Qualified citizenship applicant" means the individual, the individual's spouse, or a dependent of the individual.

Subd. 4. **Credit refundable.** If the amount of credit that the claimant is eligible to receive under this section exceeds the claimant's liability for tax under this chapter, the commissioner of revenue shall refund the excess to the claimant.

Subd. 5. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2015.

Sec. 12. **[290.0694] CREDIT FOR NAMELESS JOB APPLICATION REVIEW PROCESS IMPLEMENTATION.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Nameless job application review process" means a system or process that:

(1) removes the name of job applicants prior to review of the applicant's application or request for interview, whether submitted in writing or online; and

(2) prevents any person reviewing job applications or requests for interview from knowing the name of the applicant prior to or during review of the applicant's job application or request for interview.

(c) "Qualified employer" means an employer that maintains a nameless job application review process registered with the commissioner of human rights under subdivision 3.

Subd. 2. **Credit allowed.** (a) A qualified employer who is required to file a return under section 289A.08, subdivision 1, 2, or 3, is allowed a credit against the tax due under this chapter equal to \$100 per employee employed in Minnesota, up to \$40,000 per taxable year. The number of employees equals the average number of full-time equivalent employees employed by the qualified employer in the 12 months immediately preceding registration with the commissioner of human rights.

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

Subd. 3. **Credit refundable.** (a) If the amount of credit that an individual is allowed under this section exceeds the individual's tax liability under this chapter, the commissioner shall refund the excess to the individual.

(b) The total amount of credits allocated in a calendar year must not exceed \$1,000,000. Credits must be processed and issued in the order that complete and accurate returns are filed by the claimant.

Subd. 4. **Registration requirement.** (a) An employer must register with the commissioner of human rights to become a qualified employer. The registration must be in a form and manner prescribed by the commissioner of human rights in consultation with the commissioner of revenue.

(b) The commissioner of human rights must implement procedures to verify the information in an employer's registration to become a qualified employer and to monitor a qualified employer's compliance in maintaining a nameless job application review process.

(c) A qualified employer must annually renew its registration with the commissioner of human rights. An employer that ceases to be a qualified employer at any time during a taxable year is not allowed the credit under this section.

Subd. 5. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2015.

Sec. 13. **[290.0695] STUDENT LOAN CREDIT.**

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

(b) "Education profession" means:

(1) a full-time job in public education; early childhood education, including licensed or regulated child care, Head Start, and state-funded prekindergarten; school-based library sciences; and other school-based services; or

(2) a full-time job as a faculty member at a tribal college or university as defined in section 1059c(b) of the Internal Revenue Code, and other faculty teaching in high-needs subject areas or areas of shortage, including nurse faculty, foreign language faculty, and part-time faculty at community colleges, as determined by the United States Secretary of Education.

(c) "Eligible individual" means an individual who has one or more qualified education loans related to an undergraduate or graduate degree program at a postsecondary educational institution.

(d) "Eligible loan payments" means the amount the eligible individual paid during the taxable year to pay principal and interest on qualified education loans.

(e) "Modified adjusted gross income" has the meaning given in section 221(b)(2)(C) of the Internal Revenue Code.

(f) "Postsecondary educational institution" means a postsecondary institution eligible for state student aid under section 136A.103 or, if the institution is not located in this state, a postsecondary institution participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, Public Law 89-329, as amended.

(g) "Public service job" means a full-time job in emergency management; government, excluding time served as a member of Congress; military service; public safety; law enforcement; public health, including nurses, nurse practitioners, nurses in a clinical setting, and full-time professionals engaged in health care practitioner occupations and health care support occupations, as such terms are defined by the Bureau of Labor Statistics; social work in a public child or family service agency; public interest law services including prosecution or public defense or legal advocacy on behalf of low-income communities at a nonprofit organization; public service for individuals with disabilities or public service for the elderly; public library sciences; or at an organization that is described in section 501(c)(3) of the Internal Revenue Code and exempt from taxation under section 501(a) of the Internal Revenue Code.

(h) "Qualified education loan" has the meaning given in section 221 of the Internal Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual or the eligible individual's spouse.

Subd. 2. **Credit allowed.** (a) An eligible individual or the parent of an eligible individual is allowed a credit against the tax due under this chapter. The credit equals a percentage of eligible loan payments in excess of ten percent of adjusted gross income, up to \$1,000, as follows:

- (1) for eligible individuals, 50 percent;
- (2) for eligible individuals in a public service job, 65 percent; and
- (3) for eligible individuals in an education profession, 75 percent.

(b) The credit for the parent of an eligible individual, eligible individual in a public service job, or eligible individual in an education profession equals the amount of eligible loan payments made by the parent of the eligible individual, eligible individual in a public service job, or eligible individual in an education profession during the taxable year, up to \$1,000, less the amount of credit allowed to the eligible individual, eligible individual in a public service job, or eligible individual in an education profession under paragraph (a).

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

(d) An eligible individual or the parent of an eligible individual may receive the credit under this section without regard to the individual's eligibility for the public service loan forgiveness program under United States Code, title 20, section 1087e(m).

Subd. 3. **Credit refundable.** If the amount of credit that an individual who is a resident or part-year resident of Minnesota is eligible to receive under this section exceeds the individual's tax liability under this chapter, the commissioner shall refund the excess to the individual. For a nonresident taxpayer, the credit may not exceed the taxpayer's liability for tax under this chapter.

Subd. 4. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2015.

Sec. 14. **[290.0696] READING CREDIT.**

Subdivision 1. **Reading credit.** (a) A taxpayer is allowed a credit, up to \$3,000, against the tax imposed by this chapter. The credit amount equals 75 percent of the amount of eligible expenses paid by a taxpayer who is a parent or guardian of a qualifying child:

(1) who has been evaluated for determination of a specific learning disability under Minnesota Rules, part 3525.1341, or by a licensed psychologist; and

(2) for whom the evaluation indicated a determination of dyslexia, a specific learning disability, or a deficit in basic reading skills, reading comprehension, reading fluency, or spelling.

(b) For purposes of this subdivision, the following definitions apply:

(1) "eligible expenses" means actual expenses, less the amount of expenses used to claim the credit under section 290.0674, subdivision 1, paid by the taxpayer for tutoring, instruction, treatment by an instructor, or an evaluation under paragraph (a), clause (1), and not compensated by insurance, pretax account, or otherwise, for purposes of meeting the academic standards required under section 120B.021;

(2) "instructor" means a person qualifying under section 120A.22, subdivision 10, clauses (1) to (5), who is not a lineal ancestor or sibling of the qualifying child;

(3) "treatment" means instruction that:

(i) teaches language decoding skills in a systematic manner;

(ii) uses recognized diagnostic assessments to determine what intervention would be most appropriate for individual students; and

(iii) employs a research-based method; and

(4) "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code.

(c) A taxpayer claiming the credit under this subdivision must provide documentation of eligibility for the credit in a form and manner prescribed by the commissioner in consultation with the commissioner of education. The documentation under this paragraph must not disclose any information other than that necessary to prove eligibility for the credit allowed under this subdivision.

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

(e) The amount used to claim the credit under this section must be excluded from any amount subtracted from federal taxable income under section 290.01, subdivision 19b, clause (3).

Subd. 2. **Assignment of refunds.** The provisions of section 290.0679, except for subdivision 1, paragraphs (a) and (b), apply to the assignment of refunds authorized under this section. For purposes of assignment of refund under this section, "qualifying taxpayer" means a taxpayer qualified to receive a credit under this section. In no case shall any condition for assignment require disclosure of the specific findings of an evaluation for a specific learning disability.

Subd. 3. **Credit refundable.** If the amount of total credits that the claimant is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant.

Subd. 4. **Appropriation.** An amount sufficient to pay the refunds authorized under this section is appropriated to the commissioner from the general fund.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2015.

Sec. 15. **[290.0697] CREDIT FOR PARENTS OF STILLBORN CHILDREN.**

Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax imposed by this chapter equal to \$2,000 for each birth for which a certificate of birth resulting in stillbirth has been issued under section 144.2151. The credit under this section is allowed only in the taxable year in which the stillbirth occurred and if the child would have been a dependent of the taxpayer as defined in section 152 of the Internal Revenue Code.

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

Subd. 2. **Credit refundable.** If the amount of credit that an individual is allowed under this section exceeds the individual's tax liability under this chapter, the commissioner shall refund the excess to the individual.

Subd. 3. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2015.

Sec. 16. Minnesota Statutes 2014, section 290.091, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; and

(iv) the impairment-related work expenses of a disabled person;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion

allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); ~~and~~

(6) the amount of addition required by section 290.01, subdivision 19a, clauses (7) to (9), and (11) to (14); and

(7) the amount of the addition required by section 290.01, subdivision 19a, clause (18);

less the sum of the amounts determined under the following:

(1) interest income as defined in section 290.01, subdivision 19b, clause (1);

(2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income;

(3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (6), (8) to (14), and (16); ~~and (21)~~; and

(5) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c).

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Net minimum tax" means the minimum tax imposed by this section.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

EFFECTIVE DATE. Paragraph (a), clause (7), is effective for taxable years beginning after December 31, 2015. The change to paragraph (a), the second clause (4), is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes were effective for federal purposes.

Sec. 17. Minnesota Statutes 2015 Supplement, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~2014~~ 2015.

EFFECTIVE DATE. This section is effective retroactively for property tax refunds based on property taxes payable after December 31, 2015, and rent paid after December 31, 2014.

Sec. 18. Minnesota Statutes 2015 Supplement, section 291.005, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes under the Internal Revenue Code, increased by the value of any property in which the decedent had a qualifying income interest for life and for which an election was made under section 291.03, subdivision 1d, for Minnesota estate tax purposes, but was not made for federal estate tax purposes.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through December 31, ~~2014~~ 2015.

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

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

(6) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

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

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

(i) real property, the state or country in which it is located;

(ii) tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death or for a gift of tangible personal property within three years of death, the state or country in which it was normally kept or located when the gift was executed;

(iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue Code, owned by a nonresident decedent and that is normally kept or located in this state because it is on loan to an organization, qualifying as exempt from taxation under section 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

(iv) intangible personal property, the state or country in which the decedent was domiciled at death or for a gift of intangible personal property within three years of death, the state or country in which the decedent was domiciled when the gift was executed.

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

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

(i) an entity electing S corporation status under section 1362 of the Internal Revenue Code;

(ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

(iii) a single-member limited liability company or similar entity, regardless of whether it is taxed as an association or is disregarded for federal income tax purposes under Code of Federal Regulations, title 26, section 301.7701-3; or

(iv) a trust to the extent the property is includible in the decedent's federal gross estate; but excludes

(v) an entity whose ownership interest securities are traded on an exchange regulated by the Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

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

Sec. 19. **AMENDED RETURNS.**

Subdivision 1. Certain IRA rollovers. An individual who excludes an amount from net income in a prior taxable year through rollover of an airline payment amount to a traditional IRA, as authorized under Public Law 114-113, division Q, title III, section 307, may file an amended individual income tax return and claim for refund of state taxes as provided under Minnesota Statutes, section 289A.40, subdivision 1, or, if later, by September 1, 2016.

Subd. 2. Exclusion for certain incarcerated individuals. An individual who excludes from net income in a prior taxable year civil damages, restitution, or other monetary award received as compensation for a wrongful incarceration, as authorized under Public Law 114-113, division Q, title III, section 304, may file an amended individual income tax return and claim for refund of state taxes as provided under Minnesota Statutes, section 289A.40, subdivision 1, or, if later, by September 1, 2016.

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

Sec. 20. TAX TIME SAVINGS GRANT PROGRAM APPROPRIATION.

(a) \$400,000 is appropriated in fiscal year 2017 from the general fund to the commissioner of revenue to make grants under the tax time savings grant program under Minnesota Statutes, section 270C.22. Of this amount, up to five percent may be used for the administration of the tax time savings grant program.

(b) The base funding for the grant program authorized under paragraph (a) is \$400,000 each year.

Sec. 21. TAXPAYER ASSISTANCE GRANTS APPROPRIATION.

(a) \$400,000 is appropriated in fiscal year 2017 from the general fund to the commissioner of revenue for the provision of taxpayer assistance grants under Minnesota Statutes, section 270C.21, in addition to the current base funding for the program. Of the amount appropriated under this paragraph and the current base funding for the provision of taxpayer assistance grants, up to five percent may be used for the administration of the taxpayer assistance grants program.

(b) After fiscal year 2017, the base funding for the program under paragraph (a) is \$800,000 each year.

ARTICLE 2

SALES AND USE

Section 1. Minnesota Statutes 2014, section 297A.66, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution and the laws of the United States, "retailer maintaining a place of business in this state," or a similar term, means a retailer:

(1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an office, place of distribution, sales, storage, or sample room or place, warehouse, or other place of business, including the employment of a resident of this state who works from a home office in this state; or

(2) having a representative, including, but not limited to, an affiliate, agent, salesperson, canvasser, or marketplace provider, solicitor, or other third party operating in this state under the authority of the retailer or its subsidiary, for any purpose, including the repairing, selling, delivering, installing, facilitating sales, processing sales, or soliciting of orders for the retailer's goods or services, or the leasing of tangible personal property located in this state, whether the place of business or agent, representative, affiliate, salesperson, canvasser, or solicitor is located in the state permanently or temporarily, or whether or not the retailer, subsidiary, or affiliate is authorized to do business in this state.

(b) "Destination of a sale" means the location to which the retailer makes delivery of the property sold, or causes the property to be delivered, to the purchaser of the property, or to the agent or designee of the purchaser. The delivery may be made by any means, including the United States Postal Service or a for-hire carrier.

Sec. 2. Minnesota Statutes 2014, section 297A.66, subdivision 3, is amended to read:

Subd. 3. **Retailer not maintaining place of business in this state.** (a) To the extent allowed by the United States Constitution and in accordance with the terms and conditions of federal remote

seller law, a retailer making retail sales from outside this state to a destination within this state and not maintaining a place of business in this state shall collect sales and use taxes and remit them to the commissioner under section 297A.77.

(b) To the extent allowed by the United States Constitution and the laws of the United States, a retailer making retail sales from outside this state to a destination within this state and not maintaining a place of business in this state shall collect sales and use taxes and remit them to the commissioner under section 297A.77, if the retailer engages in the regular or systematic soliciting of sales from potential customers in this state by:

(1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) display of advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition in which this state is included as part of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota but which is sold over the counter in Minnesota or by subscription to Minnesota residents;

(7) advertisements broadcast on a radio or television station located in Minnesota; or

(8) any other solicitation by telegraphy, telephone, computer database, cable, optic, microwave, or other communication system;

(9) engaging in direct response marketing in this state, either directly or indirectly through a marketplace provider or other third party. For purposes of this section, "direct response marketing" includes but is not limited to the following:

(i) sending, transmitting, or broadcasting of flyers, newsletters, telephone calls, targeted e-mail, text messages, social media messages, or targeted mailings;

(ii) collecting, analyzing, and utilizing individual data on purchasers or potential purchasers in this state;

(iii) using information or software, including cached files, cached software, cookies, or other data-tracking tools, that are stored in or distributed within this state; or

(iv) conducting any other actions that use persons, tangible property, intangibles, digital files or information, or software in this state in an effort to enhance the probability that a person's contact with a customer in this state will result in a sale to that customer;

(10) conducting any part of the sale process in the state, regardless of whether that part of the process has been subcontracted to an affiliate or third party, including listing products or services for sale, soliciting, branding products, selling products, processing orders, fulfilling orders, providing

customer service, or accepting or assisting with returns or exchanges. The sale process does not include shipping via a common carrier; or

(11) offering its products for sale through one or more marketplaces operated by any marketplace provider required to collect and remit sales and use taxes in this state under this section.

