

EIGHTY-SIXTH DAY

St. Paul, Minnesota, Thursday, March 31, 2022

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Peter Richards.

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

The roll was called, and the following Senators were present:

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

Pursuant to Rule 14.1, the President announced the following members intend to vote under Rule 40.7: Bakk, Duckworth, Gazelka, Goggin, Housley, Ingebrigtsen, Mathews, and Tomassoni.

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

March 30, 2022

The Honorable David J. Osmek
President of the Senate

Dear President Osmek:

I have received, approved, signed, and deposited in the Office of the Secretary of State, Chapter 42, S.F. No. 3372.

Sincerely,
Tim Walz, Governor

March 30, 2022

The Honorable Melissa Hortman
Speaker of the House of Representatives

The Honorable David J. Osmek
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2022 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2022	Date Filed 2022
3372		42	3:17 p.m. March 30	March 30

Sincerely,
Steve Simon
Secretary of State

REPORTS OF COMMITTEES

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

Senator Rarick from the Committee on Labor and Industry Policy, to which was referred

S.F. No. 3881: A bill for an act relating to labor and industry; appropriating money for the Department of Labor and Industry and Minnesota Management and Budget; making policy and technical changes; providing OSHA penalty compliance; modifying fair labor standards for agricultural and food processing workers; providing earned sick and safe time; modifying combative sports; adopting civil penalties; authorizing rulemaking; requiring reports; amending Minnesota Statutes 2020, sections 175.16, subdivision 1; 177.26; 177.27, subdivisions 2, 4, 7; 178.01; 178.011, subdivision 7; 178.03, subdivision 1; 178.11; 179.86, subdivisions 1, 3, by adding subdivisions; 181.14, subdivision 1; 181.635, subdivisions 1, 2, 3, 4, 6; 181.85, subdivisions 2, 4; 181.86,

subdivision 1; 181.87, subdivisions 2, 3, 7; 181.88; 181.89, subdivision 2, by adding a subdivision; 181.942, subdivision 1; 181.9435, subdivision 1; 181.9436; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 326B.103, subdivision 13; 326B.106, subdivision 1; 341.21, subdivision 7; 341.221; 341.25; 341.28; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 341.33; 341.355; Minnesota Statutes 2021 Supplement, section 326B.153, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 177; 181; 341; repealing Minnesota Statutes 2020, section 181.9413.

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

Delete everything after the enacting clause and insert:

**"ARTICLE 1
APPROPRIATIONS**

Section 1. **APPROPRIATIONS.**

The sums shown in the columns under "Appropriations" are added to the appropriations in Laws 2021, First Special Session chapter 10, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. Appropriations for the fiscal year ending June 30, 2022, are effective the day following final enactment.

**APPROPRIATIONS
Available for the Year
Ending June 30
2022 2023**

Sec. 2. DEPARTMENT OF LABOR AND INDUSTRY

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>2,505,000</u>
<u>Appropriations by Fund</u>				
	<u>2022</u>		<u>2023</u>	
<u>General</u>	<u>-0-</u>		<u>747,000</u>	
<u>Workforce Development</u>	<u>-0-</u>		<u>1,758,000</u>	
<u>Subd. 2. Labor Standards and Apprenticeship</u>		<u>-0-</u>		<u>1,758,000</u>

\$1,758,000 in fiscal year 2023 is from the workforce development fund for prevailing wage enforcement.

Subd. 3. Workforce Development Initiatives-0-747,000

(a) \$500,000 in fiscal year 2023 is for youth skills training grants under Minnesota Statutes, section 175.46.

(b) \$247,000 in fiscal year 2023 is for administration of the youth skills training grants under Minnesota Statutes, section 175.46. In fiscal year 2024 the base for this appropriation is \$258,000. In fiscal year 2025 the base for this appropriation is \$270,000.

ARTICLE 2**LABOR AND INDUSTRY POLICY AND TECHNICAL**

Section 1. Minnesota Statutes 2020, section 326B.106, subdivision 4, is amended to read:

Subd. 4. **Special requirements.** (a) **Space for commuter vans.** The code must require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) **Smoke detection devices.** The code must require that all dwellings, lodging houses, apartment houses, and hotels as defined in section 299F.362 comply with the provisions of section 299F.362.

(c) **Doors in nursing homes and hospitals.** The State Building Code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) **Child care facilities in churches; ground level exit.** A licensed day care center serving fewer than 30 preschool age persons and which is located in a belowground space in a church building is exempt from the State Building Code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) **Family and group family day care.** Until the legislature enacts legislation specifying appropriate standards, the definition of dwellings constructed in accordance with the International Residential Code as adopted as part of the State Building Code applies to family and group family day care homes licensed by the Department of Human Services under Minnesota Rules, chapter 9502.

(f) **Enclosed stairways.** No provision of the code or any appendix chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

(g) **Double cylinder dead bolt locks.** No provision of the code or appendix chapter of the code may prohibit double cylinder dead bolt locks in existing single-family homes, townhouses, and first

floor duplexes used exclusively as a residential dwelling. Any recommendation or promotion of double cylinder dead bolt locks must include a warning about their potential fire danger and procedures to minimize the danger.

(h) **Relocated residential buildings.** A residential building relocated within or into a political subdivision of the state need not comply with the State Energy Code or section 326B.439 provided that, where available, an energy audit is conducted on the relocated building.

(i) **Automatic garage door opening systems.** The code must require all residential buildings as defined in section 325F.82 to comply with the provisions of sections 325F.82 and 325F.83.

(j) **Exterior wood decks, patios, and balconies.** The code must permit the decking surface and upper portions of exterior wood decks, patios, and balconies to be constructed of (1) heartwood from species of wood having natural resistance to decay or termites, including redwood and cedars, (2) grades of lumber which contain sapwood from species of wood having natural resistance to decay or termites, including redwood and cedars, or (3) treated wood. The species and grades of wood products used to construct the decking surface and upper portions of exterior decks, patios, and balconies must be made available to the building official on request before final construction approval.

(k) **Bioprocess piping and equipment.** No permit fee for bioprocess piping may be imposed by municipalities under the State Building Code, except as required under section 326B.92 subdivision 1. Permits for bioprocess piping shall be according to section 326B.92 administered by the Department of Labor and Industry. All data regarding the material production processes, including the bioprocess system's structural design and layout, are nonpublic data as provided by section 13.7911.

(l) **Use of ungraded lumber.** The code must allow the use of ungraded lumber in geographic areas of the state where the code did not generally apply as of April 1, 2008, to the same extent that ungraded lumber could be used in that area before April 1, 2008.

(m) **Window cleaning safety.** ~~The code must require the installation of dedicated anchorages for the purpose of suspended window cleaning on (1) new buildings four stories or greater; and (2) buildings four stories or greater, only on those areas undergoing reconstruction, alteration, or repair that includes the exposure of primary structural components of the roof~~ The code shall incorporate by reference nationally recognized safety standards for window cleaning developed by the International Window Cleaning Association (IWCA) and approved by the American National Standards Institute (ANSI). Such standards shall require that window cleaning safety features be provided for all windows on:

(1) new buildings where determined by the standard; and

(2) existing buildings undergoing alterations where both of the following conditions are met:

(i) the windows do not currently have safe window cleaning features; and

(ii) the proposed work area being altered can include provisions for safe window cleaning.

~~The commissioner may waive all or a portion of the requirements of this paragraph related to reconstruction, alteration, or repair, if the installation of dedicated anchorages would not result in~~

significant safety improvements due to limits on the size of the project, or other factors as determined by the commissioner.

(n) Accessibility requirements for installation of electric vehicle charging stations. Until the State Building Code is amended to include accessibility requirements for installation of electric vehicle charging stations, any electric vehicle charging station installed in this state must meet the accessibility requirements published in the Minnesota Pollution Control Agency's Installation Requirements for Electric Vehicle Charging Stations guidance dated January 2021, or any updates to that document; or for state installations and fleet purchases and activities, the Department of Transportation's Guidance: Use, Site Design, and Operations of Electric Vehicle (EV) Chargers at MnDOT Facilities dated February 10, 2021, or any updates to that document.

EFFECTIVE DATE. Paragraph (n) expires the day following adoption of accessibility requirements for installation of electric vehicle charging stations in the State Building Code.

Sec. 2. Minnesota Statutes 2021 Supplement, section 326B.153, subdivision 1, is amended to read:

Subdivision 1. **Building permits.** (a) Fees for building permits submitted as required in section 326B.107 include:

(1) the fee as set forth in the fee schedule in paragraph (b) or as adopted by a municipality; and

(2) the surcharge required by section 326B.148.

(b) The total valuation and fee schedule is:

(1) \$1 to \$500, ~~\$29.50~~ \$21;

(2) \$501 to \$2,000, ~~\$28~~ \$21 for the first \$500 plus ~~\$3.70~~ \$2.75 for each additional \$100 or fraction thereof, to and including \$2,000;

(3) \$2,001 to \$25,000, ~~\$83.50~~ \$62.25 for the first \$2,000 plus ~~\$16.55~~ \$12.50 for each additional \$1,000 or fraction thereof, to and including \$25,000;

(4) \$25,001 to \$50,000, ~~\$464.15~~ \$349.75 for the first \$25,000 plus ~~\$12~~ \$9 for each additional \$1,000 or fraction thereof, to and including \$50,000;

(5) \$50,001 to \$100,000, ~~\$764.15~~ \$574.75 for the first \$50,000 plus ~~\$8.45~~ \$6.25 for each additional \$1,000 or fraction thereof, to and including \$100,000;

(6) \$100,001 to \$500,000, ~~\$1,186.65~~ \$887.25 for the first \$100,000 plus ~~\$6.75~~ \$5 for each additional \$1,000 or fraction thereof, to and including \$500,000;

(7) \$500,001 to \$1,000,000, ~~\$3,886.65~~ \$2,887.25 for the first \$500,000 plus ~~\$5.50~~ \$4.25 for each additional \$1,000 or fraction thereof, to and including \$1,000,000; and

(8) \$1,000,001 and up, ~~\$6,636.65~~ \$5,012.25 for the first \$1,000,000 plus ~~\$4.50~~ \$2.75 for each additional \$1,000 or fraction thereof.

(c) Other inspections and fees are:

(1) inspections outside of normal business hours (minimum charge two hours), \$63.25 per hour;

(2) reinspection fees, \$63.25 per hour;

(3) inspections for which no fee is specifically indicated (minimum charge one-half hour), \$63.25 per hour; and

(4) additional plan review required by changes, additions, or revisions to approved plans (minimum charge one-half hour), \$63.25 per hour.

(d) If the actual hourly cost to the jurisdiction under paragraph (c) is greater than \$63.25, then the greater rate shall be paid. Hourly cost includes supervision, overhead, equipment, hourly wages, and fringe benefits of the employees involved.

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

Sec. 3. Minnesota Statutes 2020, section 326B.163, subdivision 5, is amended to read:

Subd. 5. **Elevator.** As used in this chapter, "elevator" means moving walks and vertical transportation devices such as escalators, passenger elevators, freight elevators, dumbwaiters, hand-powered elevators, endless belt lifts, and ~~wheelchair~~ platform lifts. Elevator does not include:

(1) external temporary material lifts or temporary construction personnel elevators at sites of construction of new or remodeled buildings;

(2) conveyors, including vertical reciprocating conveyors;

(3) platform lifts not covered in subdivision 5a;

(4) dock levelers;

(5) tiering or piling machines used to move material to and from storage located and operating entirely within one story;

(6) equipment for feeding or positioning material at machine tools or printing presses;

(7) wharf ramps;

(8) amusement devices; or

(9) lift bridges.

Sec. 4. Minnesota Statutes 2020, section 326B.163, is amended by adding a subdivision to read:

Subd. 5a. **Platform lift.** As used in this chapter, "platform lift" means a powered hoisting and lowering device designed to transport mobility-impaired persons on a guided platform.

Sec. 5. Minnesota Statutes 2020, section 326B.163, subdivision 11, is amended to read:

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

Sec. 6. Minnesota Statutes 2020, section 326B.163, subdivision 12, is amended to read:

Subd. 12. **Limited elevator work.** "Limited elevator work" means the installing, maintaining, altering, repairing, testing, planning, or laying out of residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, ~~conveyors~~, and special purpose personnel elevators as covered by Minnesota Rules, chapters 1307 and 1315. Limited elevator work also includes electrical wiring on the load side of the elevator equipment disconnect and the decommissioning of elevator equipment to enable safe removal. Limited elevator work does not include the exclusions listed in subdivision 5.

Sec. 7. Minnesota Statutes 2020, section 326B.163, subdivision 13, is amended to read:

Subd. 13. **Elevator work.** "Elevator work" means the installing, maintaining, altering, repairing, testing, planning, or laying out of elevator apparatus or equipment as covered by Minnesota Rules, chapters 1307 and 1315. Elevator work also includes the disconnection of electrical wiring on the load side of the elevator equipment disconnect and the decommissioning of elevator equipment to enable safe removal. Elevator work does not include the exclusions listed in subdivision 5.

Sec. 8. Minnesota Statutes 2020, section 326B.163, subdivision 15, is amended to read:

Subd. 15. **Limited master elevator constructor.** "Limited master elevator constructor" means an individual having the necessary qualifications, training, experience, and technical knowledge to properly plan, lay out, supervise, and perform the testing, altering, installation, maintenance, and repair of wiring, apparatus, and equipment for residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, ~~conveyors~~, and special purpose personnel elevators, including wiring on the load side of the elevator equipment disconnect and who is licensed as a limited master elevator constructor by the commissioner.

Sec. 9. Minnesota Statutes 2020, section 326B.163, subdivision 16, is amended to read:

Subd. 16. **Limited journeyworker elevator constructor.** "Limited journeyworker elevator constructor" means an individual having the necessary qualifications, training, experience, and technical knowledge to install, maintain, alter, test, and repair apparatus and equipment for residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, ~~conveyors~~, and special purpose personnel elevators, including electrical wiring on the load side of the elevator equipment disconnect and who is licensed as a limited journeyworker elevator constructor by the commissioner.

Sec. 10. Minnesota Statutes 2020, section 326B.164, subdivision 2, is amended to read:

Subd. 2. **Limited master elevator constructor.** (a) Except as otherwise provided by law, no individual shall perform or supervise elevator work on residential elevators, platform lifts, stairway

chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, ~~conveyors~~, and special purpose personnel elevators, unless:

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

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

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

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

Sec. 11. Minnesota Statutes 2020, section 326B.164, subdivision 4, is amended to read:

Subd. 4. **Limited journeyworker elevator constructor.** (a) Except as otherwise provided by law, no individual shall perform or supervise elevator work on residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, ~~conveyors~~, and special purpose personnel elevators, except for planning or laying out of elevator work, unless:

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

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

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

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

Sec. 12. Minnesota Statutes 2020, section 326B.36, subdivision 7, is amended to read:

Subd. 7. **Exemptions from inspections.** Installations, materials, or equipment shall not be subject to inspection under sections 326B.31 to 326B.399:

(1) when owned or leased, operated and maintained by any employer whose maintenance electricians are exempt from licensing under sections 326B.31 to 326B.399, while performing electrical maintenance work only as defined by rule;

(2) when owned or leased, and operated and maintained by any electrical, communications, or railway utility, cable communications company as defined in section 238.02, or telephone company as defined under section 237.01, in the exercise of its utility, antenna, or telephone function; and

(i) are used exclusively for the generations, transformation, distribution, transmission, load control, or metering of electric current, or the operation of railway signals, or the transmission of intelligence, and do not have as a principal function the consumption or use of electric current by or for the benefit of any person other than such utility, cable communications company, or telephone company; and

(ii) are generally accessible only to employees of such utility, cable communications company, or telephone company or persons acting under its control or direction; and

(iii) are not on the load side of the service point or point of entrance for communication systems;

(3) when used in the street lighting operations of an electrical utility;

(4) when used as outdoor area lights which are owned and operated by an electrical utility and which are connected directly to its distribution system and located upon the utility's distribution poles, and which are generally accessible only to employees of such utility or persons acting under its control or direction;

(5) when the installation, material, and equipment are in facilities subject to the jurisdiction of the federal Mine Safety and Health Act; or

(6) when the installation, material, and equipment is part of an elevator installation for which the elevator contractor, licensed under section 326B.164, is required to obtain a permit from the authority having jurisdiction as provided by section 326B.184, and the inspection has been or will be performed by an elevator inspector certified and licensed by the department. This exemption shall apply only to installations, material, and equipment permitted or required to be connected on the load side of the disconnecting means required for elevator equipment under National Electrical Code Article 620, and elevator communications and alarm systems within the machine room, car, hoistway, or elevator lobby.