This paragraph must be construed without regard to the state from which distribution of the materials originated or in which they were prepared.

(c) The location within or without this state of independent vendors that provide products or services to the retailer in connection with its solicitation of customers within this state, including such products and services as creation of copy, printing, distribution, and recording, is not considered in determining whether the retailer is required to collect tax.

(d) A retailer not maintaining a place of business in this state is presumed, subject to rebuttal, to be engaged in regular solicitation within this state if it engages in any of the activities in paragraph (b) and:

(1) makes 100 or more retail sales from outside this state to destinations in this state during a period of 12 consecutive months; or

(2) makes ten or more retail sales totaling more than \$100,000 from outside this state to destinations in this state during a period of 12 consecutive months.

Sec. 3. Minnesota Statutes 2014, section 297A.66, subdivision 4, is amended to read:

Subd. 4. **Affiliated entities.** (a) An entity is an "affiliate" of the retailer for purposes of subdivision 1, paragraph (a), if the entity is a related party to the retailer and meets any of the following conditions:

(1) ~~the entity~~ uses its facilities or employees in this state to advertise, promote, or facilitate the establishment or maintenance of a market for sales of items by the retailer to purchasers in this state or for the provision of services to the retailer's purchasers in this state, such as accepting returns of purchases for the retailer, providing assistance in resolving customer complaints of the retailer, or providing other services; ~~and~~

(2) ~~the retailer and the entity are related parties;~~ sells under the same or a similar business name tangible personal property or taxable services similar to that sold by the person against whom the presumption is asserted;

(3) maintains an office, distribution facility, salesroom, warehouse, storage place, or other similar place of business in this state to facilitate the delivery of tangible personal property or taxable services sold by the person against whom the presumption is asserted to that person's in-state customers;

(4) uses, with consent or knowledge of the person against whom the presumption is asserted, trademarks, service marks, or trade names in this state that are the same or substantially similar to those used by the person against whom the presumption is asserted;

(5) delivers, installs, or assembles tangible personal property in this state, or performs maintenance or repair services on tangible personal property in this state, if the tangible personal property is sold to in-state customers by the person against whom the presumption is asserted;

(6) facilitates the delivery of tangible personal property to in-state customers of the person against whom the presumption is asserted by allowing the customers to pick up tangible personal property sold by the person at an office, distribution facility, salesroom, warehouse, storage place, or other similar place of business maintained in this state; or

(7) shares management, business systems, business practices, or employees with the person against whom the presumption is asserted, or engages in intercompany transactions with the person against whom the presumption is asserted related to the activities that establish or maintain the market in this state of the person against whom the presumption is asserted.

(b) Two entities are related parties under this section if one of the entities meets at least one of the following tests with respect to the other entity:

(1) one or both entities is a corporation, and one entity and any party related to that entity in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under the attribution rules of section 318 of the Internal Revenue Code owns directly, indirectly, beneficially, or constructively at least 50 percent of the value of the corporation's outstanding stock;

(2) one or both entities is a partnership, estate, or trust and any partner or beneficiary, and the partnership, estate, or trust and its partners or beneficiaries own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50 percent of the profits, capital, stock, or value of the other entity or both entities; or

(3) an individual stockholder and the members of the stockholder's family (as defined in section 318 of the Internal Revenue Code) owns directly, indirectly, beneficially, or constructively, in the aggregate, at least 50 percent of the value of both entities' outstanding stock;

(4) the entities are related within the meaning of subsections (b) and (c) of section 267 or 707(b)(1) of the Internal Revenue Code; or

(5) the entities have one or more ownership relationships and the relationships were designed with a principal purpose of avoiding the application of this section.

(c) An entity is an affiliate under the provisions of this subdivision if the requirements of paragraphs (a) and (b) are met during any part of the 12-month period ending on the first day of the month before the month in which the sale was made.

Sec. 4. Minnesota Statutes 2014, section 297A.66, is amended by adding a subdivision to read:

Subd. 4b. Marketplace provider and marketplace seller. (a) For purposes of subdivisions 1, paragraph (a), and 4c, "marketplace provider" means any person who facilitates a retail sale by a seller. A marketplace provider facilitates a retail sale when the marketplace provider:

(1) lists or advertises in any forum tangible personal property for sale or taxable services for sale; and

(2) either directly or indirectly through agreements or arrangements with third parties collects payment from the customer and transmits that payment to a seller, regardless of whether the marketplace provider receives compensation or other consideration in exchange for its services.

(b) "Marketplace seller" means a seller that has any sales facilitated by a marketplace provider.

(c) A seller is presumed to have a marketplace provider in this state if the seller enters into an agreement with a marketplace provider that maintains a place of business in the state for the facilitation of retail sales.

(d) This subdivision applies only if the seller's total gross receipts are at least \$10,000 in the 12-month period ending on the last day of the most recent calendar quarter before the calendar quarter in which the sale is made. For purposes of this paragraph, "gross receipts" means receipts from sales to customers located in the state that were facilitated by the marketplace provider.

(e) Nothing in this subdivision shall be construed to narrow the scope of the terms affiliate, agent, salesperson, canvasser, solicitor, or other representative for purposes of subdivision 1, paragraph (a).

(f) This subdivision does not apply to chapter 290 and does not expand or contract the jurisdiction to tax a trade or business under chapter 290.

Sec. 5. Minnesota Statutes 2014, section 297A.66, is amended by adding a subdivision to read:

Subd. 4c. Collection and remittance requirements for marketplace providers and marketplace sellers. (a) A marketplace provider that facilitates sales to customers in this state shall collect sales and use taxes and remit them to the commissioner under section 297A.77.

(b) The requirement under paragraph (a) does not apply to a marketplace provider if the marketplace seller for whom the marketplace provider facilitates a sale either:

(1) provides a copy of the seller's registration to collect sales and use tax in this state to the marketplace provider before the marketplace provider facilitates a sale; or

(2) the marketplace seller appears on a list published by the commissioner of revenue of the entities registered to collect sales and use taxes in this state.

(c) The commissioner of revenue shall promulgate regulations regarding the content and publication of the list under paragraph (b), clause (2). Nothing in this subdivision shall be construed to interfere with the ability of a marketplace provider and a marketplace seller to enter into an agreement regarding fulfillment of the requirements of this chapter.

(d) A marketplace provider is relieved of liability under this subdivision for failure to collect and remit sales and use taxes to the extent that the marketplace provider demonstrates that the error was due to incorrect or insufficient information given to the marketplace provider by the marketplace seller. This paragraph does not apply if the marketplace provider and the marketplace seller are related as defined in subdivision 4, paragraph (b).

Sec. 6. Minnesota Statutes 2014, section 297A.71, is amended by adding a subdivision to read:

Subd. 49. Siding production facility materials. Building materials and supplies for constructing a siding production facility that can produce at least 400,000,000 square feet of siding per year are exempt. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2016.

Sec. 7. Minnesota Statutes 2014, section 297A.71, is amended by adding a subdivision to read:

Subd. 50. Properties destroyed by fire. Building materials, equipment, and supplies for constructing or replacing real property that is located in Madelia affected by the fire on February

3, 2016, are exempt. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2016, and before July 1, 2018.

Sec. 8. Minnesota Statutes 2014, section 297A.71, is amended by adding a subdivision to read:

Subd. 51. Former Duluth Central High School. Materials and supplies used in and equipment incorporated into a private redevelopment project on the site of the former Duluth Central High School are exempt, provided the resulting development is subject to property taxes. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75. The commissioner must not pay more than \$5,000,000 in refunds for purchases exempt under this section. Refunds must be processed and issued in the order that complete and accurate applications are received by the commissioner.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2016, and before January 1, 2018.

Sec. 9. Minnesota Statutes 2014, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

(1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;

(2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;

(3) building materials for correctional facilities under section 297A.71, subdivision 3;

(4) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;

(5) elevators and building materials exempt under section 297A.71, subdivision 12;

(6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;

(7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;

(8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;

(9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);

(10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;

(11) materials, supplies, and equipment for construction, improvement, or expansion of:

- (i) an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42;
 - (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;
 - (iii) a research and development facility exempt under section 297A.71, subdivision 46; and
 - (iv) an industrial measurement manufacturing and controls facility exempt under section 297A.71, subdivision 47;
- (12) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;
- (13) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44;
- (14) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c); ~~and~~
- (15) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44;
- (16) building materials and supplies for constructing a siding facility exempt under section 297A.71, subdivision 49;
- (17) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivision 50; and
- (18) materials and supplies used in and equipment incorporated into a private redevelopment project exempt under section 297A.71, subdivision 51.

EFFECTIVE DATE. Clause (16) is effective for sales and purchases made after June 30, 2016. Clause (17) is effective for sales and purchases made after June 30, 2016, and before July 1, 2018. Clause (18) is effective for sales and purchases made after June 30, 2016, and before January 1, 2018.

Sec. 10. Minnesota Statutes 2014, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

- (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;
- (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;
- (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;
- (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;
- (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;
- (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (8), (11), (12), ~~and~~ (15), and (16), the owner of the qualifying business; ~~and~~

(8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the governmental entity that owns or contracts for the project or facility; and

(9) for subdivision 1, clauses (17) and (18), the applicant must be the owner or developer of the building or project.

EFFECTIVE DATE. The change to clause (7) is effective for sales and purchases made after June 30, 2016. Clause (9) is effective for sales and purchases made after June 30, 2016, and before July 1, 2018, as it pertains to Minnesota Statutes, section 297A.71, subdivision 1, clause (17), and for sales and purchases made after June 30, 2016, and before January 1, 2018, as it pertains to Minnesota Statutes, section 297A.71, subdivision 1, clause (18).

Sec. 11. Minnesota Statutes 2014, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clauses (3) to (13), or (15); to (18), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2016.

Sec. 12. **SEVERABILITY.**

If any provision of sections 1 to 5 or 13 or the application thereof is held invalid, such invalidity shall not affect the provisions or applications of the sections which can be given effect without the invalid provisions or applications.

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

Sec. 13. **EFFECTIVE DATE.**

(a) The provisions of sections 1 to 5 of this article are effective upon a decision by the United States Supreme Court overturning or expanding its decision in Quill Corp. v. North Dakota, 504 U.S. 298 (1992), allowing a state to require retailers without a physical presence in the state to collect and remit sales tax.

(b) Notwithstanding paragraph (a) or the provisions of sections 1 to 5, if a federal law is enacted authorizing a state to impose a requirement to collect and remit sales tax on retailers without a physical presence in the state, the commissioner must enforce the provisions of this section and sections 1 to 5 to the extent allowed under federal law.

(c) The commissioner of revenue shall notify the revisor of statutes when either of the provisions in paragraphs (a) or (b) apply.

ARTICLE 3
PROPERTY TAX

Section 1. [216B.1647] PROPERTY TAX ADJUSTMENT; COOPERATIVE ASSOCIATION.

A cooperative electric association that has elected to be subject to rate regulation under section 216B.026 is eligible to file with the commission for approval of an adjustment for real and personal property taxes, fees, and permits.

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

Sec. 2. Minnesota Statutes 2014, section 272.162, is amended to read:

272.162 RESTRICTIONS ON TRANSFERS OF SPECIFIC PARTS.

Subdivision 1. **Conditions restricting transfer.** When a deed or other instrument conveying a parcel of land is presented to the county auditor for transfer or division under sections 272.12, 272.16, and 272.161, the auditor shall not transfer or divide the land or its net tax capacity in the official records and shall not certify the instrument as provided in section 272.12, if:

(a) The land conveyed is less than a whole parcel of land as charged in the tax lists;

(b) The part conveyed appears within the area of application of municipal or county subdivision regulations adopted and filed under section 394.35 or section 462.36, subdivision 1; and

(c) The part conveyed is part of or constitutes a subdivision as defined in section 462.352, subdivision 12.

Subd. 2. **Conditions allowing transfer.** (a) Notwithstanding the provisions of subdivision 1, the county auditor may transfer or divide the land and its net tax capacity and may certify the instrument if the instrument contains a certification by the clerk of the municipality or designated county planning official:

(a) (1) that the municipality's or county's subdivision regulations do not apply;

(b) (2) that the subdivision has been approved by the governing body of the municipality or county; or

(c) (3) that the restrictions on the division of taxes and filing and recording have been waived by resolution of the governing body of the municipality or county in the particular case because compliance would create an unnecessary hardship and failure to comply would not interfere with the purpose of the regulations.

(b) If any of the conditions for certification by the municipality or county as provided in this subdivision exist and the municipality or county does not certify that they exist within 24 hours after the instrument of conveyance has been presented to the clerk of the municipality or designated county planning official, the provisions of subdivision 1 do not apply.

(c) If an unexecuted instrument is presented to the municipality or county and any of the conditions for certification by the municipality or county as provided in this subdivision exist, the unexecuted instrument must be certified by the clerk of the municipality or the designated county planning official.

Subd. 3. **Applicability of restrictions.** (a) This section does not apply to the exceptions set forth in section 272.12.

(b) This section applies only to land within municipalities or counties which choose to be governed by its provisions. A municipality or county may choose to have this section apply to the property within its boundaries by filing a certified copy of a resolution of its governing body making that choice with the auditor and recorder of the county in which it is located.

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

Sec. 3. [469.501] STATE GENERAL TAX REFUND.

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Job creation zone" means an area including one or more contiguous census tracts, as determined and measured by the United States Census Bureau, where the unemployment rate average is at least 75 percent higher than the statewide average unemployment rate as estimated by the United States Census Bureau using data collected in the most recent American Community Survey.

(d) "Employee" and "wages" have the meanings given in section 290.92, subdivision 1.

Subd. 2. **Eligible business.** (a) An eligible business located within the seven-county metropolitan area, or located outside the seven-county metropolitan area but in a city with a population greater than 40,000, is an employer that: (1) is located in a job creation zone as defined in subdivision 1; (2) pays at least 50 percent of the business's total wages to employees who reside either within the job creation zone where the business is located or any contiguous census tract; and (3) is a for-profit business.

(b) An eligible business located outside the seven-county metropolitan area and in a city or township with a population less than 40,000 is an employer that: (1) pays at least 50 percent of the business's total wages to employees who reside in any job creation zone not located in either the seven-county metropolitan area or in a city located outside the seven-county metropolitan area with a population greater than 40,000; and (2) is a for-profit business.

(c) If a business received a refund under this section in the immediately preceding year, but does not qualify for a refund in the current year because the business is located in an area that no longer meets the requirements of a job creation zone, as defined in subdivision 1, the business may apply for a onetime refund in the current year equal to one-half the amount of the refund issued to the business in the immediately preceding year. A business that relocates outside of a job creation zone shall not be eligible for a refund under this paragraph.

Subd. 3. **Refund; authorized.** The commissioner may approve an application for a refund of the state general tax paid under section 275.025 applicable to that portion of the property occupied by an eligible business. The owner of an eligible business must apply annually to the commissioner by July 1 of each year on a form prescribed by the commissioner in order to receive a refund for that year. Upon approval, the commissioner shall notify the commissioner of revenue by September 1. The refund is equal to the state general tax payable on the property where the eligible business is located multiplied by a ratio, the numerator of which is the area of the property occupied by the

eligible business and the denominator of which is the total area of the property where the business is located. The commissioner of revenue shall pay the amount determined under this section to the eligible business owner by December 1.

Subd. 4. **Appropriation.** The amount necessary to make the refunds under this section is appropriated annually from the general fund to the commissioner of revenue.

Subd. 5. **Report.** By January 15, 2023, the commissioner of employment and economic development must provide a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes and employment including information regarding the refunds issued under this section. The report must include, at a minimum, the number of refunds issued, the amount of each refund, the identification and location of each business that received a refund, and employment data used to determine eligibility under this section. The report must comply with sections 3.195 and 3.197.

Subd. 6. **Sunset.** This section applies to refunds for state general tax payments made for taxes payable in 2016 through taxes payable in 2026.

EFFECTIVE DATE. This section is effective for applications filed in calendar year 2016 for refunds of the state general tax payable in 2016 through 2026.

Sec. 4. Minnesota Statutes 2014, section 473.39, is amended by adding a subdivision to read:

Subd. 1u. **Obligations.** (a) In addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$82,100,000 for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. Of this authorization, after July 1, 2016, the council may issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding \$40,100,000, and after July 1, 2017, the council may issue certificates of indebtedness, bonds, or other obligations in an additional amount not exceeding \$42,000,000.

(b) This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

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

Sec. 5. **[477A.21] RIPARIAN PROTECTION AID.**

Subdivision 1. **Definitions.** (a) When used in this section, the following terms have the meanings given them in this subdivision.

(b) "Public water basins" has the meaning provided in section 103G.005, subdivision 15, clauses (1) to (8) and (11).

(c) "Public watercourses" has the meaning provided in section 103G.005, subdivision 15, clauses (9) and (10).

Subd. 2. **Distribution.** (a) Each county is eligible to receive aid under this section to enforce and implement the riparian protection and water quality practices under section 103F.48. Aid to each county shall equal: (1) each county's share of the total number of acres in the state classified as class 2a under section 273.13, subdivision 23, divided by two; plus (2) each county's share of the number of miles of shoreline of public water basins, each county's share of the number of centerline miles

of public watercourses, and each county's share of the number of miles of public drainage system ditches established under chapter 103E, divided by two; multiplied by (3) \$10,000,000.

(b) Aid to a county shall not be greater than \$200,000 or less than \$25,000. If the sum of aids payable to counties under paragraph (a) is greater or less than the limit under subdivision 4, the commissioner of revenue shall calculate the percentage adjustment necessary so that the total of the aid under paragraph (a) equals the total amount available for aid under subdivision 4.

Subd. 3. **Payments.** The commissioner of revenue must compute the amount of riparian protection aid payable to each county under this section. On or before July 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue the statewide and countywide total of miles of shoreline of public waters basins, the number of centerline miles of public watercourses, and the miles of public drainage system ditches. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county in the following year. The commissioner shall pay riparian protection aid to counties in the same manner and at the same time as aid payments under section 477A.015.

Subd. 4. **Appropriation.** \$10,000,000 for aids payable in 2017 and each year thereafter is appropriated from the general fund to the commissioner of revenue to make the payments required under this section.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2017 and thereafter.

Sec. 6. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243, article 6, section 9, Laws 2000, chapter 490, article 6, section 15, Laws 2008, chapter 154, article 2, section 30, and Laws 2013, chapter 143, article 4, section 33, is amended to read:

Sec. 3. TAX; PAYMENT OF EXPENSES.

(a) The tax levied by the hospital district under Minnesota Statutes, section 447.34, must not be levied at a rate that exceeds the amount authorized to be levied under that section. The proceeds of the tax may be used for all purposes of the hospital district, except as provided in paragraph (b).

(b) 0.015 percent of taxable market value of the tax in paragraph (a) may be used by the Cook ambulance service and the Orr ambulance service for the purpose of:

- (1) ambulance acquisitions for the Cook ambulance service and the Orr ambulance service;
- (2) attached and portable equipment for use in and for the ambulances; and

(3) parts and replacement parts for maintenance and repair of the ambulances, and administrative, operation, or salary expenses for the Cook ambulance service and the Orr ambulance service.

~~The money may not be used for administrative, operation, or salary expenses.~~

(c) The part of the levy referred to in paragraph (b) must be administered by the Cook Hospital and passed on in equal amounts directly to the Cook area ambulance service board and the city of Orr to be used for the purposes in paragraph (b).

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

Sec. 7. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by Laws 2013, chapter 143, article 4, section 36, is amended to read:

Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by resolution of each of their governing bodies, may establish the Cloquet Area Fire and Ambulance Special Taxing District for the purpose of providing fire or ambulance services, or both, throughout the district. In this section, "municipality" means home rule charter and statutory cities, towns, and Indian tribes. The district may exercise all the powers relating to fire and ambulance services of the municipalities that receive fire or ambulance services, or both, from the district. Upon application, any other municipality may join the district with the agreement of the municipalities that comprise the district at the time of its application to join.

EFFECTIVE DATE. This section is effective in Cloquet and Perch Lake Township the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each.

Sec. 8. Laws 2009, chapter 88, article 2, section 46, subdivision 2, is amended to read:

Subd. 2. **Board.** The Cloquet Area Fire and Ambulance Special Taxing District Board is governed by a board made up initially of one or more elected officials of the governing body of each participating municipality in the proportions set out in the establishing resolution, subject to change as provided in the district's charter, if any, or in the district's bylaws. Each municipality's representatives serve at the pleasure of that municipality's governing body.

EFFECTIVE DATE. This section is effective in Cloquet and Perch Lake Township the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each.

Sec. 9. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws 2013, chapter 143, article 4, section 37, is amended to read:

Subd. 3. **Tax.** (a) The district board may impose a property tax on taxable property as provided in this subdivision to pay the costs of providing fire or ambulance services, or both, throughout the district. The board shall annually determine the total amount of the levy that is attributable to the cost of providing fire services and the cost of providing ambulance services within the primary service area. For those municipalities that only receive ambulance services, the costs for the provision of ambulance services shall be levied against taxable property within those municipalities at a rate necessary not to exceed 0.019 percent of the estimated market value. For those municipalities that receive both fire and ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent of estimated market value.

(b) When a member municipality opts to receive fire service from the district or an additional municipality becomes a member of the district, the cost of providing fire services to that community shall be determined by the board and added to the maximum levy amount.

(c) Each county auditor of a county that contains a municipality subject to the tax under this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District. The district may also impose other fees or charges as allowed by law for the provision of fire and ambulance services.

EFFECTIVE DATE. This section is effective in Cloquet and Perch Lake Township the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each.

Sec. 10. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

Subd. 4. **Public indebtedness.** (a) The district may incur debt in the manner provided for a municipality by Minnesota Statutes, chapter 475, and may issue certificates of indebtedness or capital notes in the manner provided for a city by Minnesota Statutes, section 412.301, when necessary to accomplish its duties, except that the district may not incur debt or issue obligations until first obtaining the approval of a majority of the electors voting on the question of issuing the obligation. The debt service for debt used to finance capital costs for ambulance service shall be levied against taxable property within the municipalities in the primary service area. The debt service for debt used to finance capital costs for fire service shall be levied against taxable property within municipalities receiving fire services. The district board shall pledge its full faith and credit and taxing power without limitation as to rate or amount for the payment of the district's debt.

(b) For purposes of this subdivision, "municipality" has the definition given in Minnesota Statutes, sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph (c).

EFFECTIVE DATE. This section is effective in Cloquet and Perch Lake Township the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each.

Sec. 11. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district may be given only in the month of January, with a minimum of twelve months notice of intent to withdraw. Withdrawal becomes effective for taxes levied pursuant to subdivision 3 in the year when the notice is given. A property tax on taxable property located in a withdrawing municipality that has been levied by the district pursuant to subdivision 4 remains in effect until the obligations outstanding on the date of withdrawal are satisfied, including any property tax levied in connection with refunding such obligations. The district and its members may also develop and agree upon other continuing obligations after withdrawal of a municipality.

EFFECTIVE DATE. This section is effective in Cloquet and Perch Lake Township the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each.

Sec. 12. **2016 TOWNSHIP BOARD APPEALS AND EQUALIZATION COURSE WAIVER.**

If a city or town that conducts local board of appeal and equalization meetings certified by February 1, 2016, that it was in compliance with the requirements of Minnesota Statutes, section 274.014, subdivision 2, but no member of the local board who has attended an appeal and equalization course training within the preceding four years attended the local board's meeting for 2016, that local board shall have its powers reinstated for the 2017 assessment by resolution of the governing body of the city or town, and by certifying it is in compliance with the requirements of Minnesota Statutes, section 274.014, subdivision 2. The resolution and certification must be provided to the county assessor by February 1, 2017.

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

Sec. 13. LAKE MILLE LACS AREA PROPERTY TAX ABATEMENT RECOMMENDATION.

The commissioner of revenue must prepare a written recommendation to the house of representatives and senate taxes committees regarding the potential use of property tax abatements in providing economic relief for businesses in the vicinity of Lake Mille Lacs that were negatively affected by early closing of the walleye fishing season in 2015. The recommendations must include:

- (1) a proposed definition of an economic relief area in the vicinity of the lake;
- (2) an overview of the impact of the early closing on businesses in the relief area;
- (3) a discussion of the economic benefits a property tax abatement program would provide to businesses in the relief area; and
- (4) parameters for an abatement program.

The recommendation required under this section is due by January 2, 2017.

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

Sec. 14. SOCCER STADIUM PROPERTY TAX EXEMPTION; SPECIAL ASSESSMENT.

Any real or personal property acquired, owned, leased, controlled, used, or occupied by the city of St. Paul for the primary purpose of providing a stadium for a Major League Soccer team is declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and is exempt from ad valorem taxation by the state or any political subdivision of the state, provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. In determining the special benefit received by the properties, no possible use of any of the properties in any manner different from their intended use for providing a Major League Soccer stadium at the time may be considered. Notwithstanding Minnesota Statutes, section 272.01, subdivision 2, or 273.19, real or personal property subject to a lease or use agreement between the city and another person for uses related to the purposes of the operation of the stadium and related parking facilities is exempt from taxation regardless of the length of the lease or use agreement. This section, insofar as it provides an exemption or special treatment, does not apply to any real property that is leased for residential, business, or commercial development or other purposes different from those necessary to the provision and operation of the stadium.

EFFECTIVE DATE. This section is effective upon approval by the St. Paul City Council and compliance with Minnesota Statutes, section 645.021.

Sec. 15. APPROPRIATION.

\$1,200,000 in fiscal year 2016 is appropriated from the general fund to the commissioner of revenue for a grant to the city of Madelia that shall be paid by June 30, 2016. This appropriation is onetime.

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

ARTICLE 4
LOCAL DEVELOPMENT

Section 1. Laws 2008, chapter 154, article 9, section 21, subdivision 2, is amended to read:

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, economic development district, soil condition district, or a soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area (excluding street and railroad right of way) are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of residential or commercial buildings or infrastructure;

(2) soils or terrain that requires substantial filling in order to permit the development of commercial or residential buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) through (5), a parcel is deemed to be characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is deemed to be characterized by substandard buildings if the buildings occupy at least 30 percent of the area of the parcel.

(d) The four-year rule under Minnesota Statutes, section 469.176, subdivision 6, is extended to nine years for any district. The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years for any district, and section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding anything to the contrary in section 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax increments paid by properties in any district (measured over the life of the district) may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district; and

(2) except as otherwise provided in this subdivision, increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of paragraph (f) and Minnesota Statutes, section 469.176, subdivisions 4b, 4c, and 4j.

(h) Increments from any district may not be used to pay the costs of landfill closure or public infrastructure located on the following parcels within the plat known as Burnsville Amphitheater: Lot 1, Block 1; Lots 1 and 2, Block 2; and Outlots A, B, C and D.

(i) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires on December 31, ~~2018~~ 2020.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Burnsville and compliance with the requirements of Minnesota Statutes, section 645.021.

Sec. 2. Laws 2014, chapter 308, article 6, section 9, is amended to read:

Sec. 9. **CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

(b) "City" means the city of Maple Grove.

(c) "Project area" means all or a portion of the area in the city commencing at a point 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23, thence south along said west line a distance of 1,200 feet; thence easterly to the east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence South along the east line of said Outlot A and its southerly extension to the south right-of-way line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east line to the north line of the South Half of the Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way line of Jefferson Highway North; thence southerly along the westerly right-of-way line of Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane

North to the westerly extension of the north line of Outlot A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate 694 to its intersection with the southerly extension of the easterly right-of-way line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning and there terminating, provided that the project area includes the rights-of-way for all present and future highway interchanges abutting the area described in this paragraph, and may include any additional property necessary to cause the property included in the tax increment financing district to consist of complete parcels.

(d) "Soil deficiency district" means a type of tax increment financing district consisting of a portion of the project area in which the city finds by resolution that the following conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), but excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before completion of the preparation.

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that require substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to eight years for any district, and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district;

(2) increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district; and

(3) any parcel acquired with increments from the district must be sold at no less than their fair market value.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

(h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires June 30, 2020.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Maple Grove and compliance with the requirements of Minnesota Statutes, section 645.021.

Sec. 3. CITY OF ANOKA; TIF DISTRICT.

For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the city of Anoka's Greens of Anoka redevelopment tax increment financing district is deemed to be certified on June 29, 2012, rather than its actual certification date of July 2, 2012, and the provisions of Minnesota Statutes, section 469.1763, subdivisions 3 and 4, apply as if the district were certified on that date.

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

Sec. 4. CITY OF EDINA; APPROVAL OF 2014 SPECIAL LAW.

Notwithstanding the provisions of Minnesota Statutes, section 645.021, subdivision 3, the chief clerical officer of the city of Edina may file the city's certificate of its approval of Laws 2014, chapter 308, article 6, section 8, by June 30, 2016, and, if the certificate is so filed and the requirements of Minnesota Statutes, section 645.021, subdivision 3, are otherwise complied with, the special law is deemed approved, and all actions taken by the city prior to the effective date of this section in reliance on Laws 2014, chapter 308, article 6, section 8, are deemed consistent with Laws 2014, chapter 308, article 6, section 8, and this act.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval as an amendment to the provisions of Laws 2014, chapter 308, article 6, section 8.

Sec. 5. CITY OF NORTHFIELD; TAX INCREMENT FINANCING.

The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, are considered to be met for the Riverfront Tax Increment Financing District in the city of Northfield, if the activities are undertaken prior to July 12, 2017.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Northfield and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 5

IRON RANGE RESOURCES AND REHABILITATION BOARD

Section 1. Minnesota Statutes 2014, section 15.38, subdivision 7, is amended to read:

Subd. 7. **Iron Range resources and rehabilitation Board.** After seeking a recommendation from the Iron Range Resources and Rehabilitation Board, the commissioner of Iron Range resources and rehabilitation Board may purchase insurance it considers the commissioner deems necessary and appropriate to insure facilities operated by the board.

Sec. 2. Minnesota Statutes 2014, section 116J.424, is amended to read:

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

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

Sec. 3. Minnesota Statutes 2014, section 216B.161, subdivision 1, is amended to read:

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

(b) "Area development rate" means a rate schedule established by a utility that provides customers within an area development zone service under a base utility rate schedule, except that charges may be reduced from the base rate as agreed upon by the utility and the customer consistent with this section.

(c) "Area development zone" means a contiguous or noncontiguous area designated by an authority or municipality for development or redevelopment and within which one of the following conditions exists:

(1) obsolete buildings not suitable for improvement or conversion or other identified hazards to the health, safety, and general well-being of the community;

(2) buildings in need of substantial rehabilitation or in substandard condition; or

(3) low values and damaged investments.