Sec. 13. Minnesota Statutes 2020, section 326B.36, is amended by adding a subdivision to read:

Subd. 8. **Electric utility exemptions; additional requirements.** For exemptions to inspections exclusively for load control allowed for electrical utilities under subdivision 7, clause (2), item (i), the following requirements apply:

(1) the exempted work must be conducted by a Class A electrical contractor. If a deficiency or code violation is found when conducting such work, the electrical contractor or other designee must report the deficiency or code violation to the electric utility; and

(2) the electric utility must, within ten calendar days of discovering the need for repair, inform the owner:

(i) of the location of the materials or equipment that need repair;

(ii) that a permit is required for the work; and

(iii) of a time frame for the repair to be complete, not to exceed six months, after which time the utility must disconnect the materials or equipment.

Sec. 14. Minnesota Statutes 2020, section 326B.42, subdivision 1b, is amended to read:

Subd. 1b. **Backflow prevention rebuilder.** (a) A "backflow prevention rebuilder" is an individual who is qualified by training prescribed by the Plumbing Board and possesses a master or journeyworker plumber's license to engage in the testing, maintenance, and rebuilding of ~~reduced pressure zone type~~ backflow prevention assemblies as regulated by the Plumbing Code.

(b) For the purposes of this section and section 326B.437, a backflow prevention rebuilder who is qualified by training prescribed by the Plumbing Board and engages in rebuilding of backflow prevention assemblies limited to systems used to apply water to soil and plant materials or provide water to landscape features is exempt from the licensing requirements of paragraph (a). Nothing in this paragraph allows an employee or delegate of the backflow prevention rebuilder or tester to engage in the testing, maintenance, and rebuilding of backflow prevention assemblies as regulated by the Plumbing Code, unless the employee or delegate has the requisite backflow prevention tester or rebuilder training prescribed by the Plumbing Board.

Sec. 15. Minnesota Statutes 2020, section 326B.42, subdivision 1c, is amended to read:

Subd. 1c. **Backflow prevention tester.** A "backflow prevention tester" is an individual who is qualified by training prescribed by the Plumbing Board to engage in the testing of ~~reduced pressure zone type~~ backflow prevention assemblies as regulated by the Plumbing Code.

Sec. 16. Minnesota Statutes 2020, section 326B.437, is amended to read:

326B.437 REDUCED PRESSURE BACKFLOW PREVENTION REBUILDERS AND TESTERS.

(a) No person shall perform or offer to perform the installation, ~~maintenance, repair, or replacement, or rebuilding of reduced pressure zone~~ of backflow prevention assemblies unless the person obtains a plumbing contractor's license. An individual shall not engage in the testing, maintenance, ~~repair,~~ or rebuilding of ~~reduced pressure zone~~ backflow prevention assemblies, as regulated by the Plumbing Code, unless the individual is certified by the commissioner as a backflow prevention rebuilder.

(b) An individual shall not engage in testing of a ~~reduced pressure zone~~ backflow prevention assembly, as regulated by the Plumbing Code, unless the individual possesses a backflow prevention rebuilder certificate or is certified by the commissioner as a backflow prevention tester.

(c) Certificates are issued for an initial period of two years and must be renewed every two years thereafter for as long as the certificate holder ~~installs,~~ maintains, ~~repairs,~~ rebuilds, or tests ~~reduced pressure zone~~ backflow prevention assemblies. For purposes of calculating fees under section 326B.092, an initial or renewed backflow prevention rebuilder or tester certificate shall be considered an entry level license.

~~(d) The Plumbing Board shall adopt expedited rules under section 14.389 that are related to the certification of backflow prevention rebuilders and backflow prevention testers. Section 326B.13,~~

subdivision 8, does not apply to these rules. Notwithstanding the 18-month limitation under section 14.125, this authority expires on December 31, 2014.

~~(e) The department shall recognize certification programs that are a minimum of 16 contact hours and include the passage of an examination. The examination must consist of a practical and a written component. This paragraph expires when the Plumbing Board adopts rules under paragraph (d).~~

Sec. 17. Minnesota Statutes 2020, section 326B.46, subdivision 2, is amended to read:

Subd. 2. **Bond; insurance.** (a) The bond and insurance requirements of paragraphs (b) and (c) apply to each person who performs or offers to perform plumbing work within the state, including any person who offers to perform or performs sewer or water service installation or backflow prevention testing or rebuilding as described under subdivision 1b, paragraph (b), without a contractor's license. If the person performs or offers to perform any plumbing work other than sewer or water service installation or backflow prevention testing or rebuilding as described under subdivision 1b, paragraph (b), then the person must meet the requirements of paragraphs (b) and (c) as a condition of holding a contractor's license.

(b) Each person who performs or offers to perform plumbing work within the state shall give and maintain bond to the state in the penal sum of at least \$25,000 for (1) all plumbing work entered into within the state or (2) all plumbing work and subsurface sewage treatment work entered into within the state. The bond must comply with section 326B.0921. If the bond is for both plumbing work and subsurface sewage treatment work, the bond must comply with the requirements of this section and section 115.56, subdivision 2, paragraph (e).

(c) Each person who performs or offers to perform plumbing work within the state shall have and maintain in effect public liability insurance, including products liability insurance with limits of at least \$50,000 per person and \$100,000 per occurrence and property damage insurance with limits of at least \$10,000. The insurance shall be written by an insurer licensed to do business in the state of Minnesota. Each person who performs or offers to perform plumbing work within the state shall maintain on file with the commissioner a certificate evidencing the insurance. In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured.

Sec. 18. Laws 2021, First Special Session chapter 10, article 3, section 14, subdivision 1, is amended to read:

Subdivision 1. **License required.** (a) No individual shall engage in or work at the business of a master plumber, restricted master plumber, journeyworker plumber, and restricted journeyworker plumber unless licensed to do so by the commissioner. A license is not required for individuals performing building sewer or water service installation who have completed pipe laying training as prescribed by the commissioner. A license is not required for individuals servicing or installing a commercial chemical dispensing system or servicing or replacing a commercial dishwashing machine, including connecting a commercial chemical dispensing system or commercial dishwashing machine to a water line or drain line, provided that:

(1) the individual servicing or installing the commercial chemical dispensing system or servicing or replacing the commercial dishwashing machine is an employee of the manufacturer or distributor of the commercial chemical dispensing system or commercial dishwashing machine;

(2) the individual servicing or installing the commercial chemical dispensing system or servicing or replacing the commercial dishwashing machine has a minimum of 25 hours of classroom or laboratory training, a minimum of 20 hours of in-field training with a qualified technician on the types of systems being installed, followed by a minimum of 100 hours of supervised field experience. The training and experience curriculum required under this clause must be approved by the commissioner, in consultation with the manufacturer or distributor, but the commissioner shall not require training or experience hours in excess of the amounts specified in this clause;

(3) the manufacturer or distributor of the commercial chemical dispensing system or commercial dishwashing machine must meet the insurance requirements of section 326B.46, subdivision 2, paragraph (c);

(4) the connection is a push fit fitting, compression fitting, or threaded pipe fitting to an existing water line or drain, which has been initially installed by a licensed plumber; and

(5) the commercial chemical dispensing system complies with ASSE 1055 or contains code-approved integral backflow protection.

A license is not required for individuals performing backflow prevention rebuilding as described under subdivision 1b, paragraph (b), provided that the individual: (1) has completed backflow prevention rebuilder training as prescribed by the Plumbing Board; and (2) has obtained a nationally recognized third-party accredited professional irrigation certification and any such professional certifications have been approved by the commissioner.

A master plumber may also work as a journeyworker plumber, a restricted journeyworker plumber, and a restricted master plumber. A journeyworker plumber may also work as a restricted journeyworker plumber. Anyone not so licensed may do plumbing work which complies with the provisions of the minimum standards prescribed by the Plumbing Board on premises or that part of premises owned and actually occupied by the worker as a residence, unless otherwise forbidden to do so by a local ordinance.

(b) No person shall engage in the business of planning, superintending, or installing plumbing or shall install plumbing in connection with the dealing in and selling of plumbing material and supplies unless at all times a licensed master plumber, or in cities and towns with a population of fewer than 5,000 according to the last federal census, a restricted master plumber, who shall be responsible for proper installation, is in charge of the plumbing work of the person.

(c) Except as provided in subdivision 1a, no person shall perform or offer to perform plumbing work with or without compensation unless the person obtains a contractor's license. A contractor's license does not of itself qualify its holder to perform the plumbing work authorized by holding a master, journeyworker, restricted master, or restricted journeyworker license.

Sec. 19. LAWS CHAPTER 32 EFFECTIVE DATE.

Notwithstanding any other law to the contrary, Laws 2022, chapter 32, articles 1 and 2, sections 1 to 12, are effective the day following final enactment, and Laws 2022, chapter 32, article 1, section 1, applies to appointments made on or after that date."

Delete the title and insert:

"A bill for an act relating to labor and industry; appropriating money for the Department of Labor and Industry; making policy and technical changes amending Minnesota Statutes 2020, sections 326B.106, subdivision 4; 326B.163, subdivisions 5, 11, 12, 13, 15, 16, by adding a subdivision; 326B.164, subdivisions 2, 4; 326B.36, subdivision 7, by adding a subdivision; 326B.42, subdivisions 1b, 1c; 326B.437; 326B.46, subdivision 2; Minnesota Statutes 2021 Supplement, section 326B.153, subdivision 1; Laws 2021, First Special Session chapter 10, article 3, section 14, subdivision 1."

And when so amended the bill do pass and be re-referred to the Committee on Jobs and Economic Growth Finance and Policy. Amendments adopted. Report adopted.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Bigham introduced--

S.F. No. 4390: A bill for an act relating to public safety; expanding the doxing crime to include other criminal justice officials; amending Minnesota Statutes 2021 Supplement, section 609.5151.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senator Bigham introduced--

S.F. No. 4391: A bill for an act relating to capital investment; appropriating money for an addition to the HERO Center in Cottage Grove; authorizing the issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Senjem and Frenz introduced--

S.F. No. 4392: A bill for an act relating to energy; establishing a supplemental budget for energy and climate change needs; modifying the renewable development account; establishing a water utility energy resilience program; establishing various energy and climate technology investment funds; requiring reports; appropriating money; amending Minnesota Statutes 2020, section 116C.779, subdivision 1; Minnesota Statutes 2021 Supplement, section 216C.375, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 216B; 216C.

Referred to the Committee on Energy and Utilities Finance and Policy.

Senator Senjem introduced--

S.F. No. 4393: A bill for an act relating to taxation; income and corporate franchise; increasing and extending the small business investment credit; amending Minnesota Statutes 2021 Supplement, section 116J.8737, subdivisions 5, 12.

Referred to the Committee on Taxes.

Senator Coleman introduced--

S.F. No. 4394: A bill for an act relating to taxation; income and corporate franchise; creating a tax credit for employer paid family leave; proposing coding for new law in Minnesota Statutes, chapter 290.

Referred to the Committee on Taxes.

Senators Hoffman, Newton, and Abeler introduced--

S.F. No. 4395: A bill for an act relating to capital investment; appropriating money for Anoka County State-Aid Highway 1 interchange improvements at marked Trunk Highway 610 in the city of Coon Rapids.

Referred to the Committee on Transportation Finance and Policy.

Senators Abeler, Hoffman, and Newton introduced--

S.F. No. 4396: A bill for an act relating to capital investment; appropriating money for Anoka County State-Aid Highway 1 interchange improvements at marked Trunk Highway 610 in the city of Coon Rapids; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Putnam introduced--

S.F. No. 4397: A bill for an act relating to taxation; individual income; providing a subtraction for certain unemployment compensation received in 2021.

Referred to the Committee on Taxes.

Senator Dornink introduced--

S.F. No. 4398: A bill for an act relating to agriculture; establishing a micro farm premium assistance program; appropriating money for grants and technical assistance.

Referred to the Committee on Agriculture and Rural Development Finance and Policy.

Senator Dornink introduced--

S.F. No. 4399: A bill for an act relating to agriculture; establishing a farm down payment assistance program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 17.

Referred to the Committee on Agriculture and Rural Development Finance and Policy.

Senator Dornink introduced--

S.F. No. 4400: A bill for an act relating to taxation; sales and use; providing an exemption for certain conservation clubs; amending Minnesota Statutes 2020, section 297A.70, by adding a subdivision.

Referred to the Committee on Taxes.

Senators Dornink and Mathews introduced--

S.F. No. 4401: A bill for an act relating to health records; modifying circumstances in which a parent, guardian, or other person may access health records of a minor; amending Minnesota Statutes 2020, section 144.292, by adding a subdivision; Minnesota Statutes 2021 Supplement, section 144.291, subdivision 2.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Coleman introduced--

S.F. No. 4402: A bill for an act relating to economic development; appropriating money to MNSBIR, Inc. for small business research and development support.

Referred to the Committee on Jobs and Economic Growth Finance and Policy.

Senator Dornink introduced--

S.F. No. 4403: A bill for an act relating to education finance; creating an education savings account program; authorizing a student at an underperforming school to choose another learning option; appropriating money; amending Minnesota Statutes 2020, section 126C.05, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 124D.

Referred to the Committee on Education Finance and Policy.

Senator Bigham introduced--

S.F. No. 4404: A bill for an act relating to capital investment; appropriating money for an addition to the HERO Center in Cottage Grove.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senator Bigham introduced--

S.F. No. 4405: A bill for an act relating to capital investment; appropriating money for Americans with Disabilities Act compliance improvements at Veterans Park Trail in Hastings; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Eichorn and Utke introduced--

S.F. No. 4406: A bill for an act relating to tourism; appropriating money for the Minnesota fishing opener.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senator Abeler introduced--

S.F. No. 4407: A bill for an act relating to state government; modifying provisions governing the opioid crisis response, health care, and health insurance access; making forecast adjustments; requiring reports; transferring money; making technical and conforming changes; allocating funds for a specific purpose; establishing certain grants; appropriating money; amending Minnesota Statutes 2020, sections 256.042, subdivisions 1, 2, 5; 256B.055, subdivision 17; 256B.056, subdivisions 3, 7; 256B.0625, subdivisions 28b, 64; 256B.76, subdivision 1; 256L.04, subdivisions 1c, 7a, 10, by adding a subdivision; 256L.07, subdivision 1; Minnesota Statutes 2021 Supplement, sections 256.042, subdivision 4; 256B.0625, subdivision 30; 256L.07, subdivision 2; 256L.15, subdivision 2; Laws 2015, chapter 71, article 14, section 2, subdivision 5, as amended; Laws 2020, First Special Session chapter 7, section 1, subdivision 1, as amended; Laws 2021, First Special Session chapter 7, article 1, section 36; article 16, sections 2, subdivisions 29, 31, 33; 28; article 17, sections 3; 6; 10; 11; 12; 17, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 256B; 256L.

Referred to the Committee on Health and Human Services Finance and Policy.

Senators Eichorn and Utke introduced--

S.F. No. 4408: A bill for an act relating to local government; amending the amount that a city may annually spend on a Memorial Day observance; amending Minnesota Statutes 2020, section 465.50.

Referred to the Committee on Local Government Policy.

Senator Abeler introduced--

S.F. No. 4409: A bill for an act relating to long-term care; appropriating money to the commissioner of health and the commissioner of human services for long-term care protection and support activities and a temporary staffing pool.

Referred to the Committee on Human Services Reform Finance and Policy.

Senator Abeler introduced--

S.F. No. 4410: A bill for an act relating to long-term care; appropriating money to the commissioner of health and the commissioner of human services for long-term care protection and support activities and a temporary staffing pool.

Referred to the Committee on Human Services Reform Finance and Policy.

Senator Draheim introduced--

S.F. No. 4411: A bill for an act relating to health; establishing a blanket hospital construction moratorium exception for increasing mental health bed capacity; amending Minnesota Statutes 2020, section 144.551, by adding a subdivision.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Isaacson introduced--

S.F. No. 4412: A bill for an act relating to education finance; appropriating money for county law library grants.

Referred to the Committee on Education Finance and Policy.

Senator Bakk introduced--

S.F. No. 4413: A bill for an act relating to capital investment; authorizing spending to acquire and better public land and buildings and for other improvements of a capital nature with certain conditions; establishing new programs and modifying existing programs; modifying prior appropriations; authorizing the sale and issuance of state bonds; appropriating money; amending Minnesota Statutes 2020, sections 174.38, subdivisions 1, 3; 256E.36, subdivision 1; 256E.37, subdivision 1; 446A.072, subdivision 5a; 446A.081, subdivisions 8, 9; 462A.37, subdivision 2, by adding a subdivision; Minnesota Statutes 2021 Supplement, section 462A.37, subdivision 5; Laws 2018, chapter 214, article 1, section 19, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 16B; 116; 174.