(d) "Authority" means a rural development financing authority established under sections 469.142 to 469.151; a housing and redevelopment authority established under sections 469.001 to 469.047; a port authority established under sections 469.048 to 469.068; an economic development authority established under sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to 469.165; the commissioner of Iron Range resources and rehabilitation, acting after consultation with the board established under section 298.22; a municipality that is administering a development district created under sections 469.124 to 469.133 or any special law; a municipality that undertakes a project under sections 469.152 to 469.165, except a town located outside the metropolitan area as defined in section 473.121, subdivision 2, or with a population of 5,000 persons or less; or a municipality that exercises the powers of a port authority under any general or special law.

(e) "Municipality" means a city, however organized, and, with respect to a project undertaken under sections 469.152 to 469.165, "municipality" has the meaning given in sections 469.152 to 469.165, and, with respect to a project undertaken under sections 469.142 to 469.151 or a county or multicounty project undertaken under sections 469.004 to 469.008, also includes any county.

Sec. 4. Minnesota Statutes 2014, section 276A.01, subdivision 8, is amended to read:

Subd. 8. **Municipality.** "Municipality" means a city, town, or township located in whole or part within the area. If a municipality is located partly within and partly without the area, the references in sections 276A.01 to 276A.09 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to the property or portion thereof that is located in that portion of the municipality within the area, except that the fiscal capacity of the municipality must be computed upon the basis of the valuation and population of the entire municipality. A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial-industrial development, for reasons other than preserving an agricultural use. The commissioner of Iron Range resources and rehabilitation Board and the commissioner of revenue shall jointly make this determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year. Before making the joint determination, the commissioner of Iron Range resources and rehabilitation shall seek a recommendation from the Iron Range Resources and Rehabilitation Board.

Sec. 5. Minnesota Statutes 2014, section 276A.01, subdivision 17, is amended to read:

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

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

Sec. 6. Minnesota Statutes 2014, section 282.38, subdivision 1, is amended to read:

Subdivision 1. **Development.** In any county where the county board by proper resolution sets aside funds for forest development pursuant to section 282.08, clause (5), item (i), or section 459.06, subdivision 2, the commissioner of Iron Range resources and rehabilitation ~~with the approval of the,~~ after seeking a recommendation from the Iron Range Resources and Rehabilitation Board, may upon request of the county board assist said county in carrying out any project for the long range development of its forest resources through matching of funds or otherwise.

Sec. 7. Minnesota Statutes 2014, section 298.001, subdivision 8, is amended to read:

Subd. 8. **Commissioner.** "Commissioner" means the commissioner of revenue of the state of Minnesota, except that when used in sections 298.22 to 298.227, and 298.291 to 298.298, "commissioner" means the commissioner of Iron Range resources and rehabilitation.

Sec. 8. Minnesota Statutes 2014, section 298.22, subdivision 1a, is amended to read:

Subd. 1a. **Iron Range Resources and Rehabilitation Board.** The Iron Range Resources and Rehabilitation Board consists of the state senators and representatives elected from state senatorial or legislative districts in which one-third or more of the residents reside in a taconite assistance area as defined in section 273.1341. One additional state senator shall also be appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration. All expenditures and projects made by the commissioner shall first be submitted to the board for approval. The board shall recommend approval or disapproval or modification of the expenditures and projects. The expenses of the board shall be paid by the state from the funds raised pursuant to this section. Members of the board may be reimbursed for expenses in the manner provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem payments during the interims between legislative sessions in the manner provided in section 3.099, subdivision 1.

The members shall be appointed in January of every odd-numbered year, and shall serve until January of the next odd-numbered year. Vacancies on the board shall be filled in the same manner as original members were chosen.

Sec. 9. Minnesota Statutes 2014, section 298.22, subdivision 5a, is amended to read:

Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by~~ after requesting a recommendation from the board, may purchase forest lands in the taconite assistance area defined in under section 273.1341 with funds specifically authorized for the purchase. The acquired forest lands must be held in trust for the benefit of the citizens of the taconite assistance area as the Iron Range

Miners' Memorial Forest. The forest trust lands shall be managed and developed for recreation and economic development purposes. The commissioner, ~~upon approval by~~ after requesting a recommendation from the board, may sell forest lands purchased under this subdivision if the ~~board finds~~ commissioner determines that the sale advances the purposes of the trust. Proceeds derived from the management or sale of the lands and from the sale of timber or removal of gravel or other minerals from these forest lands shall be deposited into an Iron Range Miners' Memorial Forest account that is established within the state financial accounts. Funds may be expended from the account ~~upon approval by~~ after the commissioner has sought a recommendation from the board, to purchase, manage, administer, convey interests in, and improve the forest lands. ~~With approval by~~ After the commissioner has sought a recommendation from the board, money in the Iron Range Miners' Memorial Forest account may be transferred into the corpus of the Douglas J. Johnson economic protection trust fund established under sections 298.291 to 298.294. The property acquired under the authority granted by this subdivision and income derived from the property or the operation or management of the property are exempt from taxation by the state or its political subdivisions while held by the forest trust.

Sec. 10. Minnesota Statutes 2014, section 298.22, subdivision 6, is amended to read:

Subd. 6. **Private entity participation.** After seeking a recommendation from the board, the commissioner may acquire an equity interest in any project for which it the commissioner provides funding. The commissioner may establish, participate in the management of, and dispose of the assets of charitable foundations, nonprofit limited liability companies, and nonprofit corporations associated with any project for which it provides funding, including specifically, but without limitation, a corporation within the meaning of section 317A.011, subdivision 6.

Sec. 11. Minnesota Statutes 2014, section 298.22, subdivision 8, is amended to read:

Subd. 8. **Spending priority.** In making or ~~approving~~ recommending any expenditures on programs or projects, the commissioner and the board shall give the highest priority to programs and projects that target relief to those areas of the taconite assistance area as defined in section 273.1341, that have the largest percentages of job losses and population losses directly attributable to the economic downturn in the taconite industry since the 1980s. The commissioner and the board shall compare the 1980 population and employment figures with the 2000 population and employment figures, and shall specifically consider the job losses in 2000 and 2001 resulting from the closure of LTV Steel Mining Company, in making or ~~approving~~ recommending expenditures consistent with this subdivision, as well as the areas of residence of persons who suffered job loss for which relief is to be targeted under this subdivision. The commissioner may lease, for a term not exceeding 50 years and upon the terms determined by the commissioner ~~and approved~~ after seeking review by the board, surface and mineral interests owned or acquired by the state of Minnesota acting by and through the office of the commissioner of Iron Range resources and rehabilitation within those portions of the taconite assistance area affected by the closure of the LTV Steel Mining Company facility near Hoyt Lakes. The payments and royalties from these leases must be deposited into the fund established in section 298.292. This subdivision supersedes any other conflicting provisions of law and does not preclude the commissioner ~~and the board~~ from making expenditures for programs and projects in other areas after seeking review by the board.

Sec. 12. Minnesota Statutes 2014, section 298.22, subdivision 10, is amended to read:

Subd. 10. **Sale or privatization of functions.** The commissioner of Iron Range resources and rehabilitation may not sell or privatize the Ironworld Discovery Center or Giants Ridge Golf and Ski Resort without ~~prior approval by~~ first seeking a recommendation from the board.

Sec. 13. Minnesota Statutes 2014, section 298.22, subdivision 11, is amended to read:

Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation shall annually prepare a budget for operational expenditures, programs, and projects, and submit it to the Iron Range Resources and Rehabilitation Board for a recommendation. After the budget is approved by ~~the board and~~ the governor, the commissioner may spend money in accordance with the approved budget.

Sec. 14. Minnesota Statutes 2014, section 298.221, is amended to read:

298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.

(a) Except as provided in paragraph (c), all money paid to the state of Minnesota pursuant to the terms of any contract entered into by the state under authority of section 298.22 and any fees which may, in the discretion of the commissioner of Iron Range resources and rehabilitation, be charged in connection with any project pursuant to that section as amended, shall be deposited in the state treasury to the credit of the Iron Range Resources and Rehabilitation Board account in the special revenue fund and are hereby appropriated for the purposes of section 298.22.

(b) Notwithstanding section 16A.013, merchandise may be accepted by the commissioner of the Iron Range Resources and Rehabilitation Board for payment of advertising contracts if the commissioner determines that the merchandise can be used for special event prizes or mementos at facilities operated by the board. Nothing in this paragraph authorizes the commissioner or a member of the board to receive merchandise for personal use.

(c) All fees charged by the commissioner in connection with public use of the state-owned ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived by the commissioner from the operation or lease of those facilities and from the lease, sale, or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be deposited into an Iron Range Resources and Rehabilitation Board account that is created within the state enterprise fund. All funds deposited in the enterprise fund account are appropriated to the commissioner to be expended, subject to approval by after seeking a recommendation from the board, as follows:

(1) to pay costs associated with the construction, equipping, operation, repair, or improvement of the Giants Ridge Recreation Area facilities or lands;

(2) to pay principal, interest and associated bond issuance, reserve, and servicing costs associated with the financing of the facilities; and

(3) to pay the costs of any other project authorized under section 298.22.

Sec. 15. Minnesota Statutes 2014, section 298.2211, subdivision 3, is amended to read:

Subd. 3. **Project approval.** All projects authorized by this section shall be submitted by the commissioner to the Iron Range Resources and Rehabilitation Board for ~~approval by~~ a recommendation from the board. Prior to the commencement of a project involving the exercise by the commissioner of any authority of sections 469.174 to 469.179, the governing body of each municipality in which any part of the project is located and the county board of any county

containing portions of the project not located in an incorporated area shall by majority vote approve or disapprove the project. Any project approved by the ~~board~~ commissioner and the applicable governing bodies, if any, together with detailed information concerning the project, its costs, the sources of its funding, and the amount of any bonded indebtedness to be incurred in connection with the project, shall be transmitted to the governor, who shall approve, disapprove, or return the proposal for additional consideration within 30 days of receipt. No project authorized under this section shall be undertaken, and no obligations shall be issued and no tax increments shall be expended for a project authorized under this section until the project has been approved by the governor.

Sec. 16. Minnesota Statutes 2014, section 298.2213, subdivision 4, is amended to read:

Subd. 4. **Project approval.** After seeking a recommendation from the board and, the commissioner shall by August 1 each year prepare a list of projects to be funded from the money appropriated in this section with necessary supporting information including descriptions of the projects, plans, and cost estimates. A project must not be approved by the board commissioner unless it the commissioner finds that:

- (1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;
- (2) the prospective benefits of the expenditure exceed the anticipated costs; and
- (3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

Each project must be approved by the ~~board and the~~ commissioner of Iron Range resources and rehabilitation. The list of projects must be submitted to the governor, who shall, by November 15 of each year, approve, disapprove, or return for further consideration, each project. The money for a project may be spent only upon approval of the project by the governor. The board commissioner may submit supplemental projects for approval at any time, after seeking a recommendation from the board.

Sec. 17. Minnesota Statutes 2014, section 298.2213, subdivision 5, is amended to read:

Subd. 5. **Advisory committees.** ~~Before submission to the board of a proposal for a project for expenditure of money appropriated under this section,~~ The commissioner of Iron Range resources and rehabilitation shall appoint a technical advisory committee consisting of at least seven persons who are knowledgeable in areas related to the objectives of the proposal. If the project involves investment in a scientific research proposal, at least four of the committee members must be knowledgeable in the specific scientific research area relating to the project. Members of the committees must be compensated as provided in section 15.059, subdivision 3. The board commissioner shall not act on a proposal for a request for expenditure of money appropriated under this section until it has received the commissioner has sought review from the board of the evaluation and recommendations of the technical advisory committee.

Sec. 18. Minnesota Statutes 2014, section 298.2213, subdivision 6, is amended to read:

Subd. 6. **Use of repayments and earnings.** Principal and interest received in repayment of loans made under this section must be deposited in the state treasury and are appropriated to the board for the purposes of this section northeast Minnesota economic development fund account in the special revenue fund in the state treasury. The commissioner of Iron Range resources and rehabilitation

must seek a recommendation from the Iron Range Resources and Rehabilitation Board for any use of funds appropriated under this section.

Sec. 19. Minnesota Statutes 2014, section 298.223, subdivision 1, is amended to read:

Subdivision 1. **Creation; purposes.** A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota located within the taconite assistance area defined in section 273.1341, that are adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

(1) to initiate investigations into matters the Iron Range Resources and Rehabilitation Board determines are in need of study and which will determine the environmental problems requiring remedial action;

(2) reclamation, restoration, or reforestation of mine lands not otherwise provided for by state law;

(3) local economic development projects but only if those projects are approved by the ~~board~~ commissioner after seeking a recommendation of the projects from the board, and public works, including construction of sewer and water systems located within the taconite assistance area defined in section 273.1341;

(4) monitoring of mineral industry related health problems among mining employees;

(5) local public works projects under section 298.227, paragraph (c); and

(6) local public works projects as provided under this clause. The following amounts shall be distributed in 2009 based upon the taxable tonnage of production in 2008:

(i) .4651 cent per ton to the city of Aurora for street repair and renovation;

(ii) .4264 cent per ton to the city of Biwabik for street and utility infrastructure improvements to the south side industrial site;

(iii) .6460 cent per ton to the city of Buhl for street repair;

(iv) 1.0336 cents per ton to the city of Hoyt Lakes for public utility improvements;

(v) 1.1628 cents per ton to the city of Eveleth for water and sewer infrastructure upgrades;

(vi) 1.0336 cents per ton to the city of Gilbert for water and sewer infrastructure upgrades;

(vii) .7752 cent per ton to the city of Mountain Iron for water and sewer infrastructure;

(viii) 1.2920 cents per ton to the city of Virginia for utility upgrades and accessibility modifications for the miners' memorial;

(ix) .6460 cent per ton to the town of White for Highway 135 road upgrades;

(x) 1.9380 cents per ton to the city of Hibbing for public infrastructure projects;

(xi) 1.1628 cents per ton to the city of Chisholm for water and sewer repair;

- (xii) .6460 cent per ton to the town of Balkan for community center repairs;
- (xiii) .9044 cent per ton to the city of Babbitt for city garage construction;
- (xiv) .5168 cent per ton to the city of Cook for public infrastructure projects;
- (xv) .5168 cent per ton to the city of Ely for reconstruction of 2nd Avenue West;
- (xvi) .6460 cent per ton to the city of Tower for water infrastructure upgrades;
- (xvii) .1292 cent per ton to the city of Orr for water infrastructure upgrades;
- (xviii) .1292 cent per ton to the city of Silver Bay for emergency cleanup;
- (xix) .3230 cent per ton to Lake County for trail construction;
- (xx) .1292 cent per ton to Cook County for construction of tennis courts in Grand Marais;
- (xxi) .3101 cent per ton to the city of Two Harbors for water infrastructure improvements;
- (xxii) .1938 cent per ton for land acquisition for phase one of Cook Airport project;
- (xxiii) 1.0336 cents per ton to the city of Coleraine for water and sewer improvements along Gayley Avenue;
- (xxiv) .3876 cent per ton to the city of Marble for construction of a city administration facility;
- (xxv) .1292 cent per ton to the city of Calumet for repairs at city hall and the community center;
- (xxvi) .6460 cent per ton to the city of Nashwauk for electrical infrastructure upgrades;
- (xxvii) 1.0336 cents per ton to the city of Keewatin for water and sewer upgrades along Depot Street;
- (xxviii) .2584 cent per ton to the city of Aitkin for water, sewer, street, and gutter improvements;
- (xxix) 1.1628 cents per ton to the city of Grand Rapids for water and sewer infrastructure upgrades at Pokegema Golf Course and Park Place;
- (xxx) .1809 cent per ton to the city of Grand Rapids for water and sewer upgrades for 1st Avenue from River Road to 3rd Street SE; and
- (xxxi) .9044 cent per ton to the city of Cohasset for upgrades to the railroad crossing at Highway 2 and County Road 62.

Sec. 20. Minnesota Statutes 2014, section 298.223, subdivision 2, is amended to read:

Subd. 2. **Administration.** (a) The taconite area environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite area environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary.

(b) Each year no less than one-half of the amounts deposited into the taconite environmental protection fund must be used for public works projects, including construction of sewer and water systems, as specified under subdivision 1, clause (3). After seeking a recommendation from the Iron

Range Resources and Rehabilitation Board, the commissioner may waive the requirements of this paragraph.

(c) ~~Upon approval by the board,~~ The list of projects approved by the commissioner under this subdivision, after the commissioner has sought review of the projects by the board, shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the ~~board commissioner~~ and the governor. The commissioner may submit supplemental projects ~~to the board and for approval from the governor for approval~~ after seeking review of the supplemental projects from the board at any time.

Sec. 21. Minnesota Statutes 2014, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

(a) An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure equal to the amount of the distribution to be used for the same purpose beginning with distributions in 2014. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If a proposed expenditure is not approved by the commissioner, after seeking a recommendation from the board, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner

within one year of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of distributions and the review process, an amount equal to ten cents per taxable ton of production in 2007, for distribution in 2008 only, that would otherwise be distributed under paragraph (a), may be used for a loan or grant for the cost of providing for a value-added wood product facility located in the taconite tax relief area and in a county that contains a city of the first class. This amount must be deducted from the distribution under paragraph (a) for which a matching expenditure by the producer is not required. The granting of the loan or grant is subject to approval by the board. If the money is provided as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the taconite environment protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this paragraph by July 1, 2012, the amount that had been made available for the loan under this paragraph must be transferred to the taconite environment protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.

(c) Repayment or transfer of money to the taconite environmental protection fund under paragraph (b), item (ii), must be allocated by the commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the Iron Range Resources and Rehabilitation Board for public works projects in house legislative districts in the same proportion as taxable tonnage of production in 2007 in each house legislative district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph do not require approval by the governor. For purposes of this paragraph, "house legislative districts" means the legislative districts in existence on May 15, 2009.

Sec. 22. Minnesota Statutes 2014, section 298.28, subdivision 7a, is amended to read:

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

(1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax imposed under section 298.24; and (ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed under section 298.24;

(2) the amount as determined under section 298.17, paragraph (b), clause (3);

(3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund;

(ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24,

subdivision 1, for distribution years 2015 and 2016, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(iii) for distributions in 2017, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(4) any other amount as provided by law.

Expenditures from this account may be approved as ongoing annual expenditures and shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the commissioner after the commissioner has sought review of the expenditures by the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

No expenditure under this section shall be made unless approved by ~~seven members of the commissioner after seeking review of the expenditure from the Iron Range Resources and Rehabilitation Board.~~

Sec. 23. Minnesota Statutes 2014, section 298.28, subdivision 9d, is amended to read:

Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an Iron Range higher education account that is hereby created, to be used for higher education programs conducted at educational institutions in the taconite assistance area defined in section 273.1341. The Iron Range Higher Education committee under section 298.2214, and the ~~Iron Range Resources and Rehabilitation Board~~ commissioner must approve all expenditures from the account, after seeking review and recommendation of the expenditures from the Iron Range Resources and Rehabilitation Board.

Sec. 24. Minnesota Statutes 2014, section 298.292, subdivision 2, is amended to read:

Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump-sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner ~~upon approval by~~ after seeking a recommendation from the board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 25. Minnesota Statutes 2014, section 298.294, is amended to read:

298.294 INVESTMENT OF FUND.

(a) The trust fund established by section 298.292 shall be invested pursuant to law by the State Board of Investment and the net interest, dividends, and other earnings arising from the investments shall be transferred, except as provided in paragraph (b), on the first day of each month to the trust and shall be included and become part of the trust fund. The amounts transferred, including the interest, dividends, and other earnings earned prior to July 13, 1982, together with the additional amount of \$10,000,000 for fiscal year 1983, which is appropriated April 21, 1983, are appropriated from the trust fund to the commissioner of Iron Range resources and rehabilitation for deposit in a separate account for expenditure for the purposes set forth in section 298.292. Amounts appropriated pursuant to this section shall not cancel but shall remain available unless expended.

(b) For fiscal years 2010 and 2011 only, \$1,500,000 of the net interest, dividends, and other earnings under paragraph (a) shall be transferred to a special account. Funds in the special account are available for loans or grants to businesses, with priority given to businesses with 25 or fewer employees. Funds may be used for wage subsidies for up to 52 weeks of up to \$5 per hour or other activities, including, but not limited to, short-term operating expenses and purchase of equipment and materials by businesses under financial duress, that will create additional jobs in the taconite

assistance area under section 273.1341. Expenditures from the special account must be approved by the commissioner after seeking a recommendation from the board.

(c) To qualify for a grant or loan, a business must be currently operating and have been operating for one year immediately prior to its application for a loan or grant, and its corporate headquarters must be located in the taconite assistance area.

Sec. 26. Minnesota Statutes 2014, section 298.296, subdivision 1, is amended to read:

Subdivision 1. **Project approval.** (a) The commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the board and commissioner, shall by August 1 of each year prepare a list of projects to be funded from the Douglas J. Johnson economic protection trust with necessary supporting information including description of the projects, plans, and cost estimates. These projects shall be consistent with the priorities established in section 298.292 and shall not be approved by the board commissioner unless it the commissioner, after seeking a recommendation from the board, finds that:

(a) (1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(b) (2) the prospective benefits of the expenditure exceed the anticipated costs; and

(c) (3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

(b) Each project must be approved by ~~over one-half of all of the members of the board and~~ the commissioner of Iron Range resources and rehabilitation after seeking a recommendation from the board for the project. The list of projects shall be submitted to the governor, who shall, by November 15 of each year, approve or disapprove, or return for further consideration, each project. The money for a project may be expended only upon approval of the project by the governor. The ~~board commissioner~~ may submit a supplemental projects project for approval at any time after seeking a recommendation for the project from the board.

Sec. 27. Minnesota Statutes 2014, section 298.296, subdivision 2, is amended to read:

Subd. 2. **Expenditure of funds.** (a) Before January 1, 2028, funds may be expended on projects and for administration of the trust fund only from the net interest, earnings, and dividends arising from the investment of the trust at any time, including net interest, earnings, and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for use in fiscal year 1983, except that any amount required to be paid out of the trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and to make school bond payments and payments to recipients of taconite production tax proceeds pursuant to section 298.225, may be taken from the corpus of the trust.

(b) Additionally, upon recommendation by the commissioner after seeking a recommendation from the board, up to \$13,000,000 from the corpus of the trust may be made available for use as provided in subdivision 4, and up to \$10,000,000 from the corpus of the trust may be made available for use as provided in section 298.2961.

(c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts made available under

section 298.28, subdivision 4, and Laws 2002, chapter 377, article 8, section 17, may be expended on projects. Funds may be expended for projects under this paragraph only if the project:

(1) is for the purposes established under section 298.292, subdivision 1, clause (1) or (2); and

(2) is approved by ~~two-thirds of all of the members of the~~ commissioner after seeking a recommendation from the board.

No money made available under this paragraph or paragraph (d) can be used for administrative or operating expenses of the Iron Range Resources and Rehabilitation Board or expenses relating to any facilities owned or operated by the board on May 18, 2002.

(d) Upon recommendation by a ~~unanimous vote of all members~~ the commissioner after seeking a unanimous recommendation of the board, amounts in addition to those authorized under paragraphs (a), (b), and (c) may be expended on projects described in section 298.292, subdivision 1.

(e) Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the net interest, dividends, and earnings arising from the trust in the preceding fiscal year.

(f) Principal and interest received in repayment of loans made pursuant to this section, and earnings on other investments made under section 298.292, subdivision 2, clause (4), shall be deposited in the state treasury and credited to the trust. These receipts are appropriated to the board for the purposes of sections 298.291 to 298.298.

(g) Additionally, notwithstanding section 298.293, upon the approval of the commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the board, money from the corpus of the trust may be expended to purchase forest lands within the taconite assistance area as provided in sections 298.22, subdivision 5a, and 298.292, subdivision 2, clause (5).

Sec. 28. Minnesota Statutes 2014, section 298.296, subdivision 4, is amended to read:

Subd. 4. **Temporary loan authority.** (a) After seeking a recommendation from the board, the commissioner of Iron Range resources and rehabilitation may recommend that use up to \$7,500,000 from the corpus of the trust may be used for loans, loan guarantees, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000 for any facility.

(b) Additionally, ~~the board~~ commissioner of Iron Range resources and rehabilitation must reserve the first \$2,000,000 of the net interest, dividends, and earnings arising from the investment of the trust after June 30, 1996, to be used for grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a). This amount must be reserved until it is used as described in this subdivision.

(c) Additionally, ~~the board~~ commissioner may recommend that up to \$5,500,000 from the corpus of the trust may be used for additional grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a).

(d) The commissioner of Iron Range resources and rehabilitation, after seeking a recommendation from the board, may require that it the board receive an equity percentage in any project to which it contributes under this section.

Sec. 29. Minnesota Statutes 2014, section 298.2961, subdivision 2, is amended to read:

Subd. 2. **Projects; approval.** (a) Projects funded must be for:

- (1) environmentally unique reclamation projects; or
- (2) pit or plant repairs, expansions, or modernizations other than for a value added iron products plant.

(b) ~~To be proposed by the board, a project must be approved by~~ Before the commissioner may propose a project, the commissioner must seek a recommendation from the board. The money for a project may be spent only upon approval of the project by the governor. The board commissioner may submit a supplemental projects project for approval at any time after seeking a recommendation for the project from the board.

(c) ~~The board commissioner may require that it the board receive an equity percentage in any project to which it contributes under this section.~~

Sec. 30. Minnesota Statutes 2014, section 298.2961, subdivision 4, is amended to read:

Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions under section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision. Any grant or loan made under this subdivision must first be approved by the commissioner after seeking a recommendation from the board, established under section 298.22.

(b) Distributions received in calendar year 2005 are allocated to the city of Virginia for improvements and repairs to the city's steam heating system.

(c) Distributions received in calendar year 2006 are allocated to a project of the public utilities commissions of the cities of Hibbing and Virginia to convert their electrical generating plants to the use of biomass products, such as wood.

(d) Distributions received in calendar year 2007 must be paid to the city of Tower to be used for the East Two Rivers project in or near the city of Tower.

(e) For distributions received in 2008, the first \$2,000,000 of the 2008 distribution must be paid to St. Louis County for deposit in its county road and bridge fund to be used for relocation of St. Louis County Road 715, commonly referred to as Pike River Road. The remainder of the 2008 distribution must be paid to St. Louis County for a grant to the city of Virginia for connecting sewer and water lines to the St. Louis County maintenance garage on Highway 135, further extending the lines to interconnect with the city of Gilbert's sewer and water lines. All distributions received in 2009 and subsequent years are allocated for projects under section 298.223, subdivision 1.

Sec. 31. Minnesota Statutes 2014, section 298.298, is amended to read:

298.298 LONG-RANGE PLAN.

Consistent with the policy established in sections 298.291 to 298.298, the Iron Range Resources and Rehabilitation Board shall prepare and present to the governor and the legislature by December 31, 2006, a long-range plan for the use of the Douglas J. Johnson economic protection trust

fund for the economic development and diversification of the taconite assistance area defined in section 273.1341. No project shall be ~~approved~~ recommended by the Iron Range Resources and Rehabilitation Board which if the board finds that the project is not consistent with the goals and objectives established in the long-range plan.

Sec. 32. Minnesota Statutes 2014, section 298.46, subdivision 2, is amended to read:

Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly constituted authorities of a taxing district there are in existence reserves of unmined iron ore located in such district, these authorities may petition the commissioner of Iron Range resources and rehabilitation Board for authority to petition the county assessor to verify the existence of such reserves and to ascertain the value thereof by drilling in a manner consistent with established engineering and geological exploration methods, in order that such taxing district may be able to forecast in a proper manner its future economic and fiscal potentials. The commissioner may grant the authority to petition after seeking a recommendation from the Iron Range Resources and Rehabilitation Board.

Sec. 33. **IRON RANGE RESOURCES AND REHABILITATION BOARD; EARLY SEPARATION INCENTIVE PROGRAM AUTHORIZATION.**

(a) "Commissioner" as used in this section means the commissioner of the Iron Range Resources and Rehabilitation Board unless otherwise specified.

(b) Notwithstanding any law to the contrary, the commissioner, in consultation with the commissioner of management and budget, shall offer a targeted early separation incentive program for employees of the commissioner who have attained the age of 60 years or who have received credit for at least 30 years of allowable service under the provisions of Minnesota Statutes, chapter 352. The commissioner shall also offer a targeted separation incentive program for employees of the commissioner whose positions are in support of operations at Giants Ridge and will be eliminated if the agency no longer directly manages Giants Ridge operations.

(c) The early separation incentive program may include one or more of the following:

(1) employer-paid postseparation health, medical, and dental insurance until age 65; and

(2) cash incentives that may, but are not required to be, used to purchase additional years of service credit through the Minnesota State Retirement System, to the extent that the purchases are otherwise authorized by law.

(d) The commissioner shall establish eligibility requirements for employees to receive an incentive.

(e) The commissioner, consistent with the established program provisions under paragraph (b), and with the eligibility requirements under paragraph (f), may designate specific programs or employees as eligible to be offered the incentive program.

(f) Acceptance of the offered incentive must be voluntary on the part of the employee and must be in writing. The incentive may only be offered at the sole discretion of the commissioner.

(g) The cost of the incentive is payable solely by funds made available to the commissioner by law, but only on prior approval of the expenditures by the commissioner, after seeking a recommendation from the Iron Range Resources and Rehabilitation Board.

(h) Unilateral implementation of this section by the commissioner is not an unfair labor practice under Minnesota Statutes, chapter 179A.

EFFECTIVE DATE. This section is effective the day following final enactment. This section is repealed June 30, 2017.

Sec. 34. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall identify and propose necessary changes to Minnesota Statutes and Minnesota Rules that are consistent with the goals of this act to (i) transfer discretionary approval authority for all expenditures and projects from the Iron Range Resources and Rehabilitation Board to the commissioner of Iron Range resources and rehabilitation, and (ii) provide that the commissioner must, in good faith, seek the review and recommendation of the board, as required, before exercising approval authority. The revisor shall submit the proposal, in a form ready for introduction, during the 2017 regular legislative session to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over taxes.

ARTICLE 6

FAMILY AND MEDICAL BENEFITS

Section 1. Minnesota Statutes 2014, section 13.719, is amended by adding a subdivision to read:

Subd. 7. **Family and medical insurance data.** (a) For the purposes of this subdivision, the terms used have the meanings given them in section 268B.01.

(b) Data on applicants, family members, or employers under chapter 268B are private or nonpublic data, provided that the department may share data collected from applicants with employers or health care providers to the extent necessary to meet the requirements of chapter 268B or other applicable law.