Referred to the Committee on Capital Investment.

MOTIONS AND RESOLUTIONS

Senator Weber moved that the name of Senator Westrom be added as a co-author to S.F. No. 1228. The motion prevailed.

Senator Bigham moved that the names of Senators Mathews and Limmer be added as co-authors to S.F. No. 2307. The motion prevailed.

Senator Housley moved that the names of Senators Hoffman and Senjem be added as co-authors to S.F. No. 3195. The motion prevailed.

Senator Marty moved that the name of Senator Newton be added as a co-author to S.F. No. 3326. The motion prevailed.

Senator Draheim moved that the name of Senator Johnson Stewart be added as a co-author to S.F. No. 3361. The motion prevailed.

Senator Champion moved that the name of Senator Dibble be added as a co-author to S.F. No. 3754. The motion prevailed.

Senator Ingebrigtsen moved that the name of Senator Putnam be added as a co-author to S.F. No. 3785. The motion prevailed.

Senator Johnson moved that the name of Senator Bigham be added as a co-author to S.F. No. 3853. The motion prevailed.

Senator Dziedzic moved that the name of Senator McEwen be added as a co-author to S.F. No. 3957. The motion prevailed.

Senator Dziedzic moved that the name of Senator Rest be added as a co-author to S.F. No. 4170. The motion prevailed.

Senator Housley moved that the name of Senator Hoffman be added as a co-author to S.F. No. 4209. The motion prevailed.

RECESS

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

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

CALL OF THE SENATE

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12.5, Senator Dahms moved that the following members be excused for a Conference Committee on S.F. No. 3472 at 12:05 p.m.:

Senators Dahms, Utke, Klein, Draheim, and Dornink. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Pappas moved that S.F. No. 323 be withdrawn from the Committee on Civil Law and Data Practices Policy, given a second reading, and placed on General Orders.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 30 and nays 32, as follows:

Those who voted in the affirmative were:

Bigham	Eaton	Isaacson	López Franzen	Port
Carlson	Eken	Johnson Stewart	Marty	Putnam
Clausen	Fateh	Kent	McEwen	Rest
Cwodzinski	Frentz	Klein	Murphy	Torres Ray
Dibble	Hawj	Kunesh	Newton	Wiger
Dziedzic	Hoffman	Latz	Pappas	Wiklund

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senator: Klein.

Those who voted in the negative were:

Abeler	Duckworth	Johnson	Newman	Tomassoni
Anderson	Eichorn	Kiffmeyer	Osmek	Utke
Bakk	Gazelka	Koran	Pratt	Weber
Benson	Goggin	Lang	Rarick	Westrom
Chamberlain	Housley	Mathews	Rosen	
Coleman	Ingebrigtsen	Miller	Ruud	
Dahms	Jasinski	Nelson	Senjem	

Pursuant to Rule 40, Senator Johnson cast the negative vote on behalf of the following Senators: Bakk, Duckworth, Gazelka, Goggin, Housley, Ingebrigtsen, Mathews, and Tomassoni.

The motion did not prevail.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of the Consent Calendar.

CONSENT CALENDAR

H.F. No. 2819: A bill for an act relating to natural resources; increasing civil penalties for violations of snowmobile and off-highway vehicle provisions; amending Minnesota Statutes 2020, section 84.775, subdivisions 1, 4.

H.F. No. 2819 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 12, as follows:

Those who voted in the affirmative were:

Anderson	Coleman	Dziedzic	Goggin	Jasinski
Bakk	Cwodzinski	Eaton	Hawj	Johnson
Benson	Dahms	Eken	Hoffman	Johnson Stewart
Bigham	Dibble	Fateh	Housley	Kent
Carlson	Dornink	Frentz	Howe	Klein
Clausen	Duckworth	Gazelka	Isaacson	Koran

Kunesh	Marty	Nelson	Putnam	Torres Ray
Lang	Mathews	Newton	Rarick	Weber
Latz	McEwen	Osmek	Rest	Wiger
Limmer	Miller	Pappas	Ruud	Wiklund
López Franzen	Murphy	Port	Senjem	

Pursuant to Rule 40, Senator Johnson cast the affirmative vote on behalf of the following Senators: Bakk, Dornink, Duckworth, Gazelka, Goggin, Housley, and Mathews.

Pursuant to Rule 40, Senator Frenz cast the affirmative vote on behalf of the following Senator: Klein.

Those who voted in the negative were:

Abeler	Eichorn	Newman	Tomassoni
Chamberlain	Ingebrigtsen	Pratt	Utke
Draheim	Kiffmeyer	Rosen	Westrom

Pursuant to Rule 40, Senator Johnson cast the negative vote on behalf of the following Senators: Draheim, Ingebrigtsen, and Tomassoni.

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

SPECIAL ORDERS

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

H.F. No. 3420.

SPECIAL ORDER

H.F. No. 3420: A bill for an act relating to drought relief; modifying the disaster recovery loan program; increasing funding for agricultural drought relief loans; appropriating money for drought relief grants and other financial assistance for eligible farmers; providing financial assistance to municipalities, townships, and Tribal governments for increasing water efficiency in public water supplies; providing grants for planting shade trees and purchasing tree-watering equipment; providing financial assistance to replace drought-killed seedlings; appropriating money; amending Minnesota Statutes 2020, section 41B.047, subdivision 3.

Senator Westrom moved to amend H.F. No. 3420, the unofficial engrossment, as follows:

Page 1, line 12, after "For" insert "the"

Page 2, line 2, after the period, insert "In order to receive a payment, a recipient must sign an attestation of the value of the loss suffered due to drought. Grants must be limited to the value of the loss or \$5,000, whichever is less."

Page 2, line 31, delete "2023" and insert "2022"

Page 3, after line 4, insert:

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

The motion prevailed. So the amendment was adopted.

H.F. No. 3420 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

Pursuant to Rule 40, Senator Johnson cast the affirmative vote on behalf of the following Senators: Abeler, Bakk, Dahms, Draheim, Duckworth, Gazelka, Goggin, Housley, Howe, Ingebrigtsen, Mathews, Tomassoni, and Utke.

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senators: Hoffman, Klein, López Franzen, and Port.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Nelson moved that S.F. No. 1316, No. 62 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Senator Chamberlain, for Senator Duckworth, moved that S.F. No. 2952, No. 61 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Senator Chamberlain moved that S.F. No. 4116, No. 63 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

RECESS

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

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

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

REPORTS OF COMMITTEES

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

Senator Kiffmeyer from the Committee on State Government Finance and Policy and Elections, to which was referred

S.F. No. 3540: A bill for an act relating to retirement; state auditor's volunteer fire relief association working group; simplifying maximum benefit levels, modifying certification of service credit process, modifying distributions to alternate payees pursuant to a domestic relations order, clarifying payment of supplemental benefits, and making conforming changes; amending Minnesota Statutes 2020, sections 424A.003; 424A.015, subdivision 2; 424A.05, subdivision 3, by adding a subdivision; Minnesota Statutes 2021 Supplement, sections 353G.11, subdivision 1; 424A.02, subdivisions 3, 3a; 424A.091, subdivision 3; 424A.093, subdivision 1; 424A.10, subdivision 2; 424B.10, subdivision 1b; 424B.13, subdivision 4; 424B.22, subdivision 4; repealing Minnesota Statutes 2021 Supplement, section 424A.02, subdivisions 2a, 2b, 2c.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

MINNESOTA STATE RETIREMENT SYSTEM

Section 1. Minnesota Statutes 2020, section 352.27, is amended to read:

352.27 FEDERALLY PROTECTED PURCHASE OF SERVICE CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED PERIODS OF MILITARY SERVICE.

(a) An employee who is absent from employment by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), and who returns to state service upon discharge from service in the uniformed service within the time frames required in United States Code, title 38, section 4312(e), may obtain service credit for the period of the uniformed service as

further specified in this section, provided that the employee did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(b) The employee may obtain credit by paying into the fund an equivalent employee contribution based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary during the purchase period that the employee would have received if the employee had continued to be employed in covered employment rather than ~~to provide~~ having performed uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the employee's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service.

(c) The equivalent employer contribution and, if applicable, the equivalent additional employer contribution provided in this chapter must be paid by the department employing the employee from funds available to the department at the time and in the manner provided in this chapter, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent employee contribution.

(d) If the employee equivalent contributions provided in this section are not paid in full, the employee's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total employee contribution received by the total employee contribution otherwise required under this section.

(e) To receive service credit under this section, the equivalent employee contributions specified in ~~this section~~ paragraph (b) must be transmitted to the Minnesota State Retirement System during the period which begins with the date on which the individual returns to state service and which has a duration of three times the length of the uniformed service period, but not to exceed five years. If the determined payment period is less than ~~one year~~ three years, the contributions required under ~~this section~~ paragraph (b) to receive service credit ~~may~~ must be made within ~~one year~~ three years of the discharge date.

(f) The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312.

(g) The employing unit shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received.

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

Sec. 2. [352.272] STATE-AUTHORIZED PURCHASE OF SERVICE CREDIT FOR PERIODS OF MILITARY SERVICE.

Subdivision 1. Service credit purchase authorized. (a) Unless prohibited under paragraph (b), an employee is eligible to purchase service credit, not to exceed five cumulative years of service credit, for one or more periods of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if:

(1) the employee has at least three years of service credit with the general state employees retirement plan or the correctional state employees retirement plan under this chapter;

(2) the duration of the employee's current period of employment is at least six months; and

(3) one of the following applies:

(i) the employee's service in the uniformed services occurred before becoming a state employee as defined in section 352.01, subdivision 2; or

(ii) the employee did not obtain service credit for a period of military service under section 352.27.

(b) A service credit purchase is prohibited if:

(1) the employee separated from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions; or

(2) the employee has purchased or otherwise received service credit from any Minnesota public employee pension plan for the same period of service in the uniformed services.

(c) When purchasing a period of service, if the period of service in the uniformed services is one year or less, then the employee must purchase the full period of service. If the period of service in the uniformed services is longer than one year, the employee may purchase the full period, not to exceed five cumulative years, or may purchase a portion of the period of service. If the employee purchases a portion of the period of service in the uniformed services, the portion must:

(1) not be less than one year; and

(2) be in increments of six months of service.

Subd. 2. Application and documentation. To purchase service credit under subdivision 1, an employee must apply to the executive director to make the purchase. The application must include all necessary documentation of the employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require. The employee must submit with the application payment of the administrative fee in the amount of \$250 to cover the costs of calculating the purchase payment amount under section 356.551. If the employee proceeds with the purchase, the administrative fee will be credited toward the purchase payment amount.

Subd. 3. Purchase payment amount; service credit grant. (a) The purchase payment amount is the amount determined under section 356.551 for the period or periods of service requested, except that, for purposes of calculating the purchase payment amount to purchase service credit for service in the uniformed services that occurred before becoming a state employee or between periods of employment as a state employee, section 356.551, subdivision 2, paragraph (c), does not apply.

(b) Service credit must be granted by the applicable plan to the purchasing employee upon the executive director's receipt of the purchase payment amount. The service credit purchased under

this section may not be used for the purpose of determining a disability benefit under section 352.113 or 352.95.

(c) Payment must be made before the effective date of the employee's retirement.

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

Sec. 3. Minnesota Statutes 2020, section 352.91, subdivision 3f, is amended to read:

Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) in the state-operated forensic services program or the Minnesota Sex Offender Program if at least 75 percent of the employee's working time is spent in direct contact with patients and the determination of this direct contact is certified to the executive director by the commissioner of human services.

(b) The employment positions are:

- (1) behavior analyst 2;
- (2) behavior analyst 3;
- (3) certified occupational therapy assistant 1;
- (4) certified occupational therapy assistant 2;
- (5) chemical dependency counselor senior;
- (6) client advocate;
- (7) clinical program therapist 2;
- (8) clinical program therapist 3;
- (9) clinical program therapist 4;
- (10) customer services specialist principal;
- (11) dental assistant registered;
- (12) dental hygienist;
- ~~(12)~~ (13) group supervisor;
- ~~(13)~~ (14) group supervisor assistant;
- ~~(14)~~ (15) human services support specialist;
- ~~(15)~~ (16) licensed alcohol and drug counselor;
- ~~(16)~~ (17) licensed practical nurse;

- ~~(17)~~ (18) management analyst 3;
- ~~(18)~~ (19) occupational therapist;
- ~~(19)~~ (20) occupational therapist, senior;
- ~~(20)~~ (21) physical therapist;
- ~~(21)~~ (22) psychologist 1;
- ~~(22)~~ (23) psychologist 2;
- ~~(23)~~ (24) psychologist 3;
- ~~(24)~~ (25) recreation program assistant;
- ~~(25)~~ (26) recreation therapist lead;
- ~~(26)~~ (27) recreation therapist senior;
- ~~(27)~~ (28) rehabilitation counselor senior;
- (29) residential program lead;
- ~~(28)~~ (30) security supervisor;
- ~~(29)~~ (31) skills development specialist;
- ~~(30)~~ (32) social worker senior;
- ~~(31)~~ (33) social worker specialist;
- ~~(32)~~ (34) social worker specialist, senior;
- ~~(33)~~ (35) special education program assistant;
- ~~(34)~~ (36) speech pathology clinician;
- ~~(35)~~ (37) work therapy assistant; and
- ~~(36)~~ (38) work therapy program coordinator.

EFFECTIVE DATE. This section is effective on the first day of the first payroll period occurring after the date of enactment and applies to prospective service only.

Sec. 4. Minnesota Statutes 2020, section 352B.086, is amended to read:

352B.086 FEDERALLY PROTECTED PURCHASE OF SERVICE CREDIT FOR UNIFORMED PERIODS OF MILITARY SERVICE.

(a) A member who is absent from employment by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), and who returns to state employment

in a position covered by the plan upon discharge from service in the uniformed services within the time frame required in United States Code, title 38, section 4312(e), may obtain service credit for the period of the uniformed service, provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(b) The member may obtain credit by paying into the fund an equivalent member contribution based on the member contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary during the purchase period that the member would have received if the member had continued to provide employment services to the state rather than to provide uniformed service, or if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate during the 12-month period of covered employment rendered immediately preceding the purchase period.

(c) The equivalent employer contribution and, if applicable, the equivalent employer additional contribution, must be paid by the employing unit, using the employer and employer additional contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution.

(d) If the member equivalent contributions provided for in this section are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this section.

(e) To receive allowable service credit under this section, the equivalent member contributions specified in ~~this section~~ paragraph (b) must be transmitted to the fund during the period which begins with the date on which the individual returns to state employment covered by the plan and which has a duration of three times the length of the uniformed service period, but not to exceed five years. If the determined payment period is calculated to be less than ~~one year~~ three years, the contributions required under ~~this section~~ paragraph (b) to receive service credit must be transmitted to the fund within ~~one year~~ three years from the discharge date.

(f) The amount of allowable service credit obtainable under this section may not exceed five years, unless a longer purchase period is required under United States Code, title 38, section 4312.

(g) The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this section. Interest must be computed at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

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

Sec. 5. [352B.087] STATE-AUTHORIZED PURCHASE OF SERVICE CREDIT FOR PERIODS OF MILITARY SERVICE.

Subdivision 1. Service credit purchase authorized. (a) Unless prohibited under paragraph (b), a member is eligible to purchase service credit, not to exceed five cumulative years of service credit, for one or more periods of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if:

(1) the member has at least three years of service credit with the plan;

(2) the duration of the member's current period of employment is at least six months; and

(3) one of the following applies:

(i) the member's service in the uniformed services occurred before employment in a position covered by the plan; or

(ii) the member did not obtain service credit for a period of military service under section 352B.086.

(b) A service credit purchase is prohibited if:

(1) the member separated from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions; or

(2) the member has purchased or otherwise received service credit from any Minnesota public employee pension plan for the same period of service in the uniformed services.

(c) When purchasing a period of service, if the period of service in the uniformed services is one year or less, then the member must purchase the full period of service. If the period of service in the uniformed services is longer than one year, the member may purchase the full period, not to exceed five cumulative years, or may purchase a portion of the period of service. If the member purchases a portion of the period of service in the uniformed services, the portion must:

(1) not be less than one year; and

(2) be in increments of six months of service.

Subd. 2. Application and documentation. To purchase service credit under subdivision 1, a member must apply to the executive director to make the purchase. The application must include all necessary documentation of the member's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require. The member must submit with the application payment of the administrative fee in the amount of \$250 to cover the costs of calculating the purchase payment amount under section 356.551. If the member proceeds with the purchase, the administrative fee will be credited toward the purchase payment amount.