Sec. 2. Minnesota Statutes 2014, section 181.940, subdivision 2, is amended to read:

Subd. 2. **Employee.** "Employee" means a person who performs services for hire for an employer from whom a leave is requested under sections 181.940 to 181.944 for:

(1) at least ~~12~~ six months preceding the request; and

(2) for an average number of hours per week equal to one-half the full-time equivalent position in the employee's job classification as defined by the employer's personnel policies or practices or pursuant to the provisions of a collective bargaining agreement, during the ~~12-month~~ six-month period immediately preceding the leave.

For leaves under sections 181.9412 and 181.9413, the periods of time required by clauses (1) and (2) are 12 months rather than six months.

Employee includes all individuals employed at any site owned or operated by the employer but does not include an independent contractor.

Sec. 3. Minnesota Statutes 2014, section 181.940, subdivision 4, is amended to read:

Subd. 4. **Child.** "Child" means, except for the purposes of section 181.9411, an individual under 18 years of age or an individual under age 20 who is still attending secondary school.

Sec. 4. Minnesota Statutes 2014, section 181.941, subdivision 4, is amended to read:

Subd. 4. **Continued insurance.** The employer must continue to make coverage available to the employee while on leave of absence under any group insurance policy, group subscriber contract, or health care plan for the employee and any dependents. Nothing in this section requires the employer to pay the costs of the insurance or health care while the employee is on leave of absence. During any period that an employee takes leave under this section, the employer shall maintain coverage under any group health plan for the duration of such leave at the level and under the conditions coverage would have been provided if the employee had continued in employment continuously for the duration of leave.

Sec. 5. **[181.941] FAMILY CARE LEAVE.**

Subdivision 1. **Definition; family member.** For the purpose of this section, "family member" means an employee's child, adult child, spouse, sibling, parent, foster parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent. "Child" means a child under the age of 18 and includes a biological child, adopted child, or foster child.

Subd. 2. **Definition; health care provider.** For the purpose of this section, "health care provider" means an individual who is licensed, certified, or otherwise authorized under law to practice in the individual's state of practice as a physician, osteopath, physician assistant, chiropractor, advanced practice registered nurse, optometrist, licensed psychologist, licensed independent clinical social worker, dentist, or podiatrist. "Chiropractor" means only a chiropractor who provides manual manipulation of the spine to correct a subluxation demonstrated to exist by an x-ray.

Subd. 3. **Definition; serious health condition.** For the purpose of this section, "serious health condition" means an illness, injury, impairment, or physical or mental condition that involves:

- (1) inpatient care in a hospital, hospice, or residential medical care facility; or
- (2) continuing treatment by a health care provider.

Subd. 4. **Twelve-week leave.** An employer must grant an unpaid leave of absence to an employee in order to care for a family member with a serious health condition. The length of the leave shall be determined by the employee, but must not exceed 12 weeks during any 12-month period, unless agreed to by the employer. The leave provided under this section may be reduced by any period of leave taken under section 181.941 for the same period. Leave under this section may be taken intermittently when medically necessary.

Subd. 5. **Terms of leave.** The leave shall begin at a time requested by the employee. The employer may adopt reasonable policies governing the timing of requests for unpaid leave and may require an employee to provide notice of the need for leave as soon as practicable. An employer may require that a request for leave be supported by a certification issued by the health care provider of the family member.

Subd. 6. **No employer retribution.** An employer shall not retaliate against an employee for requesting or obtaining a leave of absence under this section.

Subd. 7. **Continued insurance.** During any period that an employee takes leave under this section, the employer shall maintain coverage under any group health plan for the duration of such

leave at the level and under the conditions coverage would have been provided if the employee had continued in employment continuously for the duration of leave.

Sec. 6. Minnesota Statutes 2014, section 181.942, subdivision 1, is amended to read:

Subdivision 1. **Comparable position.** (a) An employee returning from a leave of absence under section 181.941 or 181.9411 is entitled to return to employment in the employee's former position or in a position of comparable duties, number of hours, and pay. An employee returning from a leave of absence longer than one month must notify a supervisor at least two weeks prior to return from leave. An employee returning from a leave under section 181.9412 or 181.9413 is entitled to return to employment in the employee's former position.

(b) If, during a leave under sections 181.940 to 181.944, the employer experiences a layoff and the employee would have lost a position had the employee not been on leave, pursuant to the good faith operation of a bona fide layoff and recall system, including a system under a collective bargaining agreement, the employee is not entitled to reinstatement in the former or comparable position. In such circumstances, the employee retains all rights under the layoff and recall system, including a system under a collective bargaining agreement, as if the employee had not taken the leave.

Sec. 7. Minnesota Statutes 2014, section 181.943, is amended to read:

181.943 RELATIONSHIP TO OTHER LEAVE.

(a) The length of leave provided under section 181.941 or 181.9411 may be reduced by any period of:

(1) paid parental, disability, personal, medical, or sick leave, or accrued vacation provided by the employer so that the total leave does not exceed 12 weeks, unless agreed to by the employer; or

(2) leave taken for the same purpose by the employee under United States Code, title 29, chapter 28.

(b) Nothing in sections 181.940 to 181.943 prevents any employer from providing leave benefits in addition to those provided in sections 181.940 to 181.944 or otherwise affects an employee's rights with respect to any other employment benefit.

(c) For the purpose of this section, benefits paid under chapter 268B are not provided by an employer.

(d) An employer may not require an employee to take more than two weeks of paid parental, disability, personal, medical, or sick leave, or accrued vacation provided by an employer for the purpose of a leave under section 181.941 or 181.9411, unless agreed to by an employee. This paragraph applies only to an employee who is eligible for benefits under chapter 268B based on the same event for which leave is provided under section 181.941 or 181.9411.

Sec. 8. Minnesota Statutes 2014, section 256J.561, is amended by adding a subdivision to read:

Subd. 4. **Parents receiving family and medical leave benefits.** A parent who meets the criteria under subdivision 2 and who receives family and medical leave benefits under chapter 268B is not required to participate in employment services.

Sec. 9. Minnesota Statutes 2014, section 256J.95, subdivision 3, is amended to read:

Subd. 3. **Eligibility for diversionary work program.** (a) Except for the categories of family units listed in clauses (1) to (8), all family units who apply for cash benefits and who meet MFIP eligibility as required in sections 256J.11 to 256J.15 are eligible and must participate in the diversionary work program. Family units or individuals that are not eligible for the diversionary work program include:

- (1) child only cases;
- (2) single-parent family units that include a child under 12 months of age. A parent is eligible for this exception once in a parent's lifetime;
- (3) family units with a minor parent without a high school diploma or its equivalent;
- (4) family units with an 18- or 19-year-old caregiver without a high school diploma or its equivalent who chooses to have an employment plan with an education option;
- (5) family units with a caregiver who received DWP benefits within the 12 months prior to the month the family applied for DWP, except as provided in paragraph (c);
- (6) family units with a caregiver who received MFIP within the 12 months prior to the month the family applied for DWP;
- (7) family units with a caregiver who received 60 or more months of TANF assistance; ~~and~~
- (8) family units with a caregiver who is disqualified from the work participation cash benefit program, DWP, or MFIP due to fraud; and
- (9) single-parent family units where a parent is receiving family and medical leave benefits under chapter 268B.

(b) A two-parent family must participate in DWP unless both caregivers meet the criteria for an exception under paragraph (a), clauses (1) through (5), or the family unit includes a parent who meets the criteria in paragraph (a), clause (6), (7), or (8).

(c) Once DWP eligibility is determined, the four months run consecutively. If a participant leaves the program for any reason and reapplies during the four-month period, the county must redetermine eligibility for DWP.

Sec. 10. Minnesota Statutes 2014, section 256J.95, subdivision 11, is amended to read:

Subd. 11. **Universal participation required.** (a) All DWP caregivers, except caregivers who meet the criteria in paragraph (d), are required to participate in DWP employment services. Except as specified in paragraphs (b) and (c), employment plans under DWP must, at a minimum, meet the requirements in section 256J.55, subdivision 1.

(b) A caregiver who is a member of a two-parent family that is required to participate in DWP who would otherwise be ineligible for DWP under subdivision 3 may be allowed to develop an employment plan under section 256J.521, subdivision 2, that may contain alternate activities and reduced hours.

(c) A participant who is a victim of family violence shall be allowed to develop an employment plan under section 256J.521, subdivision 3. A claim of family violence must be documented by the applicant or participant by providing a sworn statement which is supported by collateral documentation in section 256J.545, paragraph (b).

(d) One parent in a two-parent family unit ~~that has a natural born child under 12 months of age~~ is not required to have an employment plan ~~until the child reaches 12 months of age unless the family unit has already used the exclusion under section 256J.561, subdivision 3, or the previously allowed child under age one exemption under section 256J.56, paragraph (a), clause (5)~~ if that parent:

(1) receives family and medical leave benefits under chapter 268B; or

(2) has a natural born child under 12 months of age until the child reaches 12 months of age unless the family unit has already used the exclusion under section 256J.561, subdivision 3, or the previously allowed child under age one exemption under section 256J.56, paragraph (a), clause (5).

(e) The provision in paragraph (d) ends the first full month after the child reaches 12 months of age. This provision is allowable only once in a caregiver's lifetime. In a two-parent household, only one parent shall be allowed to use this category.

(f) The participant and job counselor must meet in the month after the month the child reaches 12 months of age to revise the participant's employment plan. The employment plan for a family unit that has a child under 12 months of age that has already used the exclusion in section 256J.561 must be tailored to recognize the caregiving needs of the parent.

Sec. 11. Minnesota Statutes 2015 Supplement, section 256P.01, subdivision 3, is amended to read:

Subd. 3. **Earned income.** "Earned income" means cash or in-kind income earned through the receipt of wages, salary, commissions, bonuses, tips, gratuities, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, severance pay based on accrued leave time, family and medical leave benefits under chapter 268B, payments from training programs at a rate at or greater than the state's minimum wage, royalties, honoraria, or other profit from activity that results from the client's work, service, effort, or labor. The income must be in return for, or as a result of, legal activity.

Sec. 12. Minnesota Statutes 2014, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

(1) state and federal agencies specifically authorized access to the data by state or federal law;

(2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;

(3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;

(4) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;

(5) human rights agencies within Minnesota that have enforcement powers;

- (6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;
 - (7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;
 - (8) the Department of Labor and Industry and the Commerce Fraud Bureau in the Department of Commerce for uses consistent with the administration of their duties under Minnesota law;
 - (9) the Department of Human Services and the Office of Inspector General and its agents within the Department of Human Services, including county fraud investigators, for investigations related to recipient or provider fraud and employees of providers when the provider is suspected of committing public assistance fraud;
 - (10) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps or food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;
 - (11) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;
 - (12) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;
 - (13) the United States Immigration and Customs Enforcement has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;
 - (14) the Department of Health for the purposes of epidemiologic investigations;
 - (15) the Department of Corrections for the purpose of case planning for preprobation and postprobation employment tracking of offenders sentenced to probation and preconfinement and postconfinement employment tracking of committed offenders;
 - (16) the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201; ~~and~~
 - (17) the Office of Higher Education for purposes of supporting program improvement, system evaluation, and research initiatives including the Statewide Longitudinal Education Data System; and
 - (18) the Family and Medical Benefits Division of the Department of Employment and Economic Development to be used as necessary to administer chapter 268B.
- (b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 13. **[268B.01] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Account.** "Account" means the family and medical benefit insurance account in the special revenue fund in the state treasury under section 268B.02.

Subd. 3. **Applicant.** "Applicant" means an individual applying for benefits under this chapter.

Subd. 4. **Benefit.** "Benefit" means monetary payments under this chapter associated with qualifying bonding, family, or pregnancy events.

Subd. 5. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 6. **Department.** "Department" means the Department of Employment and Economic Development.

Subd. 7. **Employee.** "Employee" means an individual for whom taxes are paid on wages under this chapter.

Subd. 8. **Employer.** "Employer" means a person or entity that employed 21 or more employees within the state at any one time within the last four completed calendar quarters, other than an employee, required to pay taxes under this chapter.

Subd. 9. **Health care provider.** "Health care provider" means an individual who is licensed, certified, or otherwise authorized under law to practice in the individual's state of practice as a physician, osteopath, physician assistant, chiropractor, advanced practice registered nurse, optometrist, licensed psychologist, licensed independent clinical social worker, dentist, or podiatrist. "Chiropractor" means only a chiropractor who provides manual manipulation of the spine to correct a subluxation demonstrated to exist by an x-ray.

Subd. 10. **Pregnancy.** "Pregnancy" means prenatal care or incapacity of a woman due to pregnancy, childbirth, or related health conditions.

Subd. 11. **Family care.** "Family care" means an applicant caring for a family member with a serious health condition.

Subd. 12. **Bonding.** "Bonding" means a biological or adoptive parent in conjunction with the birth or adoption of a child, or a foster parent in conjunction with the placement of a child in foster care.

Subd. 13. **Covered employment.** "Covered employment" has the meaning given in section 268.035, subdivision 12.

Subd. 14. **Noncovered employment.** "Noncovered employment" has the meaning given in section 268.035, subdivision 20.

Subd. 15. **Qualified health care provider.** "Qualified health care provider" means a health care provider who, in the judgment of the commissioner, has the qualifications necessary to diagnose or treat a particular health condition or conditions associated with benefits sought under this chapter.

Subd. 16. **Serious health condition.** "Serious health condition" means an illness, injury, impairment, or physical or mental condition that involves:

- (1) inpatient care in a hospital, hospice, or residential medical care facility; or
- (2) continuing treatment by a health care provider.

Subd. 17. **Wage credits.** "Wage credits" has the meaning given in section 268.035, subdivision 27.

Subd. 18. **High quarter.** "High quarter" has the meaning given in section 268.035, subdivision 19.

Subd. 19. **Maximum weekly benefit amount.** "Maximum weekly benefit amount" means the state's average weekly wage as calculated under section 268.035, subdivision 23.

Subd. 20. **ICD code.** "ICD code" means the code under the International Classification of Diseases, Clinical Modification/Coding System, for the most recent edition commonly used.

Subd. 21. **Medical benefit program.** "Medical benefit program" means the program administered under this chapter for the collection of taxes and payment of benefits related to pregnancy benefits.

Subd. 22. **Family benefit program.** "Family benefit program" means the program administered under this chapter for the collection of taxes and payment of benefits related to family care and bonding.

Subd. 23. **State's average weekly wage.** "State's average weekly wage" means the weekly wage calculated under section 268.035, subdivision 23.

Subd. 24. **Family member.** "Family member" means an employee's child, adult child, spouse, sibling, parent, foster parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent.

Sec. 14. [268B.02] FAMILY AND MEDICAL BENEFIT INSURANCE PROGRAM CREATION.

Subdivision 1. **Creation.** A family and medical benefit insurance program is created to be administered by the commissioner according to the terms of this chapter.

Subd. 2. **Creation of division.** A Family and Medical Benefit Insurance Division is created within the department under the authority of the commissioner. The commissioner shall appoint a director of the division. The division shall administer and operate the benefit program under this chapter.

Subd. 3. **Rulemaking.** The commissioner may adopt rules to implement the provisions of this chapter.

Subd. 4. **Account creation; appropriation.** The family and medical benefit insurance account is created in the special revenue fund in the state treasury. Money in this account is appropriated to the commissioner to pay benefits under and to administer this chapter.

Sec. 15. **[268B.03] ELIGIBILITY.**

Subdivision 1. **Applicant.** An applicant who is providing family care, is bonding, or is pregnant, who satisfies the conditions of this section is eligible to receive benefits subject to the provisions of this chapter.