Subd. 3. Purchase payment amount; service credit grant. (a) The purchase payment amount is the amount determined under section 356.551 for the period or periods of service requested, except that, for purposes of calculating the purchase payment amount to purchase service credit for service in the uniformed services that occurred before employment in a position covered by the plan or between periods of employment in a position covered by the plan, section 356.551, subdivision 2, paragraph (c), does not apply.

(b) Service credit must be granted by the plan to the purchasing member upon the executive director's receipt of the purchase payment amount. The service credit purchased under this section may not be used for the purpose of determining a disability benefit under section 352B.10.

(c) Payment must be made before the effective date of the member's retirement.

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

Sec. 6. Minnesota Statutes 2021 Supplement, section 352D.06, subdivision 1, is amended to read:

Subdivision 1. **Annuity; reserves.** (a) When a participant attains at least age 55, terminates from covered service, and applies for a retirement annuity, the cash value of the participant's shares must be transferred to the general state employees retirement fund and be used to provide an annuity for the participant based upon the participant's age when the benefit begins to accrue.

(b) Except for participants described in paragraph (c), ~~or (d), or (e)~~ the monthly amount of the annuity must be determined using the actuarial assumptions in effect for the general state employees retirement plan under section 356.215 on the accrual date.

(c) For any participant who terminates employment on or after July 1, 2020, and before July 1, 2021, if the participant was at least age 63 or had at least 26 years of covered service as of June 30, 2020, the monthly amount of the annuity must be determined using the actuarial assumptions in effect for the general state employees retirement plan under section 356.215 on June 30, 2016.

(d) For any participant who (1) terminates employment on or after June 1, 2021, and before July 1, 2022, (2) is an employee of the house of representatives, the senate, or the Legislative Coordinating Commission at the time the employee terminates employment, and (3) on June 30, 2020, was at least age 63 or had at least 26 years of covered service, the monthly amount of the annuity must be determined using the actuarial assumptions in effect for the general state employees retirement plan under section 356.215 on June 30, 2016.

(e) For any participant who (1) terminates employment on or after June 1, 2021, and before July 1, 2023, (2) is an employee of the house of representatives, the senate, or the Legislative Coordinating Commission at the time the employee terminates employment, and (3) on June 30, 2020, was at least age 63 or had at least 26 years of covered service, the monthly amount of the annuity must be determined using the actuarial assumptions in effect for the general state employees retirement plan under section 356.215, on June 30, 2016.

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

Sec. 7. Minnesota Statutes 2020, section 356.551, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph (c) applies, the prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary retained under section 356.214, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section.

(b) Calculation of this amount must be made using the investment return assumption applicable to the public pension plan specified in section 356.215, subdivision 8, and the mortality table adopted for the public pension plan.

(1) Unless clause (2) applies, the calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 8.

(2) This clause applies when the calculation is being done for purposes of section 352.272, 352B.087, or 353.0141, subdivision 3. The calculation must include continuous future service in the public pension plan until, and retirement at, any age at or after which the minimum requirements of the fund for early retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must be determined using the retirement age that provides the most valuable benefit to the member. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 8.

(c) The prior service credit purchase amount may not be less than the amount determined by applying, for each year or fraction of a year being purchased, the sum of the employee contribution rate, the employer contribution rate, and the additional employer contribution rate, if any, applicable during that period, to the person's annual salary during that period, or fractional portion of a year's salary, if applicable, plus interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded annually, from the end of the year in which contributions would otherwise have been made to the date on which the payment is received.

(d) Unless otherwise provided by statutes governing a specific plan, payment must be made in one lump sum within one year of the prior service credit authorization or prior to the member's effective date of retirement, whichever is earlier. Payment of the amount calculated under this section must be made by the applicable eligible person.

(e) However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded annually, from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this subdivision, the purchaser must make the employee payments required under this subdivision within 90 days of the prior service credit authorization. If that employee payment is made, the employer payment under this subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this subdivision.

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

Sec. 8. DENTAL HYGIENIST AND RESIDENTIAL PROGRAM LEAD PERMITTED TO TRANSFER PRIOR MSRS-GENERAL SERVICE CREDIT.

For the purposes of Minnesota Statutes, section 352.955, subdivision 1, paragraph (b), a person employed as a residential program lead or as a dental hygienist under Minnesota Statutes, section 352.91, subdivision 3f, must be determined to be a person who is covered by legislation implementing the recommendations under section 352.91, subdivision 4a.

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

Sec. 9. TRANSFER OF PAST MINNESOTA STATE RETIREMENT SYSTEM GENERAL SERVICE CREDIT TO MINNESOTA STATE RETIREMENT SYSTEM CORRECTIONAL.

Subdivision 1. **Definitions.** The following terms as used in this section have the meanings given in this subdivision:

(1) "Correctional plan" means the correctional employees retirement plan of the Minnesota State Retirement System.

(2) "Executive director" means the executive director of the Minnesota State Retirement System.

(3) "General plan" means the general state employees retirement plan of the Minnesota State Retirement System.

(4) "Service credit" means time credited as allowable service under Minnesota Statutes, section 352.01, subdivision 11, to an eligible person described in subdivision 3.

(5) "Transfer period" means the period from August 9, 2017, to December 22, 2020.

Subd. 2. **Transfer of past service credit authorized.** Notwithstanding any state law to the contrary, an eligible person described in subdivision 3 who makes payment to the correctional employees retirement fund, as permitted under subdivision 4, on or before one year following the effective date of this section is entitled to have:

(1) the employer payment made on the eligible person's behalf under subdivision 5; and

(2) applicable past service credit transferred from the general plan to the correctional plan for the transfer period under subdivision 6.

Subd. 3. **Eligible person.** An eligible person is a person who:

(1) is an employee of the Minnesota Department of Corrections;

(2) on August 9, 2017, was promoted to the position of corrections transitions program coordinator, a position eligible to participate in the correctional plan; and

(3) from August 9, 2017, to December 22, 2020, was erroneously covered by the general plan because the department misreported the person's retirement plan eligibility to the Minnesota State Retirement System.

Subd. 4. **Payment by eligible person.** (a) An eligible person may pay to the executive director the difference between the employee contribution rate for the general plan and the employee contribution rate for the correctional plan for the transfer period. The difference between the two

rates must be applied to the eligible person's salary at the time that each contribution would have been deducted from pay if the eligible person had been covered by the correctional plan for the transfer period. The payment must include interest at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision 2, calculated from the date that each contribution would have been deducted to the date that payment is made.

(b) The payment under paragraph (a) must be made in a lump sum no later than one year following the effective date. Upon receipt of the payment, the executive director must notify the commissioner of corrections that payment was made and of the amount owed under subdivision 5.

Subd. 5. **Payment by the Department of Corrections.** If an eligible person makes the payment under subdivision 4, the Department of Corrections, on behalf of the eligible person, shall pay to the Minnesota State Retirement System the actuarial present value of the additional benefit resulting from the transferred service credit less the payment made under subdivision 4. This amount must be paid by the department in a lump sum within 30 days after the date on which the executive director notifies the commissioner of corrections under subdivision 4.

Subd. 6. **Transfer of assets and service credit.** (a) If the payments under subdivisions 4 and 5 are made, the executive director must transfer assets from the general state employees retirement fund to the correctional employees retirement fund in an amount equal to the actuarial present value of the benefits earned by the eligible person under the general plan during the transfer period. The transfer of assets must be made within 15 days after receipt of the payments under subdivisions 4 and 5.

(b) Upon transfer of the assets under paragraph (a), the eligible person shall have service credit in the correctional plan and no service credit in the general plan for the transfer period.

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

Sec. 10. **PURCHASE OF SERVICE CREDIT AUTHORIZED FOR SURVIVOR OF DECEASED EMPLOYEE.**

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

(1) "executive director" means the executive director of the Minnesota State Retirement System;

(2) "general plan" means the general state employees retirement plan of the Minnesota State Retirement System;

(3) "service credit" means time credited as allowable service in the general plan under Minnesota Statutes, section 352.01, subdivision 11; and

(4) "surviving spouse" means the surviving spouse of an eligible person described in subdivision 3.

Subd. 2. **Purchase of service credit authorized.** Notwithstanding any state law to the contrary, a surviving spouse may purchase service credit, as described under subdivision 4, on behalf of an

eligible person. The surviving spouse may purchase only the amount of service credit that is sufficient for the eligible person to be credited with a total of 60 months of service credit.

Subd. 3. **Eligible person.** An eligible person is a person who:

(1) died in December 2020;

(2) was employed at or near the time of the person's death by the Minnesota Housing Finance Agency; and

(3) is credited with no more than 59 months of service credit during the period from February 1, 2016, to December 1, 2020.

Subd. 4. **Calculation of payment; payment.** (a) The executive director shall calculate the amount of the purchase authorized under subdivision 2. The purchase amount is equal to:

(1) 12.25 percent of the eligible person's final month of salary; and

(2) interest on the amount under clause (1) at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision 2, compounded annually from January 1, 2021, to the date that payment is made.

(b) If the surviving spouse elects to pay the purchase amount under paragraph (a), the purchase amount must be paid to the executive director in a lump sum within one year of the effective date of this section.

Subd. 5. **Entitlement to annuity.** Upon payment under subdivision 4, the executive director must credit the eligible person with the purchased service credit and the surviving spouse is entitled to elect an annuity under Minnesota Statutes, section 352.12, subdivision 2, paragraph (a), (c), or (d), as applicable. If the surviving spouse elects to receive an annuity under Minnesota Statutes, section 352.12, subdivision 2, paragraph (a) or (c), the surviving spouse may elect a start date that is as early as January 1, 2021.

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

ARTICLE 2

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2021 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) persons whose annual salary from one governmental subdivision never exceeds an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district employee or \$3,800 if the person is a school year employee. If annual compensation from one governmental subdivision

to an employee exceeds the stipulated amount in a calendar year or a school year, whichever applies, after being stipulated in advance not to exceed the applicable amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the first month in which the employee received salary exceeding \$425 in a month;

(2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an elected office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elected position;

(3) election judges and persons employed solely to administer elections;

(4) patient and inmate personnel who perform services for a governmental subdivision;

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time, and a person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement plan on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) persons who are:

(i) employed by a governmental subdivision who have not reached the age of 23 and who are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or at a public or charter high school;

(ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist interns and are serving in a degree or residency program in a public hospital or in a public clinic; or

(iii) students who are serving for a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;

(10) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(11) for the first three years of employment, foreign citizens who are employed by a governmental subdivision, except that the following foreign citizens must be considered included employees under subdivision 2a:

(i) H-1B, H-1B1, and E-3 status holders;

(ii) employees of Hennepin County or Hennepin Healthcare System, Inc.;

(iii) employees legally authorized to work in the United States for three years or more; and

(iv) employees otherwise required to participate under federal law;

(12) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(13) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement Association and a participant in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(15) employees in the building and construction trades, as follows:

(i) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(ii) electrical workers, plumbers, carpenters, and associated trades personnel employed by Independent School District No. 625, St. Paul, or the city of St. Paul, with coverage under a collective bargaining agreement by the electrical workers local 110 pension plan, the plumbers local 34 pension plan, or the carpenters local 322 pension plan who were either first employed after May 1, 2000,

or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(iii) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633 pension plan, the glaziers and glassworkers local 1324 pension plan, the painters and allied trades local 61 pension plan, or the plasterers local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(iv) plumbers employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the plumbers local 34 pension plan, who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(v) electrical workers or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the electrical workers local 292 pension plan or the pipefitters local 539 pension plan, who were first employed before May 2, 2015, and elected to be excluded under Laws 2015, chapter 68, article 11, section 5;

(vi) laborers and associated trades personnel employed by the city of St. Paul or Independent School District No. 625, St. Paul, who are designated as temporary employees with coverage under a collective bargaining agreement by a multiemployer plan as defined in section 356.27, subdivision 1, who were either first employed on or after June 1, 2018, or if first employed before June 1, 2018, elected to be excluded under Laws 2018, chapter 211, article 16, section 13; and

(vii) employees who are trades employees as defined in section 356.27, subdivision 1, first hired on or after July 1, 2020, by the city of St. Paul or Independent School District No. 625, St. Paul, except for any trades employee for whom contributions are made under section 356.24, subdivision 1, clause (8), (9), or (10), by either employer to a multiemployer plan as defined in section 356.27, subdivision 1;

(16) employees who are hired after June 30, 2002, solely to fill seasonal positions under subdivision 12b which are limited in duration by the employer to a period of six months or less in each year of employment with the governmental subdivision;

(17) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to up to five years, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(18) independent contractors and the employees of independent contractors;

(19) reemployed annuitants of the association during the course of that reemployment;

(20) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof; ~~and~~

(21) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 and who are, by virtue of that employment, members of the International Brotherhood of Teamsters Central States pension plan; and

(22) persons employed by the Duluth Transit Authority or any subdivision thereof who are members of the Teamsters General Local Union 346 and who are, by virtue of that employment, members of the Central States Southeast and Southwest Areas Pension Fund.

(b) Any person performing the duties of a public officer in a position defined in subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an employee of an independent contractor.

EFFECTIVE DATE. This section is effective on the date the persons employed by the Duluth Transit Authority or any subdivision thereof become public employees as defined in Minnesota Statutes, section 353.01, subdivision 2.

Sec. 2. Minnesota Statutes 2020, section 353.34, is amended by adding a subdivision to read:

Subd. 3c. **Segmented annuities.** (a) If a person who is entitled to an annuity has more than one period of uninterrupted service, the person is entitled to augmentation under subdivision 3, applied to each period of uninterrupted service. The average salary used to calculate the annuity for each period of uninterrupted service must be applied as if the person was a new employee at the beginning of each period of uninterrupted service. The actuarial assumptions used to calculate the annuity must be those in effect on the effective date of retirement.

(b) For the purpose of this subdivision, "uninterrupted service" means periods of covered employment during which the person has not been separated from public service for more than two years.

(c) If a person repays a refund, the restored service must be considered as continuous with the next period of service for which the person has credit with the association.

(d) This subdivision applies to persons who become deferred annuitants on or after July 1, 1971. For a person who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, if the former active member applies for an annuity after July 1, 1973.

(e) This subdivision must not reduce the annuity otherwise payable under this chapter.

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

Sec. 3. **RETROACTIVE IMPLEMENTATION.**

(a) For the purpose of this section, "eligible retiree" means a person:

(1) who began to receive a retirement annuity under Minnesota Statutes, chapter 353 or 353E, after June 30, 2018, and before the effective date;

(2) who at the time of the person's annuity start date would have been entitled to augmentation for more than one period of uninterrupted service had section 2 been in effect at the annuity start date; and

(3) for whom a retirement annuity calculated under section 2 is greater than the retirement annuity to which the person was entitled on the annuity start date.

(b) Within 90 days following the effective date, the executive director of the Public Employees Retirement Association must notify each eligible retiree of the monthly amount of the annuity to which the eligible retiree would have been entitled had section 2 been in effect at the eligible retiree's annuity start date. The notice must include the corresponding monthly amounts payable under any optional forms of annuity to which the eligible retiree was entitled at the annuity start date and is entitled on the date of the notice.

(c) For each eligible retiree, the executive director must adjust the ongoing annuity amount so that it is the amount calculated under section 2, taking into account any election of any optional annuity forms of payment and any postretirement increases.

(d) The executive director must offer a lump-sum distribution to the eligible retiree of the difference between the monthly amount determined under section 2 and the monthly amount being paid to the eligible retiree, multiplied by the number of monthly payments made to the eligible retiree before the annuity calculated under section 2 begins. The lump sum must be adjusted to take into account any election of any optional annuity forms of payment and any postretirement increases. The eligible retiree may elect a distribution of the lump sum or a direct rollover under Minnesota Statutes, section 356.635, subdivisions 3 to 7, if the lump sum is an eligible rollover distribution as defined in Minnesota Statutes, section 356.635, subdivisions 4 and 5.

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

Sec. 4. VESTING CREDIT FOR PAST SERVICE FOR CERTAIN EMPLOYEES OF THE DULUTH TRANSIT AUTHORITY.

Notwithstanding any state law to the contrary, an employee of the Duluth Transit Authority or any subdivision thereof, who is not a member of the Teamsters General Local Union 346, on the effective date must receive credit for all full and partial years of service as an employee of ATE Management of Duluth, Inc. for the purpose of determining whether the employee has satisfied the vesting requirement under Minnesota Statutes, section 353.01, subdivision 47. All service as an employee of ATE Management of Duluth, Inc., must be considered as allowable service in the general employees retirement plan for vesting purposes.

EFFECTIVE DATE. This section is effective on the date the persons employed by the Duluth Transit Authority or any subdivision thereof become public employees as defined in Minnesota Statutes, section 353.01, subdivision 2.

ARTICLE 3

RETIRED TEACHER EARNINGS LIMITATIONS

Section 1. **SUSPENSION OF EARNINGS LIMITATIONS FOR RETIRED TEACHERS WHO RETURN TO WORK.**

Subdivision 1. **Reemployed teacher defined.** For the purposes of this section, "reemployed teacher" means a person who retires under the provisions of Minnesota Statutes, chapter 354 or 354A, and who subsequently resumes teaching for a public school of the state, a charter school, or the Perpich Center for Arts Education. Reemployed teacher does not include a person who resumes teaching for a postsecondary institution, including a state college or university.

Subd. 2. **Three-year suspension of earnings limitation for teachers covered by TRA and SPTRFA.** (a) Notwithstanding Minnesota Statutes, section 354.44, subdivision 5, no portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354, shall be deferred regardless of the amount of the salary earned from the teaching service during the preceding fiscal year. This paragraph applies only to salary earned during fiscal years 2022, 2023, and 2024 and annuity payments made during calendar years 2023, 2024, and 2025.

(b) Notwithstanding Minnesota Statutes, section 354A.31, subdivision 3, no portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354A, shall be deferred or forfeited regardless of the amount of the salary earned from the teaching service during the preceding calendar year. This subdivision applies only to salary earned during calendar years 2022, 2023, and 2024 and annuity payments made during calendar years 2023, 2024, and 2025.

Subd. 3. **Expiration date.** This section expires effective January 1, 2026.

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

ARTICLE 4

VOLUNTEER FIREFIGHTER RETIREMENT

Section 1. Minnesota Statutes 2020, section 353G.01, subdivision 7, is amended to read:

Subd. 7. ~~Good time Service credit.~~ "Good time Service credit" means the length of service credit for an active firefighter that is reported by the applicable fire chief based on the minimum firefighter activity standards of the fire department. The credit may be reported on an annual or monthly basis.

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

Sec. 2. Minnesota Statutes 2020, section 353G.01, subdivision 9a, is amended to read:

Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief association established under chapter 424A, including a volunteer firefighter relief association to which records, assets, and liabilities related to lump-sum or monthly benefits for active and former firefighters will be transferred from the retirement fund upon satisfaction of the requirements of section 353G.17.

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

Sec. 3. Minnesota Statutes 2020, section 353G.05, subdivision 1, is amended to read:

Subdivision 1. **Entities eligible to request coverage.** (a) A relief association or a municipality or independent nonprofit firefighting corporation affiliated with a relief association may elect to have its volunteer firefighters covered by the lump-sum retirement division, if the volunteer firefighters for whom coverage is being requested are covered by a relief association that is a lump-sum defined benefit relief association or a defined contribution relief association governed by chapter 424A.

(b) A relief association or a municipality or independent nonprofit firefighting corporation affiliated with a relief association may elect to have its volunteer firefighters covered by the lump-sum retirement division or the monthly benefit retirement division of the retirement plan, if the volunteer firefighters for whom coverage is being requested are covered by a relief association that is a monthly benefit defined benefit relief association governed by chapter 424A.

~~(b)~~ (c) A municipality or independent nonprofit firefighting corporation that is not affiliated with a relief association may elect to have its volunteer firefighters covered by the lump-sum retirement division of the retirement plan.

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

Sec. 4. Minnesota Statutes 2020, section 353G.05, is amended by adding a subdivision to read:

Subd. 1a. **Requesting coverage.** (a) An entity that is eligible under subdivision 1 to make a request for coverage may initiate the process of obtaining coverage by filing a request with the executive director, as described in this subdivision.

(b) The request for coverage must be in writing and on a form prescribed by the executive director.

(c) In the request for coverage, the entity must identify the desired service pension amount and select a vesting schedule from the following options:

(1) incremental vesting beginning with 40 percent vested after completing five years of active service and increasing by four percent upon completion of each additional year of active service, until 100 percent vested upon completion of 20 years of active service;

(2) incremental vesting beginning with 40 percent vested after completing five years of active service and increasing by 12 percent upon completion of each additional year of active service, until 100 percent vested upon completion of 10 years of active service; or

(3) incremental vesting beginning with 40 percent vested after completing 10 years of active service and increasing by six percent upon completion of each additional year of active service, until 100 percent vested upon completion of 20 years of active service.

The entity must not select a vesting schedule that requires more years of service to become partially or fully vested than the vesting schedule in effect under the former affiliated relief association, if any.

(d) If the request for coverage is for volunteer firefighters covered by a monthly benefit defined benefit relief association, the entity making the request must elect coverage either by the monthly benefit retirement division or by the lump-sum retirement division.

(e) If the request for coverage is for volunteer firefighters covered by a relief association that provides both a monthly benefit and a lump-sum benefit, the entity making the request must elect coverage by the monthly benefit retirement division, the lump-sum retirement division, or by both divisions.

(f) If the request for coverage is for volunteer firefighters covered by a relief association with a retirement plan governed by chapter 424A, the secretary of the relief association, following approval of the request by the board of the relief association, and the chief administrative officer of the entity affiliated with the relief association, following approval of the request by the governing body of the entity, must jointly make the request. If the relief association is affiliated with more than one entity, the chief administrative officer of each affiliated entity must execute the request.

(g) If the request for coverage is for volunteer firefighters who are not covered by a relief association, the chief administrative officer of the entity operating the fire department must make the request.

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

Sec. 5. Minnesota Statutes 2020, section 353G.05, subdivision 2, is amended to read:

Subd. 2. ~~**Election of coverage; Cost analysis for coverage by the lump sum division.**~~ (a) ~~The process for electing coverage of volunteer firefighters by the lump-sum retirement division is initiated by a request to the executive director for a cost analysis of the prospective retirement coverage under the lump-sum retirement division. Upon receipt of a request for coverage by the lump-sum division, the executive director must prepare a cost analysis as described in this subdivision.~~

~~(b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter relief association or a defined contribution volunteer firefighter relief association governed by chapter 424A, the cost analysis of the prospective retirement coverage must be requested jointly by the secretary of the volunteer firefighter relief association, following approval of the request by the board of the volunteer firefighter relief association, and the chief administrative officer of the entity associated with the relief association, following approval of the request by the governing body of the entity associated with the relief association. If the relief association is associated with more than one entity, the chief administrative officer of each associated entity must execute the request. If the volunteer firefighters are not currently covered by a volunteer firefighter relief association, the cost analysis of the prospective retirement coverage must be requested by the chief administrative officer of the entity operating the fire department. The request must be made in writing and must be made on a form prescribed by the executive director.~~

~~(e) (b) The cost analysis of the prospective retirement coverage by the lump-sum retirement division of the statewide retirement plan under this subdivision must be based on:~~

~~(1) the service pension amount under section 353G.11 closest to the service pension amount provided by the volunteer firefighter relief association if the relief association is a lump-sum defined benefit plan, or the an amount that is equal to 95 percent of the most current average account balance~~

per relief association member if the relief association is a defined contribution plan, or to the lowest service pension amount under section 353G.11 if there is no volunteer firefighter relief association, rounded up; and any other

(2) if different than the amount under clause (1), the service pension amount designated by the requester or requesters identified in the request under subdivision 1a.

(c) The cost analysis must take into account the vesting option selected in the request under subdivision 1a.

(d) The cost analysis must be prepared using a mathematical procedure certified as accurate by an approved actuary retained by the Public Employees Retirement Association.

~~(d)~~ (e) If the request for coverage was made by a cost analysis is requested and a volunteer firefighters relief association exists that has filed the information required under section 424A.014 in a timely fashion, upon request by the executive director, the state auditor shall provide the most recent data available on the financial condition of the volunteer firefighter relief association, the most recent firefighter demographic data available, and a copy of the current relief association bylaws. If a cost analysis is requested, but no volunteer firefighter relief association exists, the chief administrative officer of the entity operating the fire department shall provide the demographic information on the volunteer firefighters serving as members of the fire department requested by the executive director.

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

Sec. 6. Minnesota Statutes 2020, section 353G.05, subdivision 3, is amended to read:

Subd. 3. ~~**Election of coverage; Cost analysis for coverage by the monthly benefit retirement division.**~~ **(a) The process for electing coverage of volunteer firefighters by the monthly retirement division is initiated by a request to the executive director for an actuarial cost analysis of the prospective retirement coverage under the monthly benefit retirement division. This request must be made by the secretary of the volunteer firefighter relief association and the chief administrative officer of the entity associated with the relief association, both of which must first obtain approval of the request from their respective municipal governing body or independent nonprofit firefighting corporation. The request must be made in writing and must be made on a form prescribed by the executive director.**

~~(b) Coverage by the monthly benefit retirement division may only be elected if the volunteer firefighters are covered by a monthly benefit volunteer firefighter relief association governed by chapter 424A.~~

~~(c)~~ **(a) Upon receipt of a request for coverage by the monthly benefit retirement division, the executive director must prepare a cost analysis as described in this subdivision.**

(b) The cost analysis under paragraph (a) this subdivision must be prepared by the approved actuary retained by the Public Employees Retirement Association. The cost analysis must be based on:

(1) the monthly service pension amount and other retirement benefit types and amounts in effect for the ~~volunteer firefighter~~ relief association as of the date of the request ~~and any other;~~

~~(2) if different than the amount or amounts designated by the requesters, as disclosed under clause (1), the monthly pension amount identified in the request under subdivision 1a and evaluated in a special actuarial valuation prepared under sections 356.215 and 356.216; and~~

~~(2) (3) the standards for actuarial work; and the actuarial assumptions utilized in the most recent prior actuarial valuation, except that the applicable investment return actuarial assumption is six percent.~~

(c) The cost analysis must take into account the vesting option selected in the request under subdivision 1a.

(d) The secretary of the ~~volunteer firefighter~~ relief association making the request must supply the demographic and financial data necessary for the cost analysis to be prepared.

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

Sec. 7. Minnesota Statutes 2020, section 353G.09, subdivision 1, is amended to read:

Subdivision 1. **Entitlement.** ~~Except as provided in subdivision 3, An active~~ (a) A member of the retirement plan is entitled to a service pension from the retirement plan if the ~~person~~ member:

(1) has separated from active service with the fire department for at least 30 days;

(2) has attained the age of at least 50 years;

~~(3) has completed at least five years of good time service credit as a member of the retirement plan if the person is a member of the lump-sum retirement division or has completed at least the minimum number of years of good time service credit as a member of the retirement plan specified in the retirement benefit plan document attributable to the applicable fire department if the person is a member of the monthly benefit retirement division~~ satisfied the minimum service requirement in paragraph (b); and

(4) applies in a manner prescribed by the executive director for the service pension.

(b) A member satisfies the minimum service requirement if the member meets at least one of the following requirements:

(1) the member is at least 40 percent vested based on years of service as a member of the retirement plan;

(2) the member is at least 40 percent vested based on years of service with the fire department and the total number of years of service as a member of the former affiliated relief association plus years of service as a member of the retirement plan is at least five; or

(3) the member has completed at least the minimum number of years of service as a member of the retirement plan specified in the retirement benefit plan document attributable to the applicable fire department if the person is a member of the monthly benefit retirement division.

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

Sec. 8. Minnesota Statutes 2020, section 353G.09, subdivision 2, is amended to read:

Subd. 2. **Vesting schedule; nonforfeitable portion of service pension.** (a) ~~If Except as provided in paragraphs (c) and (d), an active member of the lump-sum retirement division has completed less than 20 years of good time service credit as a member of the lump-sum retirement division of the plan, the person's entitlement is entitled to a service pension is equal to the nonforfeitable percentage of the applicable service pension amount, taking into account years of service as a member of the retirement plan plus years of service as a member of the former affiliated relief association, if any, as follows:~~

Completed years of good time service credit	Nonforfeitable percentage of the service pension
<u>less than 5</u>	<u>0 percent</u>
5	40 percent
6	44 percent
7	48 percent
8	52 percent
9	56 percent
10	60 percent
11	64 percent
12	68 percent
13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent

(b) If an active member of the monthly benefit retirement division has completed less than 20 years of ~~good time~~ service credit as a member of the monthly benefit retirement division of the plan, the person's entitlement to a service pension must be governed by the retirement benefit plan document attributable to the applicable fire department.

(c) A person described in paragraph (d) is entitled to the vested portion of the service pension as determined by applying the vesting schedule selected in the request for coverage under section 353G.05, subdivision 1a, taking into account years of service as a member of the retirement plan plus years of service as a member of the former affiliated relief association, if any.

(d) A person is described in this paragraph if the person becomes a member of the lump-sum retirement division in connection with the transfer of coverage from a relief association to the retirement plan on or after January 1, 2023, or in connection with a municipality or independent nonprofit firefighting corporation joining the retirement plan on or after January 1, 2023.

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

Sec. 9. Minnesota Statutes 2021 Supplement, section 353G.11, subdivision 1, is amended to read:

Subdivision 1. **Service pension levels; lump-sum retirement division.** Except as provided in subdivision 1a, the lump-sum retirement division of the retirement plan provides the following levels of service pension amounts per full year of good time service credit to be selected at the election of coverage:

(1) a minimum service pension level of \$500 per year;

(2) a maximum service pension level equal to the largest maximum lump-sum service pension amount permitted under section 424A.02, subdivision 2e subdivision 3, as a maximum lump-sum service pension amount payable for each year of service; and

(3) service pension levels between the minimum level and the maximum level in \$100 increments.

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

Sec. 10. Minnesota Statutes 2020, section 424A.003, is amended to read:

424A.003 CERTIFICATION OF SERVICE CREDIT.

(a) When a municipal fire department, a joint powers fire department, or an independent nonprofit firefighting corporation is directly associated with the volunteer firefighters relief association, the fire chief shall certify annually by March 31 the service credit for the previous calendar year of each volunteer firefighter rendering active service with the fire department.

(b) The certification shall be made to an officer of the relief association's board of trustees and to the municipal clerk or clerk-treasurer of the largest municipality in population served by the associated fire department.

(c) The fire chief shall notify each volunteer firefighter rendering active service with the fire department of the amount of service credit rendered by the firefighter for the previous calendar year. Upon request, the fire chief shall provide the firefighter with a written explanation and documentation to support the determination of service credit. The service credit notification and a description of the process and deadlines for the firefighter to challenge the fire chief's determination of service credit must be provided to the firefighter at least 21 days prior to its certification to the relief association and municipality. If the service credit amount is challenged, the fire chief shall accept and consider any additional pertinent information and shall make a final determination of service credit.

(d) The service credit certification must be expressed as the number of completed months of the previous year during which an active volunteer firefighter rendered at least the minimum level of duties as specified and required by the fire department under the rules, regulations, and policies applicable to the fire department. No more than one year of service credit may be certified for a calendar year.

(e) If a volunteer firefighter who is a member of the relief association leaves active firefighting service to render active military service that is required to be governed by the federal Uniformed Services Employment and Reemployment Rights Act, as amended, the firefighter must be certified as providing service credit for the period of the military service, up to the applicable limit of the federal Uniformed Services Employment and Reemployment Rights Act. If the volunteer firefighter does not return from the military service in compliance with the federal Uniformed Services Employment and Reemployment Rights Act, the service credits applicable to that military service credit period are forfeited and canceled at the end of the calendar year in which the time limit set by federal law occurs.

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

Sec. 11. Minnesota Statutes 2020, section 424A.015, subdivision 2, is amended to read:

Subd. 2. **No assignment or garnishment.** Except as provided in sections 424A.05, 518.58, 518.581, and 518A.53:

(1) a service pension or ancillary benefits paid or payable from the special fund of a relief association to any person receiving or entitled to receive a service pension or ancillary benefits is not subject to garnishment, judgment, execution, or other legal process, ~~except as provided in section 518.58, 518.581, or 518A.53;~~ and

(2) no person entitled to a service pension or ancillary benefits from the special fund of a relief association may assign any service pension or ancillary benefit payments, and the association does not have the authority to recognize any assignment or pay over any sum which has been assigned.

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

Sec. 12. Minnesota Statutes 2021 Supplement, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **Determining maximum pension benefit.** (a) Except as provided in paragraph (b) and section 424B.22, subdivision 4, a defined benefit relief association may not set in its bylaws a service pension amount above the following maximum amounts:

(1) for a defined benefit relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump-sum service pension, the maximum monthly service pension amount for each pension payment type must be determined using the applicable table contained in subdivision 2b or 2c; per month for each year of service credited is the lesser of \$100 or the maximum monthly service pension amount that could be adopted by the relief association as a bylaws amendment that satisfies section 424A.093, subdivision 6, paragraph (d); and

(2) for a defined benefit relief association in which the governing bylaws provide for a lump-sum service pension, the maximum lump-sum service pension amount for each year of service credited is the lesser of \$15,000 or the maximum lump-sum service pension amount that could be adopted by the relief association as a bylaws amendment that satisfies section 424A.092, subdivision 6, paragraph (e).

~~(b) If a defined benefit relief association establishes a service pension in compliance with the applicable maximum contained in subdivision 2b or 2c and the minimum average amount of available financing per active covered firefighter is subsequently reduced because of a reduction in fire state aid or because of an increase in the number of active firefighters, the relief association may continue to provide the prior service pension amount specified in its bylaws, but may not increase the service pension amount until the minimum average amount of available financing per firefighter under the table in subdivision 2b or 2c, whichever applies, permits.~~

~~(c) No defined benefit relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.~~

(b) A defined benefit relief association may set in its bylaws a service pension amount that is not greater than the maximum amounts in clause (1) or (2), as applicable, but only if the service pension amount has been ratified by the municipality.

(1) For a defined benefit relief association that pays a monthly service pension, the maximum monthly service pension amount per month for each year of service credited is \$100.

(2) For a defined benefit relief association that pays a lump-sum service pension, the maximum lump-sum service pension amount for each year of service credited is \$15,000.

~~(c)~~ (c) The method of calculating service pensions must be applied uniformly for all years of active service. Credit must be given for all years of active service, unless the bylaws of the relief association provide that service credit is not given for:

(1) years of active service in excess of caps on service credit; or

(2) years of active service earned by a former member who:

(i) has ceased duties as a volunteer firefighter with the fire department before becoming vested under subdivision 2; and

(ii) has not resumed active service with the fire department and active membership in the relief association for a period as defined in the relief association's bylaws, of not less than five years.

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

Sec. 13. Minnesota Statutes 2021 Supplement, section 424A.02, subdivision 3a, is amended to read:

Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a defined benefit relief association pays a service pension greater than the applicable maximum service pension associated with the applicable average amount of available financing per active covered firefighter under the table in subdivision 2b or 2c, whichever applies, the maximum service pension under subdivision 3, paragraph (b), or the applicable maximum service pension amount specified in subdivision 3, paragraph (c), whichever is less, the state auditor shall must notify the relief association that the service pension paid is greater than the applicable maximum service pension and that the

penalty under this subdivision will be imposed, unless the relief association reduces the service pension amount to an amount that is not greater than the applicable maximum service pension amount and recovers the overpaid service pension. If the service pension amount is not reduced and the overpayment is not recovered, the state auditor must:

(1) disqualify the municipality or the independent nonprofit firefighting corporation associated with the relief association from receiving fire state aid by making the appropriate notification to the municipality and the commissioner of revenue, with the disqualification applicable for the next apportionment and payment of fire state aid; and

(2) order the treasurer of the applicable relief association to recover the amount of the overpaid service pension or pensions from any retired firefighter who received an overpayment.

(b) Fire state aid amounts from disqualified municipalities for the period of disqualifications under paragraph (a), clause (1), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(c) The amount of any overpaid service pension recovered under paragraph (a), clause (2), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(d) The determination of the state auditor that a relief association has paid a service pension greater than the applicable maximum must be made on the basis of the information filed by the relief association and the municipality with the state auditor under this chapter and any other relevant information that comes to the attention of the state auditor. The determination of the state auditor is final. An aggrieved municipality, relief association, or person may appeal the determination under section 480A.06.

(e) The state auditor may certify, upon learning that a relief association overpaid a service pension based on an error in the maximum service pension calculation, the municipality or independent nonprofit firefighting corporation associated with the relief association for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief association has initiated recovery of any overpayment amount. Notwithstanding paragraph (c), all overpayments recovered under this paragraph must be credited to the relief association's special fund.

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

Sec. 14. Minnesota Statutes 2020, section 424A.05, subdivision 3, is amended to read:

Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the special fund may not be made for any purpose other than one of the following:

(1) for the payment of service pensions to retired members of the relief association if authorized and paid under law and the bylaws governing the relief association;

(2) for the purchase of an annuity for the applicable person under section 424A.015, subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's individual retirement account under section 424A.015, subdivision 4, or to the applicable person's account in the Minnesota deferred compensation plan under section 424A.015, subdivision 5;

(3) for the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(4) for the payment of survivor benefits or for the payment of a death benefit to the estate of the deceased active or deferred firefighter, if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(5) for the payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the Minnesota State Fire Chiefs Association in order to entitle relief association members to membership in and the benefits of these associations or organizations;

(6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit Association, or an insurance company licensed by the state of Minnesota offering casualty insurance, in order to entitle relief association members to membership in and the benefits of the association or organization; ~~and~~

(7) for the payment of administrative expenses of the relief association as authorized under subdivision 3b.; and

(8) for the payment of a service pension to the former spouse of a member or former member of a relief association, if the former spouse is an alternate payee designated in a qualified domestic relations order under subdivision 5.

(b) Checks or authorizations for electronic fund transfers for disbursements authorized by this section must be signed by the relief association treasurer and at least one other elected trustee who has been designated by the board of trustees to sign the checks or authorizations. A relief association may make disbursements authorized by this subdivision by electronic fund transfers only if the specific method of payment and internal control policies and procedures regarding the method are approved by the board of trustees.

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

Sec. 15. Minnesota Statutes 2020, section 424A.05, is amended by adding a subdivision to read:

Subd. 5. Qualified domestic relations orders. (a) A "qualified domestic relations order" means a domestic relations order that creates or recognizes the existence of an alternate payee's right to or assigns to an alternate payee the right to receive a service pension that is all or any portion of the service pension payable with respect to a member or former member of a relief association.

(b) An "alternate payee" means the former spouse of a member or former member of a relief association, including a former spouse who is a distributee as defined in section 356.635, subdivision 7, clause (3).

(c) A relief association must comply with a qualified domestic relations order purporting to assign all or a portion of a service pension accrued under the retirement plan of the relief association, to the extent vested, if the payment or payments required by the order are within the limits described in section 518.58, subdivision 4, paragraph (a), clauses (1) to (4). For the purpose of applying section

518.58, subdivision 4, paragraph (a), "plan" or "pension plan" as used in paragraph (a) means the articles or bylaws of the relief association and chapter 424A, as applicable to the relief association.

(d) Notwithstanding any state law to the contrary, the bylaws of a relief association may permit distribution to an alternate payee under a qualified domestic relations order:

(1) as early as administratively practicable after the order is received by the relief association, even if the member whose service pension is being assigned to the alternate payee under the order has not yet reached age 50 or separated from active service with the fire department affiliated with the relief association; and

(2) in a lump sum, even if the relief association is a defined benefit relief association that pays monthly service pensions under section 424A.093.

(e) If the service pension is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5, the relief association must permit the alternate payee to elect a direct rollover, as provided under section 356.635, subdivisions 3 to 7.

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

Sec. 16. Minnesota Statutes 2021 Supplement, section 424A.091, subdivision 3, is amended to read:

Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which there exists a firefighters relief association as specified in subdivision 1 which does not comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions of any applicable special law relating to the funding or financing of the association does not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under chapter 477B until the reason for the disqualification specified by the state auditor is remedied, whereupon the municipality or relief association, if otherwise qualified, is entitled to again receive fire state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(b) The state auditor shall determine if a municipality to which a firefighters' relief association is directly associated or a firefighters relief association fails to comply with the provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any applicable special law based upon the information contained in the annual financial report of the firefighters relief association required under section 424A.014, the actuarial valuation of the relief association, if applicable, the relief association officers' financial requirements of the relief association and minimum municipal obligation determination documentation under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable municipal or independent nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and any other relevant documents or reports obtained by the state auditor.

(c) The municipality or independent nonprofit firefighting corporation and the associated relief association are not eligible to receive or to retain fire state aid if:

(1) the relief association fails to prepare or to file the financial report or financial statement under section 424A.014;

(2) the relief association treasurer is not bonded in the manner and in the amount required by section 424A.014, subdivision 4;

(3) the relief association officers fail to determine or improperly determine the accrued liability and the annual accruing liability of the relief association under section 424A.092, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

(4) if applicable, the relief association officers fail to obtain and file a required actuarial valuation or the officers file an actuarial valuation that does not contain the special fund actuarial liability calculated under the entry age normal actuarial cost method, the special fund current assets, the special fund unfunded actuarial accrued liability, the special fund normal cost under the entry age normal actuarial cost method, the amortization requirement for the special fund unfunded actuarial accrued liability by the applicable target date, a summary of the applicable benefit plan, a summary of the membership of the relief association, a summary of the actuarial assumptions used in preparing the valuation, and a signed statement by the actuary attesting to its results and certifying to the qualifications of the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

(5) the municipality failed to provide a municipal contribution, or the independent nonprofit firefighting corporation failed to provide a corporate contribution, in the amount equal to the minimum municipal obligation if the relief association is governed under section 424A.092, or the amount necessary, when added to the fire state aid actually received in the plan year in question, to at least equal in total the calculated annual financial requirements of the special fund of the relief association if the relief association is governed under section 424A.093, and, if the municipal or corporate contribution is deficient, the municipality failed to include the minimum municipal obligation certified under section 424A.092, subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent nonprofit firefighting corporation failed to include the minimum corporate obligation certified under section 424A.094, subdivision 2, in the corporate budget;

(6) the defined benefit relief association did not receive municipal ratification for the most recent plan amendment when municipal ratification was required under section 424A.02, subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

(7) the relief association invested special fund assets in an investment security that is not authorized under section 424A.095;

(8) the relief association had an administrative expense that is not authorized under section 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that is not authorized under section 424A.08;

(9) the relief association officers fail to provide a complete and accurate public pension plan investment portfolio and performance disclosure under section 356.219;

(10) the relief association fails to obtain the acknowledgment from a broker of the statement of investment restrictions under section 356A.06, subdivision 8b;

(11) the relief association officers permitted to occur a prohibited transaction under section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction of a prohibited transaction that did occur; or

(12) the relief association pays a defined benefit service pension in an amount that is in excess of the applicable maximum service pension maximum amount under section 424A.02, ~~subdivision 2b or 2e~~ subdivision 3.

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

Sec. 17. Minnesota Statutes 2020, section 424A.092, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for plan bylaws amendments.** (a) The board of trustees of a relief association may adopt an amendment to the articles of incorporation or bylaws that increases the coverage, service pensions, or retirement benefits provided by the relief association only after preparing an estimate of the expected increase in the financial requirements and the accrued liability resulting from the amendment.

(b) For purposes of this subdivision, "financial requirements" means the amount calculated under subdivision 3, paragraph (c). "Accrued liability" means the amount calculated under subdivision 2 or 2a, as applicable. "Estimate" means the estimate required in paragraph (a).

(c) If the special fund of ~~the~~ a relief association to which this section applies does not have a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is required to provide financial support to the special fund ~~of the relief association~~ under this section, ~~the adoption of or any~~ board of trustees of the relief association may adopt an amendment to the articles of incorporation or bylaws of a relief association which ~~that~~ increases or otherwise affects the retirement coverage provided by or the, service pensions, or retirement benefits payable from the special fund of any provided by the relief association to which this section applies. The amendment is not effective until it is ratified by the governing body of the affiliated municipality served by the fire department to which the relief association is directly associated or by the independent nonprofit firefighting corporation, as applicable, ~~and~~. The governing body may ratify such amendment only if the officers of a relief association shall not seek municipal ratification prior to preparing and certifying an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the amendment has delivered to the governing body the estimate described in paragraphs (a) and (b), certified by an officer of the relief association.

(d) If the special fund of ~~the~~ a relief association to which this section applies has a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the municipality is not required to provide financial support to the special fund ~~of the relief association~~ under this section, the relief association may adopt ~~or amend its~~ an amendment to the articles of incorporation or bylaws ~~which increase or otherwise affect~~ that increases the retirement coverage provided by or the, service pensions, or retirement benefits payable from the special fund of provided by the relief association ~~which are~~.

(1) The amendment is effective if the municipality ratifies the amendment.

(2) The amendment is effective without municipal ratification ~~so long as this does~~ if the amendment satisfies paragraph (e).

(e) An amendment satisfies this paragraph if the estimate described in paragraphs (a) and (b) demonstrates that the amendment will not cause:

(1) the amount of the resulting increase in the accrued liability of the special fund ~~of the relief association~~ to exceed 90 percent of the amount of the surplus over full funding reported in the prior year; ~~and this does not result in~~

(2) the financial requirements of the special fund ~~of the relief association exceeding to exceed~~ the expected amount of the future fire state aid and police and firefighter retirement supplemental state aid to be received by the relief association ~~as determined by the board of trustees following the preparation of an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the change.~~

(f) If a relief association ~~adopts or amends its~~ the articles of incorporation or bylaws without municipal ratification under this subdivision, and, ~~subsequent to the amendment or adoption,~~ the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective ~~without municipal ratification~~ and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended ~~or adopted~~ with municipal ratification.

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

Sec. 18. Minnesota Statutes 2021 Supplement, section 424A.093, subdivision 1, is amended to read:

Subdivision 1. **Application.** (a) This section applies to any firefighters relief association specified in section 424A.091, subdivision 1, which pays or allows for an option of a monthly service pension to a retiring firefighter when at least the minimum requirements for entitlement to a service pension specified in section 424A.02, any applicable special legislation, and the articles of incorporation or bylaws of the relief association have been met. Each firefighters relief association to which this section applies shall determine the actuarial condition and funding costs of the special fund of the relief association in accordance with subdivisions 2 and 3, the financial requirements of the special fund of the relief association in accordance with subdivision 4, and the minimum obligation of the municipality with respect to the special fund of the relief association in accordance with subdivision 5.

(b) If a firefighters relief association that previously provided a monthly benefit service pension discontinues that practice and either replaces the monthly benefit amount with a ~~lump-sum~~ lump-sum benefit amount consistent with section 424A.02, ~~subdivision 2~~ subdivision 3, paragraph (a), clause (2), or purchases an annuity in the same amount as the monthly benefit from an insurance company licensed to do business in this state, the actuarial condition and funding costs, financial, and minimum municipal obligation requirements of section 424A.092 apply rather than this section.

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

Sec. 19. Minnesota Statutes 2020, section 424A.093, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for ~~plan~~ bylaws amendments.** (a) The board of trustees of a relief association may adopt an amendment to the articles of incorporation or bylaws that increases the coverage, service pensions, or retirement benefits provided by the relief association only after the board of trustees has had an updated actuarial valuation including the proposed change or an

estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association.

(b) If the special fund of the a relief association to which this section applies does not have a surplus over full funding under subdivision 4, and if the municipality is required to provide financial support to the special fund of the relief association under this section, the adoption of or any board of trustees of the relief association may adopt an amendment to the articles of incorporation or bylaws of a relief association which that increases or otherwise affects the retirement coverage provided by or the, service pensions, or retirement benefits payable from the special fund of any provided by the relief association to which this section applies. The amendment is not effective until it is ratified by the governing body of the affiliated municipality served by the fire department to which the relief association is directly associated or by the independent nonprofit firefighting corporation, as applicable. The governing body may ratify such amendment only if the relief association has delivered to the governing body the actuarial valuation or estimate described in paragraph (a), certified by an officer of the relief association.

(c) If the special fund of the a relief association to which this section applies has a surplus over full funding under subdivision 4, and if the municipality is not required to provide financial support to the special fund of the relief association under this section, the relief association may adopt or amend its an amendment to the articles of incorporation or bylaws which increase or otherwise affect that increases the retirement coverage provided by or the, service pensions, or retirement benefits payable from the special fund of provided by the relief association which are. The amendment is effective:

(1) if the municipality ratifies the amendment; or

(2) effective without municipal ratification so long as this does if the amendment satisfies paragraph (d).

(d) An amendment satisfies this paragraph if the actuarial valuation or estimate described in paragraph (a) demonstrates that the amendment will not cause:

(1) the amount of the resulting increase in the accrued liability of the special fund of the relief association to exceed 90 percent of the amount of the surplus over full funding reported in the prior year; and this does not result in

(2) the financial requirements of the special fund of the relief association exceeding to exceed the expected amount of the future fire state aid and police and firefighter retirement supplemental state aid to be received by the relief association as determined by the board of trustees following the preparation of an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association.

(e) If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund of the relief association under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification and any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

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

Sec. 20. Minnesota Statutes 2020, section 424A.095, is amended to read:

424A.095 INVESTMENTS.

Subdivision 1. Authorized investments. (a) The special fund assets of a relief association governed by sections 424A.091 to 424A.096 must be invested in securities that are authorized investments under section 356A.06, subdivision 6 or 7, whichever applies.

(b) The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm must use the formula or formulas developed by the state board under section 11A.04, clause (11).

Subd. 2. Investment report. (a) Annually, the state auditor must provide an investment report to each relief association that has complied with the reporting requirements under section 356.219, subdivisions 1 and 3. The investment report must contain the following information:

(1) the relief association's average annual rates of return for at least the previous one-year, three-year, five-year, ten-year, 15-year, and 20-year periods for which the state auditor has investment information;

(2) the relief association's asset allocation;

(3) the average annual 1-year and 10-year benchmark rates of return;

(4) the average annual 1-year and 10-year rates of return for the statewide volunteer firefighter plan;

(5) the 1-year and 10-year average annual rates of return for the State Board of Investment supplemental investment fund; and

(6) a graphical comparison between:

(i) the relief association's average annual rates of return for the previous year and for the previous multiyear periods provided under clause (1); and

(ii) the average annual rates of return for the same periods for the supplemental investment fund's balanced fund or any successor fund.

(b) The state auditor shall select the benchmark rates of return based on the best practice in the industry.

(c) The relief association's board of trustees must certify to the state auditor that the board reviewed the investment report. The certification must accompany the audited financial statements or detailed financial statement under section 424A.014, subdivision 1 or 2, whichever applies. A copy of the report must be kept on file by the relief association and must be available for inspection by any member of the public.

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

Sec. 21. Minnesota Statutes 2021 Supplement, section 424A.10, subdivision 2, is amended to read:

Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer firefighters relief association or by the statewide lump-sum volunteer firefighter plan of a lump-sum distribution to a qualified recipient, the association or retirement plan, as applicable, must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association must pay the supplemental benefit out of its special fund and the statewide lump-sum volunteer firefighter plan must pay the supplemental benefit out of the statewide lump-sum volunteer firefighter plan. This benefit is an amount equal to ten percent of the regular lump-sum distribution that is paid on the basis of the recipient's service as a volunteer firefighter. In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a deceased active or deferred volunteer firefighter in that capacity.

(b) Upon the payment by a relief association or the retirement plan of a lump-sum survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased deferred volunteer firefighter, the association or retirement plan, as applicable, must pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the special fund of the relief association and the retirement plan must pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the retirement fund if chapter 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

(c) For purposes of this section, the term "regular lump-sum distribution" means the pretax lump-sum distribution excluding any interest that may have been credited during a volunteer firefighter's period of deferral.

(d) An individual may receive a supplemental benefit under paragraph (a) or under paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer firefighter benefit.

(e) If a qualified recipient receives more than one lump-sum distribution, the qualified recipient is eligible to receive a supplemental benefit or supplemental survivor benefit, whichever is applicable, with each lump-sum distribution. Each supplemental benefit shall be calculated pursuant to paragraph (a) or (b), as applicable, and shall be subject to a separate limit.

(f) Qualified recipients who elect to receive their lump-sum distribution in installments under section 424A.016, subdivision 5, or 424A.02, subdivision 8, are eligible to receive one supplemental benefit calculated on the total lump-sum distribution amount under paragraph (a) or (b), as applicable.

EFFECTIVE DATE. This section is effective retroactively for supplemental benefits paid in 2018 and thereafter.

Sec. 22. Minnesota Statutes 2021 Supplement, section 424B.10, subdivision 1b, is amended to read:

Subd. 1b. **Benefits.** (a) The successor relief association following the consolidation of two or more defined benefit relief associations must be a defined benefit relief association.

(b) Notwithstanding any provision of section 424A.02, ~~subdivisions 2a to 3~~ subdivision 3, to the contrary, the initial service pension amount of the subsequent defined benefit relief association as of the effective date of consolidation is either the service pension amount specified in clause (1) or the service pension amounts specified in clause (2), as provided for in the consolidated relief association's articles of incorporation or bylaws:

(1) the highest dollar amount service pension amount of any prior volunteer firefighters relief association in effect immediately before the consolidation initiation if the pension amount was implemented consistent with section 424A.02; or

(2) for service rendered by each individual volunteer firefighter before consolidation, the service pension amount under the consolidating volunteer firefighters relief association that the firefighter belonged to immediately before the consolidation if the pension amount was implemented consistent with section 424A.02 and for service rendered after the effective date of the consolidation, the highest dollar amount service pension of any of the consolidating volunteer firefighters relief associations in effect immediately before the consolidation if the pension amount was implemented consistent with section 424A.02.

(c) Any increase in the service pension amount beyond the amount implemented under paragraph (a) must conform with the requirements and limitations of section 424A.02 and sections 424A.091 to 424A.095.

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

Sec. 23. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 4, is amended to read:

Subd. 4. **Benefit increase.** (a) If the relief association has a surplus as of the end of the relief association's most recent fiscal year before the conversion effective date, the board of trustees may approve a resolution that increases the lump-sum benefit or monthly pension amount or both the lump-sum and monthly pension amount, if the relief association offers both, and amends the relief association bylaws without the consent of the affiliated municipality or firefighting corporation, notwithstanding section 424A.02, subdivision 10. The resulting lump-sum benefit or monthly pension amount is not limited to the maximum lump-sum ~~benefit~~ service pension amount or maximum monthly service pension amount ~~amount~~ under section 424A.02, ~~subdivisions 2a to 3~~ subdivision 3.

(b) The benefit increase must not cause the liabilities of the retirement plan to exceed the value of the assets, after taking into account full vesting as required under subdivision 2 and any administrative expenses arising from the conversion.

(c) The board of trustees shall specify whether the benefit increase will apply only to participants who are members active as of the conversion effective date or whether the benefit increase will apply to all participants, including members who are not active as of the conversion effective date, notwithstanding section 424A.015, subdivision 6.

(d) The board of trustees' resolution approving an increase in the benefit level must be considered conditional on there being sufficient assets to fund the increase and must state that if, as of the date benefits are transferred to the defined contribution plan, there are not sufficient assets to cover all

benefit liabilities at the new higher benefit level, the benefit level will be reduced until assets equal or are greater than liabilities. The resolution must state that the new lower benefit level will be considered approved by the board of trustees without further action by the board.

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

Sec. 24. Minnesota Statutes 2021 Supplement, section 424B.22, subdivision 4, is amended to read:

Subd. 4. **Benefit increase.** (a) Notwithstanding section 424A.02, subdivision 10, the board of trustees of a relief association may increase the benefit amount under a defined benefit relief association without the consent of the affiliated municipality or independent nonprofit firefighting corporation, as provided in this subdivision.

(b) If the retirement plan being terminated is a defined benefit plan, the board of trustees may approve an amendment to the bylaws of the relief association to increase the lump-sum or monthly pension amount or both the ~~lump~~ lump-sum and monthly pension amount, if the relief association offers both, up to 125 percent of the ~~largest~~ maximum lump-sum service pension amount under section 424A.02, subdivision 3, paragraph (a), clause (2), or the maximum monthly service pension amount ~~payable per month in effect~~ under section 424A.02, ~~subdivision 2b or 2e, respectively,~~ without regard to the relief association's minimum average amount of available financing per firefighter subdivision 3, paragraph (a), clause (1). The amount by which the lump-sum or monthly pension amount is increased must not cause the liabilities of the retirement plan to exceed the value of the assets, after taking into account full vesting as required under subdivision 3 and any administrative expenses.

(c) The board of trustees shall specify whether the benefit increase will apply to only participants who are members active as of the date of the termination of the retirement plan or whether the benefit increase will apply to all participants, including members who are not active as of the plan termination date.

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

Sec. 25. **REVISOR INSTRUCTION.**

In Minnesota Statutes, chapter 353G, the revisor of statutes shall change the term "good time service" to the term "service."

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

Sec. 26. **REPEALER.**

(a) Minnesota Statutes 2021 Supplement, section 424A.02, subdivisions 2a, 2b, and 2c, are repealed.

(b) Minnesota Statutes 2020, section 353G.09, subdivision 3, is repealed.

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

ARTICLE 5**DISABILITY ASSESSMENTS BY ADVANCED PRACTICE REGISTERED NURSES**

Section 1. Minnesota Statutes 2020, section 352.01, is amended by adding a subdivision to read:

Subd. 27. **APRN.** "APRN" means an individual licensed as an advanced practice registered nurse by the Board of Nursing as defined in section 148.171, subdivision 3, who provides services to a member or applicant that are within the scope of the APRN's professional licensure.

Sec. 2. Minnesota Statutes 2020, section 352.113, subdivision 4, is amended to read:

Subd. 4. Medical or psychological examinations; authorization for payment of benefit. (a) Any physician, psychologist, chiropractor, physician assistant, podiatrist, or ~~nurse practitioner~~ APRN providing any service specified in this section must be licensed.

(b) An applicant shall provide a detailed report signed by a physician, and at least one additional report signed by a physician, psychologist, chiropractor, physician assistant, podiatrist, or ~~nurse practitioner~~ APRN with evidence to support an application for total and permanent disability. The reports must include an expert opinion regarding whether the employee is permanently and totally disabled within the meaning of section 352.01, subdivision 17, and that the disability arose before the employee was placed on any paid or unpaid leave of absence or terminated public service.

(c) If there is medical evidence that supports the expectation that at some point the person applying for the disability benefit will no longer be disabled, the decision granting the disability benefit may provide for a termination date upon which the total and permanent disability can be expected to no longer exist. When a termination date is part of the decision granting benefits, prior to the benefit termination the executive director shall review any evidence provided by the disabled employee to show that the disabling condition for which benefits were initially granted continues. If the benefits cease, the disabled employee may follow the appeal procedures described in section 356.96 or may reapply for disability benefits using the process described in this subdivision.

(d) Any claim to disability must be supported by a report from the employer indicating that there is no available work that the employee can perform with the disabling condition and that all reasonable accommodations have been considered. Upon request of the executive director, an employer shall provide evidence of the steps the employer has taken to attempt to provide reasonable accommodations and continued employment to the claimant.

(e) The director shall also obtain written certification from the employer stating whether the employment has ceased or whether the employee is on sick leave of absence because of a disability that will prevent further service to the employer and that the employee is not entitled to compensation from the employer.

(f) The medical adviser shall consider the reports of the physician, psychologist, chiropractor, physician assistant, podiatrist, or ~~nurse practitioner~~ APRN and any other evidence supplied by the employee or other interested parties. If the medical adviser finds the employee totally and permanently disabled, the adviser shall make appropriate recommendation to the director in writing together with the date from which the employee has been totally disabled. The director shall then determine if the

disability occurred while still in the employment of the state and constitutes a total and permanent disability as defined in section 352.01, subdivision 17.

(g) A terminated employee may apply for a disability benefit within 18 months of termination as long as the disability occurred while in the employment of the state. The fact that an employee is placed on leave of absence without compensation because of disability does not bar that employee from receiving a disability benefit.

(h) Upon appeal, the board of directors may extend the disability benefit application deadline in paragraph (g) by an additional 18 months if the terminated employee is determined by the board of directors to have a cognitive impairment that made it unlikely that the terminated employee understood that there was an application deadline or that the terminated employee was able to meet the application deadline.

(i) Unless the payment of a disability benefit has terminated because the employee is no longer totally disabled, or because the employee has reached normal retirement age as provided in this section, the disability benefit must cease with the last payment received by the disabled employee or which had accrued during the lifetime of the employee unless there is a spouse surviving. In that event, the surviving spouse is entitled to the disability benefit for the calendar month in which the disabled employee died.

Sec. 3. Minnesota Statutes 2020, section 352.95, subdivision 4, is amended to read:

Subd. 4. **Medical or psychological evidence.** (a) An applicant shall provide medical, chiropractic, or psychological evidence to support an application for disability benefits. The director shall have the employee examined by at least one additional licensed physician, APRN, chiropractor, or psychologist who is designated by the medical adviser. The physicians, APRNs, chiropractors, or psychologists with respect to a mental impairment, shall make written reports to the director concerning the question of the employee's disability, including their expert opinions as to whether the employee has an occupational disability within the meaning of section 352.01, subdivision 17a, and whether the employee has a duty disability, physical or psychological, under section 352.01, subdivision 17b, or has a regular disability, physical or psychological, under section 352.01, subdivision 17c. The director shall also obtain written certification from the employer stating whether or not the employee is on sick leave of absence because of a disability that will prevent further service to the employer performing normal duties as defined in section 352.01, subdivision 17d, or performing less frequent duties as defined in section 352.01, subdivision 17e, and as a consequence, the employee is not entitled to compensation from the employer.

(b) If, on considering the reports by the physicians, APRNs, chiropractors, or psychologists and any other evidence supplied by the employee or others, the medical adviser finds that the employee has an occupational disability within the meaning of section 352.01, subdivision 17a, the ~~adviser~~ adviser shall make the appropriate recommendation to the director, in writing, together with the date from which the employee has been disabled. The director shall then determine the propriety of authorizing payment of a duty disability benefit or a regular disability benefit as provided in this section.

(c) Unless the payment of a disability benefit has terminated because the employee no longer has an occupational disability, or because the employee has reached either age 55 or the five-year

anniversary of the effective date of the disability benefit, whichever is later, the disability benefit must cease with the last payment which was received by the disabled employee or which had accrued during the employee's lifetime. While disability benefits are paid, the director has the right, at reasonable times, to require the disabled employee to submit proof of the continuance of an occupational disability. If any examination indicates to the medical adviser that the employee no longer has an occupational disability, the disability payment must be discontinued upon the person's reinstatement to state service or within 60 days of the finding, whichever is sooner.

Sec. 4. Minnesota Statutes 2020, section 352B.011, is amended by adding a subdivision to read:

Subd. 3a. **APRN.** "APRN" means an individual licensed as an advanced practice registered nurse by the Board of Nursing as defined in section 148.171, subdivision 3, who provides services to a member or applicant that are within the scope of the APRN's professional licensure.

Sec. 5. Minnesota Statutes 2020, section 352B.10, subdivision 4, is amended to read:

Subd. 4. **Proof of disability.** (a) No disability benefits may be paid unless the member provides adequate proof ~~is furnished~~ to the executive director of the existence of the disability.

(b) Adequate proof of a disability must include a written expert report by a licensed physician, ~~by a~~ APRN, or licensed chiropractor, or with respect to a mental impairment, by a licensed psychologist.

(c) Following the commencement of benefit payments, the executive director has the right, at reasonable times, to require the ~~disability~~ disability benefit recipient to submit proof of the continuance of the disability claimed.

Sec. 6. Minnesota Statutes 2020, section 353.01, is amended by adding a subdivision to read:

Subd. 50. **APRN.** "APRN" means an individual licensed as an advanced practice registered nurse by the Board of Nursing as defined in section 148.171, subdivision 3, who provides services to a member or applicant that are within the scope of the APRN's professional licensure.

Sec. 7. Minnesota Statutes 2020, section 353.031, subdivision 3, is amended to read:

Subd. 3. **Procedure to determine eligibility; generally.** (a) Every claim for a disability benefit must be initiated in writing on an application form and in the manner prescribed by the executive director and filed with the executive director. An application for disability benefits must be made within 18 months following termination of public service as defined under section 353.01, subdivision 11a.

(b) All medical reports must support a finding that the disability arose before the employee was placed on any paid or unpaid leave of absence or terminated public service, as defined under section 353.01, subdivision 11a.

(c) An applicant for disability shall provide a detailed report signed by a licensed medical doctor and at least one additional report signed by a medical doctor, psychologist, APRN, or chiropractor. The applicant shall authorize the release of all medical and health care evidence, including all medical

records and relevant information from any source, to support the application for initial, or the continuing payment of, disability benefits.

(d) All reports must contain an opinion regarding the claimant's prognosis, the duration of the disability, and the expectations for improvement. Any report that does not contain and support a finding that the disability will last for at least one year may not be relied upon to support eligibility for benefits.

(e) Where the medical evidence supports the expectation that at some point in time the claimant will no longer be disabled, any decision granting disability may provide for a termination date upon which disability can be expected to no longer exist. In the event a termination date is made part of the decision granting benefits, prior to the actual termination of benefits, the claimant shall have the opportunity to show that the disabling condition for which benefits were initially granted continues. In the event the benefits terminate in accordance with the original decision, the claimant may petition for a review by the board of trustees under section 353.03, subdivision 3, or may reapply for disability in accordance with these procedures and section 353.33, 353.656, or 353E.06, as applicable.

(f) Any claim to disability must be supported by a report from the employer indicating that there is no available work that the employee can perform in the employee's disabled condition and that all reasonable accommodations have been considered. Upon request of the executive director, an employer shall provide evidence of the steps the employer has taken to attempt to provide reasonable accommodations and continued employment to the claimant. The employer shall also provide a certification of the member's past public service; the dates of any paid sick leave, vacation, or any other employer-paid salary continuation plan beyond the last working day; and whether or not any sick or annual leave has been allowed.

(g) An employee who is placed on leave of absence without compensation because of a disability is not barred from receiving a disability benefit.

(h) An applicant for disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for disability benefits. If the application for disability benefits is approved, the retirement annuity application is canceled. If disability benefits are denied, the retirement annuity application must be processed upon the request of the applicant. No member of the public employees general plan, the public employees police and fire plan, or the local government correctional service retirement plan may receive a disability benefit and a retirement annuity simultaneously from the same plan.

Sec. 8. Minnesota Statutes 2020, section 353.031, subdivision 8, is amended to read:

Subd. 8. **Proof of continuing disability.** (a) A disability benefit payment must not be made except upon adequate proof furnished to the executive director of the association that the person remains disabled.

(b) During the time when disability benefits are being paid, the executive director of the association has the right, at reasonable times, to require the disabled member to submit proof of the continuance of the disability claimed.

(c) Adequate proof of a disability must include a written expert report by a licensed physician, a APRN, or licensed chiropractor, or, with respect to a mental impairment, a licensed psychologist.

Sec. 9. Minnesota Statutes 2020, section 354.05, is amended by adding a subdivision to read:

Subd. 43. **APRN.** "APRN" means an individual licensed as an advanced practice registered nurse by the Board of Nursing as defined in section 148.171, subdivision 3, who provides services to a member or applicant that are within the scope of the APRN's professional licensure.

Sec. 10. Minnesota Statutes 2020, section 354.48, subdivision 4, is amended to read:

Subd. 4. **Determination by executive director.** (a) The executive director shall have the member examined by at least two licensed physicians, licensed chiropractors, or licensed psychologists.

(b) These physicians, chiropractors, APRNs, or psychologists with respect to a mental impairment, shall make written reports to the executive director concerning the member's disability, including expert opinions as to whether or not the member is permanently and totally disabled within the meaning of section 354.05, subdivision 14.

(c) The executive director shall also obtain written certification from the last employer stating whether or not the member was separated from service because of a disability which would reasonably prevent further service to the employer and as a consequence the member is not entitled to compensation from the employer.

(d) If, upon the consideration of the reports of the physicians, chiropractors, APRNs, or psychologists and any other evidence presented by the member or by others interested therein, the executive director finds that the member is totally and permanently disabled, the executive director shall grant the member a disability benefit.

(e) An employee who is placed on leave of absence without compensation because of disability is not barred from receiving a disability benefit.

Sec. 11. Minnesota Statutes 2020, section 354.48, subdivision 6, is amended to read:

Subd. 6. **Regular physical examinations.** At least once each year during the first five years following the allowance of a disability benefit to any member, and at least once in every three-year period thereafter, the executive director may require the disability benefit recipient to undergo an expert examination by a physician or physicians, by a chiropractor or chiropractors, by an APRN or APRNs, or by one or more psychologists with respect to a mental impairment, engaged by the executive director. If an examination indicates that the member is no longer permanently and totally disabled or that the member is engaged or is able to engage in a substantial gainful occupation, payments of the disability benefit by the association must be discontinued. The payments must be discontinued as soon as the member is reinstated to the payroll following sick leave, but payment may not be made for more than 60 days after the physicians, ~~the~~ chiropractors, APRNs, or ~~the~~ psychologists engaged by the executive director find that the person is no longer permanently and totally disabled.

Sec. 12. Minnesota Statutes 2020, section 354.48, subdivision 6a, is amended to read:

Subd. 6a. **Medical adviser; duties.** The executive director may contract with an accredited independent organization specializing in disability determinations, licensed physicians, or physicians on the staff of the commissioner of health as designated by the commissioner, to be the medical

adviser to the executive director. The medical adviser shall designate licensed physicians, ~~licensed chiropractors, or licensed psychologists with respect to a mental impairment~~, who shall examine applicants for disability benefits. The medical adviser shall pass upon all expert reports based on any examinations performed in order to determine whether a teacher is totally and permanently disabled as defined in section 354.05, subdivision 14. The medical adviser shall also investigate all health and medical statements and certificates by or on behalf of a teacher in connection with a disability benefit, and shall report in writing to the director setting forth any conclusions and recommendations on all matters referred to the medical adviser.

Sec. 13. Minnesota Statutes 2020, section 354A.011, is amended by adding a subdivision to read:

Subd. 6a. **APRN.** "APRN" means an individual licensed as an advanced practice registered nurse by the Board of Nursing as defined in section 148.171, subdivision 3, who provides services to a member or applicant that are within the scope of the APRN's professional licensure.

Sec. 14. Minnesota Statutes 2020, section 354A.011, is amended by adding a subdivision to read:

Subd. 14b. **Medical expert.** For purposes of section 354A.36, "medical expert" means a licensed physician, licensed chiropractor, APRN, or licensed psychologist, in each case working within the scope of the individual's professional licensure.

Sec. 15. Minnesota Statutes 2020, section 354A.36, subdivision 4, is amended to read:

Subd. 4. **Determination of disability.** (a) The board of the teachers retirement fund association shall make the final determination of the existence of a permanent and total disability. The board shall have the coordinated member examined by at least two ~~licensed physicians, licensed chiropractors, or licensed psychologists who are selected by the board~~ medical experts. After making ~~any a required examinations examination~~, each ~~physician, chiropractor, or psychologist with respect to a mental impairment~~, medical expert shall make a written report to the board concerning the coordinated member, which shall include ~~a statement~~ an opinion of the ~~medical expert opinion of the physician, chiropractor, or psychologist~~ as to whether or not the member is permanently and totally disabled within the meaning of section 354A.011, subdivision 14. The board shall also obtain a written statement from the employer as to whether or not the coordinated member was terminated or separated from active employment due to a disability which is deemed by the employer to reasonably prevent further service by the member to the employer and which caused the coordinated member not to be entitled to further compensation from the employer for services rendered by the member. If, after consideration of the reports of the ~~physicians, chiropractors, or psychologists with respect to a mental impairment~~ medical experts and any medical advisor retained by the board under subdivision 4a, the employer statement, and any evidence presented by the member or ~~by~~ any other interested parties, the board determines that the coordinated member is totally and permanently disabled within the meaning of section 354A.011, subdivision 14, ~~the board shall grant the coordinated member a disability benefit~~. A member who is placed on a leave of absence without compensation as a result of the disability is not barred from receiving a disability benefit under this section.

(b) The executive director shall reject an application for disability benefits under section 354A.36 if the member is applying only because an employer-sponsored provider of private disability insurance benefits requires the application and the member would not have applied for disability benefits in the absence of the requirement. The member shall submit a copy of the disability insurance policy that requires an application for disability benefits from the plan if the member wishes to assert that the application is only being submitted because of the disability insurance policy requirement.

Sec. 16. Minnesota Statutes 2020, section 354A.36, is amended by adding a subdivision to read:

Subd. 4a. **Medical advisor; duties.** The executive director may contract with an independent medical expert or an accredited organization specializing in disability determinations to serve as a medical advisor to the board. The medical advisor shall review all expert reports based on any examinations performed in order to determine whether a coordinated member is totally and permanently disabled as defined in section 354A.011, subdivision 14. The medical advisor shall also investigate all health and medical statements and certificates by or on behalf of a member in connection with a disability benefit and shall report in writing to the board, setting forth any conclusions and recommendations on all matters referred to the medical advisor. The board shall have sole discretion to select the appropriate licensed medical professional or organization to serve as the medical advisor.

Sec. 17. Minnesota Statutes 2020, section 354A.36, subdivision 6, is amended to read:

Subd. 6. **Requirement for regular physical examinations.** At least once each year during the first five years following the granting of a disability benefit to a coordinated member ~~by the board~~ and at least once in every three-year period thereafter, the board may require the disability benefit recipient to undergo an expert examination ~~as a condition for continued entitlement of the benefit recipient to receive a disability benefit. If the board requires an examination, the expert examination must be made at the place of residence of the disability benefit recipient or at any other place mutually agreeable to the disability benefit recipient and the board.~~ The expert examination must be made by a ~~physician or physicians, by a chiropractor or chiropractors, or by one or more psychologists~~ medical expert engaged by the board, in its sole discretion. ~~The physician or physicians, the chiropractor or chiropractors, or the psychologist or psychologists with respect to a mental impairment,~~ medical expert conducting the expert examination shall make a written report to the board concerning the disability benefit recipient and the recipient's disability, including a statement of the expert medical expert's opinion of the physician, chiropractor, or psychologist as to whether or not the member remains permanently and totally disabled within the meaning of section 354A.011, subdivision 14. If the board determines from consideration of the ~~written expert examination~~ medical expert's report of the physician, of the chiropractor, or of the psychologist, with respect to a mental impairment, that the disability benefit recipient is no longer permanently and totally disabled or if ~~the board determines that the benefit recipient is engaged or is able to engage in a gainful occupation, unless the disability benefit recipient is partially employed under subdivision 7, then further disability benefit payments from the fund must be discontinued within 60 days of the determination by the board.~~ The discontinuation of disability benefits must occur immediately if the disability recipient is reinstated to the district payroll following sick leave ~~and within 60 days of the determination by the board following the expert examination and report of the physician or physicians, chiropractor or chiropractors, or psychologist or psychologists engaged by the board that the disability benefit recipient is no longer permanently and totally disabled within the meaning of section 354A.011, subdivision 14.~~

Sec. 18. **EFFECTIVE DATE.**

Sections 1 to 17 are effective the day following final enactment.

ARTICLE 6

STATE BOARD OF INVESTMENT

Section 1. Minnesota Statutes 2020, section 11A.04, is amended to read:

11A.04 DUTIES AND POWERS; APPROPRIATION.

The state board shall:

(1) Act as trustees for each fund for which it invests or manages money in accordance with the standard of care set forth in section 11A.09 if state assets are involved and in accordance with chapter 356A if pension assets are involved.

(2) Formulate policies and procedures deemed necessary and appropriate to carry out its functions. Procedures adopted by the board must allow fund beneficiaries and members of the public to become informed of proposed board actions. Procedures and policies of the board are not subject to the Administrative Procedure Act.

(3) Employ an executive director as provided in section 11A.07.

(4) Employ investment advisors and consultants as it deems necessary.

(5) Prescribe policies concerning personal investments of all employees of the board to prevent conflicts of interest.

(6) Maintain a record of its proceedings.

(7) As it deems necessary, establish advisory committees subject to section 15.059 to assist the board in carrying out its duties.

(8) Not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or the issuer's agent.

(9) Direct the commissioner of management and budget to sell property other than money that has escheated to the state when the board determines that sale of the property is in the best interest of the state. Escheated property must be sold to the highest bidder in the manner and upon terms and conditions prescribed by the board.

(10) Undertake any other activities necessary to implement the duties and powers set forth in this section.

(11) Establish a formula or formulas to measure management performance and return on investment. Public pension funds in the state shall utilize the formula or formulas developed by the state board.

(12) Except as otherwise provided in article XI, section 8, of the Constitution of the state of Minnesota, employ, at its discretion, qualified private firms to invest and manage the assets of funds over which the state board has investment management responsibility. There is annually appropriated to the state board, from the assets of the funds for which the state board utilizes a private investment manager, sums sufficient to pay the costs of employing private firms. Each year, by January 15, the board shall report to the governor and legislature on the cost and the investment performance of each investment manager employed by the board.

(13) Adopt an investment policy statement that includes investment objectives, asset allocation, and the investment management structure for the retirement fund assets under its control. The statement may be revised at the discretion of the state board. The state board shall seek the advice of the council regarding its investment policy statement. Adoption of the statement is not subject to chapter 14.

(14) Adopt a compensation plan setting the terms and conditions of employment for unclassified employees of the state board ~~employees who are not covered by a collective bargaining agreement pursuant to section 43A.18, subdivision 3b.~~

(15) Contract, as necessary, with the board of trustees of the Minnesota State Universities and Colleges System for the provision of investment review and selection services under section 354B.25, subdivision 3, and arrange for the receipt of payment for those services.

There is annually appropriated to the state board, from the assets of the funds for which the state board provides investment services, sums sufficient to pay the costs of all necessary expenses for the administration of the board. These sums will be deposited in the State Board of Investment operating account, which must be established by the commissioner of management and budget.

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

Sec. 2. Minnesota Statutes 2020, section 11A.07, subdivision 4, is amended to read:

Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

(1) plan, direct, coordinate, and execute administrative and investment functions in conformity with the policies and directives of the state board and the requirements of this chapter and of chapter 356A;

(2) prepare and submit biennial and annual budgets to the board and with the approval of the board submit the budgets to the Department of Management and Budget;

(3) employ professional and clerical staff as necessary. ~~Employees whose primary responsibility is to invest or manage money or employees who hold positions designated as unclassified under section 43A.08, subdivision 1a, are in the unclassified service of the state. Other employees are in the classified service. Unclassified employees who are not covered by a collective bargaining agreement are employed under the terms and conditions of the compensation plan approved under section 43A.18, subdivision 3b;~~

(4) report to the state board on all operations under the director's control and supervision;

- (5) maintain accurate and complete records of securities transactions and official activities;
- (6) establish a policy, which is subject to state board approval, relating to the purchase and sale of securities on the basis of competitive offerings or bids. ~~The policy is subject to board approval;~~
- (7) cause securities acquired to be kept in the custody of the commissioner of management and budget or other depositories consistent with chapter 356A, as the state board deems appropriate;
- (8) prepare and file with the director of the Legislative Reference Library, by December 31 of each year, a report summarizing the activities of the state board, the council, and the director during the preceding fiscal year. ~~The report must be prepared so as to provide the legislature and the people of the state with a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return, and the yield to the state treasury and to each of the funds whose assets are invested by the state board, and the recipients of business placed or commissions allocated among the various commercial banks, investment bankers, money managers, and brokerage organizations and the amount of these commissions or other fees. The report must include an executive summary;~~
- (9) include on the state board's website its annual report and an executive summary of its quarterly reports;
- (10) require state officials from any department or agency to produce and provide access to any financial documents the state board deems necessary in the conduct of its investment activities;
- (11) receive and expend legislative appropriations; and
- (12) undertake any other activities necessary to implement the duties and powers set forth in this subdivision consistent with chapter 356A.

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

Sec. 3. Minnesota Statutes 2020, section 11A.07, is amended by adding a subdivision to read:

Subd. 4a. **Classification of state board employees.** (a) Employees of the state board who are in the unclassified service of the state are employed under the terms and conditions of the compensation plan approved under section 43A.18, subdivision 3b. The following state board employees are in the unclassified service of the state:

(1) professional employees who, in the determination of the director, are primarily responsible for managing or administering the investment portfolio, including but not limited to investment diligence and analysis, investment risk mitigation, and implementing investment strategy; and

(2) employees who hold positions designated as unclassified under section 43A.08, subdivision 1a.

(b) Employees of the state board who are not in the unclassified service under paragraph (a) are in the classified service of the state.

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

Sec. 4. Minnesota Statutes 2020, section 11A.07, is amended by adding a subdivision to read:

Subd. 4b. **Annual report.** The report required under subdivision 4, clause (8), must include an executive summary and must be prepared so as to provide the legislature and the people of the state with:

(1) a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return, and the yield to the state treasury and to each of the funds with assets invested by the state board; and

(2) the recipients of business placed or commissions allocated among the various commercial banks, investment bankers, money managers, and brokerage organizations and the amount of these commissions or other fees.

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

Sec. 5. Minnesota Statutes 2020, section 43A.18, subdivision 3b, is amended to read:

Subd. 3b. **State Board of Investment plan.** Total compensation for unclassified positions ~~not covered by a collective bargaining agreement~~ under section 11A.04, clause (14), in the State Board of Investment must be determined by the State Board of Investment. Before submitting a compensation plan to the legislature and the Legislative Coordinating Commission, the State Board of Investment must submit the plan to the commissioner of management and budget for review and comment. The commissioner must complete the review within 14 days of its receipt. Compensation plans established under this subdivision must be approved by the legislature and the Legislative Coordinating Commission under section 3.855, before becoming effective.

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

Sec. 6. Minnesota Statutes 2020, section 179A.10, subdivision 1, is amended to read:

Subdivision 1. **Exclusions.** The commissioner of management and budget shall meet and negotiate with the exclusive representative of each of the units specified in this section, except as provided in section 43A.06, subdivision 1, paragraph (c). The units provided in this section are the only appropriate units for executive branch state employees. The following employees shall be excluded from any appropriate unit:

(1) the positions and classes of positions in the classified and unclassified services defined as managerial by the commissioner of management and budget in accordance with section 43A.18, subdivision 3, and so designated