Subd. 2. **Wage credits.** An applicant must have sufficient wage credits from an employer as defined in section 268B.01, subdivision 8, to establish a benefit account under section 268.07, subdivision 2. Wage credits from an employer during a period in which the employer has successfully opted out of the benefit program being applied for may not be used for the purposes of this subdivision.

Subd. 3. **Seven-day qualifying event.** The period for which an applicant is seeking benefits must be or have been based on a single period of at least seven days related to pregnancy, family care, or bonding. The days need not be consecutive.

Subd. 4. **Ineligible.** An applicant is not eligible for benefits for any day in which the applicant worked for pay.

Subd. 5. **Certification by health care provider.** Except for bonding benefits, the application for benefits must be certified in writing by a qualified health care professional.

Subd. 6. **Records release.** An individual whose medical records are necessary to determine eligibility for benefits under this chapter must sign and date a legally effective waiver authorizing release to the department of medical and other records to the limited extent necessary to administer this chapter.

Subd. 7. **Self-employed applicant.** (a) To be eligible for benefits, a self-employed individual who has elected coverage under section 268B.11 must fulfill only the requirements, to the extent possible, of subdivisions 3, 4, 5, and 6 in addition to the requirements under paragraph (b).

(b) A self-employed individual must provide documents sufficient to prove the existence of the individual's business as well as how long that business has been in operation. The commissioner must determine that the business was not created for the purpose of obtaining benefits under this chapter.

Sec. 16. **[268B.04] APPLICATIONS.**

Subdivision 1. **Application forms.** The commissioner must create application forms, to be available both online and on paper, for each of the following:

- (1) an application for family care benefits;
- (2) an application for bonding benefits; and
- (3) an application for pregnancy benefits.

Subd. 2. **Content of applications.** (a) All three application forms under subdivision 1 must require, at a minimum, the following:

- (1) the name, birth date, home address, and mailing address of the applicant;
- (2) the Social Security number, or other unique identification number, of the applicant;
- (3) a description of the qualifying event underlying the requested benefit;

- (4) the date for which benefits are sought began or will begin, if known;
 - (5) the date for which benefits are sought ended or will end, if known;
 - (6) whether the benefits are sought on an intermittent basis;
 - (7) whether the applicant has applied for or received any other paid benefits, whether public or private, based on the same event underlying the benefits sought or during the same time period for which the applicant is seeking benefits;
 - (8) a description of any benefits listed under clause (7);
 - (9) a signed and dated certification that all the information contained in the application is true and correct, to the best of the applicant's knowledge; and
 - (10) a list of all the applicant's employers for the past 79 weeks.
- (b) In addition to the requirements of paragraph (a), an application for family care benefits must contain, at a minimum, the following:
- (1) the name, birth date, home address, and mailing address of the family member for whom the applicant has provided or will be providing care;
 - (2) the family member's relationship to the applicant;
 - (3) the Social Security number, or other unique identification number, of the family member for whom the applicant has provided or will be providing care;
 - (4) a certification from the care recipient, or the care recipient's authorized representative, that all the information contained in the application is true and correct, to the best of that individual's knowledge;
 - (5) a legally effective authorization, signed and dated by the care recipient or the care recipient's authorized representative, for disclosure of medical information needed by the department to fulfill its duties under this chapter; and
 - (6) a signed and dated certification by a qualified health care provider treating the care recipient:
 - (i) describing the nature of the serious medical condition or conditions of the care recipient;
 - (ii) stating whether care by another individual is necessary in the treatment, or will aid in the recovery, of the care recipient;
 - (iii) describing the nature of the care under item (ii);
 - (iv) stating or estimating the dates benefits are needed; and
 - (v) listing the ICD code or codes, if any, of the serious medical condition or conditions underlying the application for benefits.
- (c) In addition to the requirements of paragraph (a), an application for benefits for bonding must contain, at a minimum, the following:
- (1) proof of the birth, adoption, or placement in foster care, as appropriate, of the child for whom bonding benefits are sought; and

(2) a legally effective authorization, signed and dated by the applicant or other authorized representative of the child for whom bonding benefits are sought, for disclosure of medical information needed by the department to fulfill its duties under this chapter.

(d) In addition to the requirements of paragraph (a), an application for pregnancy benefits must contain, at a minimum, the following:

(1) a legally effective authorization, signed and dated by the applicant or the applicant's authorized representative, for disclosure of medical information needed by the department to fulfill its duties under this chapter; and

(2) a signed and dated certification by a qualified health care provider treating the applicant:

(i) describing the reason or reasons that pregnancy care is needed;

(ii) stating or estimating the dates care is needed; and

(iii) listing the ICD code or codes, if any, of the condition or conditions underlying the application for benefits.

Subd. 3. **Online access.** The commissioner must, to the extent possible, create a system allowing for all aspects of the applications under this section to be completed online. This includes the use of electronic signatures.

Subd. 4. **Administrative efficiencies.** To the maximum extent feasible, the commissioner must use the same or similar procedures for applications under this section as for applications for benefits under chapter 268.

Sec. 17. **[268B.05] DETERMINATION OF APPLICATION.**

Upon the filing of a complete application for benefits, the commissioner shall examine the application and on the basis of facts found by the commissioner and records maintained by the department, the application shall be determined to be valid or invalid within two weeks. If the application is determined to be valid, the commissioner shall promptly notify the applicant and any other interested party as to the week when benefits commence, the weekly benefit amount payable, and the maximum duration of those benefits. If the application is determined to be invalid, the commissioner shall notify the applicant and any other interested party of that determination and the reasons for it. If the processing of the application is delayed for any reason, the commissioner shall notify the applicant, in writing, within two weeks of the date the application for benefits is filed of the reason for the delay. Unless the applicant or any other interested party, within 30 days, requests a hearing before a benefit judge, the determination is final. For good cause shown, the 30-day period may be extended. At any time within one year from the date of a monetary determination, the commissioner, upon request of the applicant or on the commissioner's own initiative, may reconsider the determination if it is found that an error in computation or identity has occurred in connection with the determination or that additional wages pertinent to the applicant's status have become available, or if that determination has been made as a result of a nondisclosure or misrepresentation of a material fact.

Sec. 18. **[268B.06] EMPLOYER NOTIFICATION.**

(a) Upon a determination under section 268B.05 that an applicant is entitled to benefits, the commissioner must promptly send a notification to each current employer of the applicant, if any, in accordance with paragraph (b).

(b) The notification under paragraph (a) must include, at a minimum:

(1) the name of the applicant;

(2) that the applicant has applied for and received benefits;

(3) that the applicant has been identified as an employee of the employer;

(4) the week the benefits commence;

(5) the weekly benefit amount payable;

(6) the maximum duration of benefits;

(7) an explanation of why the notification has been sent; and

(8) descriptions of the employer's right to participate in a hearing under section 268B.05, and appeal process under section 268B.07.

Sec. 19. **[268B.07] APPEAL PROCESS.**

Subdivision 1. **Hearing.** (a) The commissioner shall designate a chief benefit judge.

(b) Upon a timely appeal to a determination having been filed or upon a referral for direct hearing, the chief benefit judge must set a time and date for a de novo due process hearing and send notice to an applicant and an employer, by mail or electronic transmission, not less than ten calendar days before the date of the hearing.

(c) The commissioner may adopt rules on procedures for hearings. The rules need not conform to common law or statutory rules of evidence and other technical rules of procedure.

(d) The chief benefit judge has discretion regarding the method by which the hearing is conducted.

Subd. 2. **Decision.** (a) After the conclusion of the hearing, upon the evidence obtained, the benefit judge must send by mail or electronic transmission to all parties, the decision, reasons for the decision, and written findings of fact.

(b) Decisions of a benefit judge are not precedential.

Subd. 3. **Request for reconsideration.** Any party, or the commissioner, may, within 30 calendar days of the receipt of the benefit judge's decision, file a request for reconsideration asking the judge to reconsider that decision.

Subd. 4. **Appeal to Court of Appeals.** Any final determination on a request for reconsideration may be appealed by any party directly to the Minnesota Court of Appeals.

Subd. 5. **Benefit judges.** (a) Only employees of the department who are attorneys licensed to practice law in Minnesota may serve as a chief benefit judge, senior benefit judges who are supervisors, or benefit judges.

(b) The chief benefit judge must assign a benefit judge to conduct a hearing and may transfer to another benefit judge any proceedings pending before another benefit judge.

Sec. 20. [268B.08] BENEFITS.

Subdivision 1. **Weekly benefit amount.** (a) Subject to the maximum weekly benefit amount, an applicant's weekly benefit is calculated by adding the amounts obtained by applying the following percentage to an applicant's average weekly wage earned with an employer as defined in section 268B.01, subdivision 8:

(1) 80 percent of wages that do not exceed 50 percent of the state's average weekly wage; plus

(2) 66 percent of wages that exceed 50 percent of the state's average weekly wage but not 100 percent; plus

(3) 55 percent of wages that exceed 100 percent of the state's average weekly wage.

(b) The average weekly wage of the applicant under paragraph (a) must be calculated by dividing the high quarter wage credits of the applicant by 13.

(c) The state's average weekly wage is the average wage as calculated under section 268.035, subdivision 23, at the time a benefit amount is first determined.

(d) Notwithstanding any other provision in this section, weekly benefits must not exceed the maximum weekly benefit amount applicable at the time benefit payments commence.

Subd. 2. **Timing of payment.** Except as otherwise provided for in this chapter, benefits must be paid weekly.

Subd. 3. **Method of payment.** The commissioner may pay benefits using any method or methods authorized for the payment of unemployment insurance benefits under chapter 268.

Subd. 4. **Maximum length of benefits.** In a 52-week period, an applicant may receive a total of 12 weeks of benefits under this chapter.

Subd. 5. **Minimum period for which benefits payable.** Any claim for benefits must be based on a single-qualifying benefit period of at least seven days; thereafter, benefits may be paid for a minimum increment of one day.

Subd. 6. **Total paid benefits not to exceed average weekly wage.** An applicant's combined weekly employer-paid wage replacement benefits and benefits under this chapter must not exceed an applicant's average weekly wage. Benefits under this chapter must be reduced so those combined benefits do not exceed that amount.

Subd. 7. **Withholding of federal tax.** If the Internal Revenue Service determines that benefits are subject to federal income tax, and an applicant elects to have federal income tax deducted and withheld from the applicant's benefits, the commissioner must deduct and withhold the amount specified in the Internal Revenue Code in a manner consistent with state law.

EFFECTIVE DATE. This section is effective January 1, 2020.

Sec. 21. [268B.09] EMPLOYMENT PROTECTIONS.

Subdivision 1. **Retaliation prohibited.** An employer must not retaliate against an employee for requesting or obtaining benefits, or for exercising any other right under this chapter.

Subd. 2. **Waiver of rights void.** An agreement by an individual to waive, release, or commute rights to benefits under this chapter is void. An employer may not obstruct or impede an application for benefits.

Subd. 3. **No assignment of benefits.** Any assignment, pledge, or encumbrance of benefits is void. Benefits are exempt from levy, execution, attachment, or any other remedy provided for the collection of debt. Any waiver of this subdivision is void.

Subd. 4. **Remedies.** In addition to any other remedies available by law, an individual injured by a violation of this section may bring a civil action seeking any damages recoverable by law, together with costs and disbursements, including reasonable attorney fees, and may receive injunctive and other equitable relief as determined by a court.

Subd. 5. **Leave and employment rights not created.** This chapter does not create a right to employment leave to an individual receiving benefits under this chapter. This chapter does not create a right to return to an employment position before, during, or after the receipt of benefits under this chapter.

Sec. 22. **[268B.10] SUBSTITUTION OF OTHER PLAN; EMPLOYER EXCLUSION.**

Subdivision 1. **Application for exclusion.** An employer may apply to the commissioner to be excluded from either or both the family and medical benefit programs under this chapter.

Subd. 2. **Requirements for approving exclusion.** The commissioner must approve an application for exclusion from a program under this chapter if the commissioner finds that the employer provides a benefit plan that:

- (1) covers all of the employees that would be covered by a program under this chapter;
- (2) provides an amount of employer-provided wage benefits that when combined with other employer-paid and employee-paid wage benefits is approximately equal to or greater than that provided under the program; and
- (3) does not require employee payments that exceed employee payments required under this chapter.

Subd. 3. **Audit and investigation.** The commissioner may investigate and audit plans for which an exclusion was approved under this section both before and after an exclusion is approved.

EFFECTIVE DATE. This section is effective July 1, 2019, for exclusions commencing January 1, 2020, and thereafter.

Sec. 23. **[268B.11] SELF-EMPLOYED ELECTION OF COVERAGE.**

(a) A self-employed individual may file with the commissioner, by electronic transmission in a format prescribed by the commissioner, an election that the individual is covered as an employee for not less than two calendar years. Upon the approval of the commissioner, sent by United States mail or electronic transmission, the individual is covered as an employee under this chapter beginning the calendar quarter after the date of approval or beginning in a later calendar quarter if requested by the employer. The individual ceases to be covered as of the first day of January of any calendar year only if, at least 30 calendar days before the first day of January, the individual has filed with the commissioner, by electronic transmission in a format prescribed by the commissioner, a notice to that effect.

(b) The commissioner must terminate any election agreement under this section upon 30 calendar days' notice sent by mail or electronic transmission if the individual is delinquent on any taxes due under this chapter.

(c) The individual electing under this section must pay both the employer and employee taxes under section 268B.12.

(d) The individual must comply with the requirements imposed on employers and employees under this chapter except to the extent the commissioner determines requiring compliance is unreasonable.

Sec. 24. **[268B.111] SMALL EMPLOYER ELECTION OF COVERAGE.**

An employer of less than 21 employees may elect to be an employer subject to chapter 268B. An election must be filed with the commissioner by electronic transmission in a format prescribed by the commissioner. An election must be for not less than two calendar years following the year of election. The commissioner shall notify an employer of the effective date of an election which must be the beginning of the first quarter the commissioner determines is administratively practical.

Sec. 25. **[268B.12] TAXATION.**

Subdivision 1. **Employer.** (a) Each taxpaying employer under the state's unemployment insurance program must pay a tax on the wages paid to employees in covered employment for each calendar year. The tax must be paid on all wages up to the maximum specified by this section.

(b) Each reimbursing employer under the state's unemployment insurance law must pay a tax on the wages paid to employees in covered employment in the same amount and manner as provided by paragraph (a).

Subd. 2. **Employee.** Each employee on whose wages a tax is paid under this section must pay a tax equal to that of the employer under this section. The employer shall withhold employee taxes from the wages of an employee and make payment to the commissioner on behalf of an employee.

Subd. 3. **Wages subject to tax.** The maximum wages subject to tax in a calendar year is equal to the maximum earnings in that year subject to the FICA Old-Age, Survivors, and Disability Insurance tax.

Subd. 4. **Annual tax rates.** The employer tax rates for the calendar year beginning January 1, 2020, shall be as follows:

- (1) for employers participating in both family and medical benefit programs, 0.09 percent;
- (2) for an employer participating in only the medical benefit program and opting out of the family benefit program, 0.08 percent; and
- (3) for an employer participating in only the family benefit program and opting out of the medical benefit program, 0.01 percent.

Subd. 5. **Tax rate adjustments.** (a) Each calendar year following the calendar year beginning January 1, 2020, except calendar year 2021, the commissioner must adjust the annual tax rates using the formula in paragraph (b).

(b) To calculate the employer tax rates for a calendar year, the commissioner must:

(1) multiply 1.45 times the amount disbursed from the account for the 52-week period ending September 30 of the prior year;

(2) subtract the amount in the account on that September 30 from the resulting figure;

(3) divide the resulting figure by twice the total wages in covered employment of employees of employers that have not opted out of both the family and medical benefit programs. For employees of employers that have opted out of one of the two programs, count only the proportion of wages in covered employment associated with the program of which the employer did not opt out; and

(4) round the resulting figure down to the nearest one-tenth of one percent.

(c) For calendar year 2021, the calculation shall be as provided in paragraph (b), except that the disbursements in clause (1) shall be those for the 39 weeks ending September 30, and projected disbursements for the next 13 weeks.

(d) The commissioner must not increase or decrease the employer tax rate by more than 0.1 percent each year.

(e) The commissioner must apportion the tax rate between the family and medical benefit programs based on the relative proportion of expenditures for each program during the preceding year.

Subd. 6. **Tax rate limits.** The aggregate tax rate of employers and employees under this chapter must not be less than 0.1 percent or more than 1.5 percent annually.

Subd. 7. **Collection of taxes; efficiencies.** For collection of taxes under this section, the commissioner must, to the maximum extent possible, use the same collection process as that used for collection of unemployment insurance taxes.

Subd. 8. **Deposit of taxes.** All taxes collected under this section must be deposited into the account.

Sec. 26. [268B.13] COLLECTION OF TAXES.

Subdivision 1. **Amount computed presumed correct.** Any amount due from an employer, as computed by the commissioner, is presumed to be correctly determined and assessed, and the burden is upon the employer to show its incorrectness. A statement by the commissioner of the amount due is admissible in evidence in any court or administrative proceeding and is prima facie evidence of the facts in the statement.

Subd. 2. **Priority of payments.** (a) Any payment received from an employer must be applied in the following order:

(1) taxes due under this chapter; then

(2) interest on past due taxes; then

(3) penalties, late fees, administrative service fees, and costs.

(b) Paragraph (a) is the priority used for all payments received from an employer, regardless of how the employer may designate the payment to be applied, except when:

(1) there is an outstanding lien and the employer designates that the payment made should be applied to satisfy the lien;

(2) a court or administrative order directs that the payment be applied to a specific obligation;

(3) a preexisting payment plan provides for the application of payment; or

(4) the commissioner agrees to apply the payment to a different priority.

Subd. 3. **Costs.** (a) Any employer that fails to pay any amount when due under this chapter is liable for any filing fees, recording fees, sheriff fees, costs incurred by referral to any public or private collection agency, or litigation costs, including attorney fees, incurred in the collection of the amounts due.

(b) If any tendered payment of any amount due is not honored when presented to a financial institution for payment, any costs assessed to the department by the financial institution and a fee of \$25 must be assessed to the person.

(c) Costs and fees collected under this subdivision are credited to the account.

Subd. 4. **Interest on amounts past due.** If any amounts due from an employer under this chapter, except late fees, are not received on the date due, the unpaid balance bears interest at the rate of one percent per month or any part of a month. Interest collected under this subdivision is payable to the account.

Subd. 5. **Interest on judgments.** Regardless of section 549.09, if judgment is entered upon any past due amounts from an employer under this chapter, the unpaid judgment bears interest at the rate specified in subdivision 4 until the date of payment.

Subd. 6. **Credit adjustments; refunds.** (a) If an employer makes an application for a credit adjustment of any amount paid under this chapter within four years of the date that the payment was due, in a manner and format prescribed by the commissioner, and the commissioner determines that the payment or any portion thereof was erroneous, the commissioner must make an adjustment and issue a credit without interest. If a credit cannot be used, the commissioner must refund, without interest, the amount erroneously paid. The commissioner, on the commissioner's own motion, may make a credit adjustment or refund under this subdivision.

(b) Any refund returned to the commissioner is considered unclaimed property under chapter 345.

(c) If a credit adjustment or refund is denied in whole or in part, a determination of denial must be sent to the employer by United States mail or electronic transmission. The determination of denial is final unless an employer files an appeal within 20 calendar days after receipt of the determination.

Subd. 7. **Priorities under legal dissolutions or distributions.** In the event of any distribution of an employer's assets according to an order of any court, including any receivership, assignment for benefit of creditors, adjudicated insolvency, or similar proceeding, taxes then or thereafter due must be paid in full before all other claims, except claims for wages of not more than \$1,000 per former employee that are earned within six months of the commencement of the proceedings. In the event of an employer's adjudication in bankruptcy under federal law, taxes then or thereafter due are entitled to the priority provided in that law for taxes due.

Sec. 27. **[268B.14] ADMINISTRATIVE COSTS.**

For the calendar year beginning January 1, 2020, and each calendar year thereafter, the commissioner may spend up to seven percent of projected benefit payments for that calendar year for the administration of this chapter.

Sec. 28. **[268B.15] PUBLIC OUTREACH.**

The commissioner may use administrative funds for the purpose of outreach and education for employees regarding this chapter. This may include providing grants to public and private persons and entities.

Sec. 29. **[268B.16] APPLICANT'S FALSE REPRESENTATIONS; CONCEALMENT OF FACTS; PENALTY.**

(a) Any applicant who knowingly makes a false statement or representation, knowingly fails to disclose a material fact, or makes a false statement or representation without a good-faith belief as to the correctness of the statement or representation, in order to obtain or in an attempt to obtain benefits may be assessed, in addition to any other penalties, an administrative penalty of ineligibility of benefits for 13 to 104 weeks.

(b) A determination of ineligibility setting out the weeks the applicant is ineligible must be sent to the applicant by United States mail or electronic transmission. The determination is final unless an appeal is filed within 30 calendar days after receipt of the determination.

Sec. 30. **[268B.17] EMPLOYER MISCONDUCT; PENALTY.**

(a) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer is in collusion with any applicant for the purpose of assisting the applicant in receiving benefits fraudulently. The penalty is \$500 or the amount of benefits determined to be overpaid, whichever is greater.

(b) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer:

- (1) made a false statement or representation knowing it to be false;
- (2) made a false statement or representation without a good-faith belief as to the correctness of the statement or representation; or
- (3) knowingly failed to disclose a material fact.

(c) The penalty is the greater of \$500 or 50 percent of the following resulting from the employer's action:

- (1) the amount of any overpaid benefits to an applicant;
 - (2) the amount of benefits not paid to an applicant that would otherwise have been paid; or
 - (3) the amount of any payment required from the employer under this chapter that was not paid.
- (d) Penalties must be paid within 30 calendar days of issuance of the determination of penalty and credited to the account.

(e) The determination of penalty is final unless the employer files an appeal within 30 calendar days after the sending of the determination of penalty to the employer by United States mail or electronic transmission.

Sec. 31. [268B.18] RECORDS; AUDITS.

(a) Each employer must keep true and accurate records on individuals performing services for the employer, containing the information the commissioner may require under this chapter. The records must be kept for a period of not less than four years in addition to the current calendar year.

(b) For the purpose of administering this chapter, the commissioner has the power to investigate, audit, examine, or cause to be supplied or copied, any books, correspondence, papers, records, or memoranda that are the property of, or in the possession of, an employer or any other person at any reasonable time and as often as may be necessary.

(c) An employer or other person that refuses to allow an audit of its records by the department or that fails to make all necessary records available for audit in the state upon request of the commissioner may be assessed an administrative penalty of \$500. The penalty collected is credited to the account.

Sec. 32. [268B.19] SUBPOENAS; OATHS.

(a) The commissioner or benefit judge has authority to administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of individuals and the production of documents and other personal property necessary in connection with the administration of this chapter.

(b) Individuals subpoenaed, other than applicants or officers and employees of an employer that is the subject of the inquiry, must be paid witness fees the same as witness fees in civil actions in district court. The fees need not be paid in advance.

(c) The subpoena is enforceable through the district court in Ramsey County.

Sec. 33. [268B.20] MEDIATION AND CONCILIATION.

The department must offer mediation and conciliation services to employers and applicants to resolve disputes concerning benefits under this chapter. The commissioner shall notify parties of the availability of those services and may by rule extend appeal deadlines to accommodate conciliation and mediation.

Sec. 34. Minnesota Statutes 2014, section 270B.14, subdivision 2, is amended to read:

Subd. 2. Disclosure to Department of Employment and Economic Development. (a) Data relating to individuals are treated as follows:

(1) Return information may be disclosed to the Department of Employment and Economic Development to the extent provided in clause (2) and for the purposes provided in clause (3).

(2) The data that may be disclosed is limited to the amount of gross income earned by an individual, the total amounts of earnings from each employer, and the employer's name.

(3) Data may be requested pertaining only to individuals who have claimed benefits under sections 268.03 to 268.23 and 268B.01 to 268B.20 and only if the individuals are the subject of investigations based on other information available to the Department of Employment and

Economic Development. Data received may be used only as set forth in section 268.19, subdivision 1, paragraph (b).

(b) Data pertaining to corporations or other employing units may be disclosed to the Department of Employment and Economic Development to the extent necessary for the proper enforcement of ~~chapter~~ chapters 268 and 268B.

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

Sec. 35. INITIAL TAX RATES FOR FAMILY AND MEDICAL BENEFIT PROGRAM.

Notwithstanding any other law to the contrary, the tax rate for employers subject to tax under Minnesota Statutes, section 268B.12, and employees in an equal amount, is 0.045 percent in calendar year 2019.

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

Sec. 36. FAMILY AND MEDICAL LEAVE BENEFIT PROGRAM; APPROPRIATION.

\$6,983,000 in fiscal year 2017 is appropriated from the general fund to the commissioner of employment and economic development for the purposes of Minnesota Statutes, chapter 268B. The base for fiscal year 2018 is \$9,201,000, the base for fiscal year 2019 is \$9,667,000, and the base for fiscal years 2020 and later is zero.

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

Sec. 37. EFFECTIVE DATE INTENTION.

The intention of the legislature is that benefits under Minnesota Statutes, chapter 268B, shall not be applied for nor paid until January 1, 2020, and thereafter. The sections of this article are effective August 1, 2016, unless specifically provided otherwise in this article."

Delete the title and insert:

"A bill for an act relating to financing of state and local government; making changes to individual income and corporate franchise, property, sales and use, special, local, and other taxes and tax-related provisions; providing for and expanding credits; authorizing riparian protection aid; providing property tax exemptions and refunds; authorizing sales and use tax exemptions; modifying sales and use tax remittances; providing for and modifying certain local development projects; modifying special taxing districts; authorizing issuance of bonds; providing for paid family and medical leave benefits; transferring approval authority from Iron Range Resources and Rehabilitation Board to the commissioner of Iron Range resources and rehabilitation; authorizing early separation incentive program; appropriating money; amending Minnesota Statutes 2014, sections 13.719, by adding a subdivision; 15.38, subdivision 7; 116J.424; 116J.8737, subdivision 2; 181.940, subdivisions 2, 4; 181.941, subdivision 4; 181.942, subdivision 1; 181.943; 216B.161, subdivision 1; 256J.561, by adding a subdivision; 256J.95, subdivisions 3, 11; 268.19, subdivision 1; 270B.14, subdivision 2; 272.162; 276A.01, subdivisions 8, 17; 282.38, subdivision 1; 290.01, subdivisions 19a, 19b, 19c; 290.06, by adding a subdivision; 290.091, subdivision 2; 297A.66, subdivisions 1, 3, 4, by adding subdivisions; 297A.71, by adding subdivisions; 297A.75, subdivisions 1, 2, 3; 298.001, subdivision 8; 298.22, subdivisions 1a, 5a, 6, 8, 10, 11; 298.221; 298.2211, subdivision 3; 298.2213, subdivisions 4, 5, 6; 298.223, subdivisions 1, 2; 298.227; 298.28, subdivisions 7a, 9d; 298.292, subdivision 2; 298.294; 298.296, subdivisions 1, 2, 4;

298.2961, subdivisions 2, 4; 298.298; 298.46, subdivision 2; 473.39, by adding a subdivision; Minnesota Statutes 2015 Supplement, sections 256P.01, subdivision 3; 289A.02, subdivision 7; 290.01, subdivisions 19, 31; 290.0671, subdivision 1; 290A.03, subdivision 15; 291.005, subdivision 1; Laws 1988, chapter 645, section 3, as amended; Laws 2008, chapter 154, article 9, section 21, subdivision 2; Laws 2009, chapter 88, article 2, section 46, subdivisions 1, as amended, 2, 3, as amended, 4, 5; Laws 2014, chapter 308, article 6, section 9; proposing coding for new law in Minnesota Statutes, chapters 181; 216B; 270C; 290; 469; 477A; proposing coding for new law as Minnesota Statutes, chapter 268B."

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

Senator Latz from the Committee on Judiciary, to which was re-referred

S.F. No. 3589: A bill for an act relating to transportation; authorizing and governing implementation of requirements of the federal REAL ID Act; amending certain requirements governing driver's licenses and Minnesota identification cards; requiring rulemaking to implement a two-tier license system; amending Minnesota Statutes 2014, sections 97A.405, subdivision 2; 171.01, subdivision 37, by adding a subdivision; 171.017; 171.06, subdivision 3; 171.07, subdivisions 1, 4, 6, 7, 15, by adding subdivisions; 171.071, subdivision 3; 171.072; 171.12, subdivision 7; 171.27; repealing Laws 2009, chapter 92, section 1, as amended.

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

Page 3, lines 15 and 16, delete "agency" and insert "agent"

Page 4, line 10, before the period, insert "or driver's license agent"

Page 5, line 2, after "declaration" insert "under penalty of perjury"

Page 7, lines 2, 6, and 20, delete "and in the machine-readable zone" and insert "so that the marking is machine readable"

Page 7, line 15, delete "and in the"

Page 7, line 16, delete "machine-readable zone" and insert "so that the marking is machine readable"

Page 13, after line 12, insert:

"Sec. 17. **DRIVER'S LICENSE AGENT IN NEW BRIGHTON.**

(a) As provided in this section, the commissioner of public safety shall revise the appointment of the city of New Brighton as a driver's license agent to provide authority to operate as a full-service driver licensing office, located in New Brighton city hall. This paragraph applies notwithstanding: (1) Minnesota Statutes, section 171.061; (2) requirements under Minnesota Rules, part 7404.0300, subpart 3; and (3) procedures for county board appointment of a driver's license agent, including under Minnesota Rules, part 7404.0350. All other provisions apply regarding the appointment and operation of a driver's license agent under Minnesota Statutes, section 171.061, and Minnesota Rules, chapter 7404.

(b) The commissioner shall make the appointment under this section within two weeks of receipt of an appointment application pursuant to the commissioner's procedures under Minnesota Rules."

Renumber the sections in sequence

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

SECOND READING OF HOUSE BILLS

H.F. No. 3931 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.

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:

S.F. No. 2527: Senators Saxhaug, Sparks, Lourey, Ingebrigtsen and Cohen.

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

MEMBERS EXCUSED

Senators Goodwin, Hann, Metzen, Nienow and Ruud were excused from the Session of today. Senator Osmek was excused from the Session of today from 12:15 to 12:30 p.m. Senator Dibble was excused from the Session of today from 12:15 to 12:55 p.m. Senator Cohen was excused from the Session of today from 12:15 to 1:20 p.m. Senator Sieben was excused from the Session of today from 12:15 to 2:00 p.m. Senator Bakk was excused from the Session of today from 12:15 to 2:05 p.m. Senator Kent was excused from the Session of today from 12:25 to 12:35 p.m. Senator Pappas was excused from the Session of today from 1:15 to 2:30 p.m. Senator Hoffman was excused from the Session of today at 2:40 p.m.

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 11:00 a.m., Wednesday, May 11, 2016. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate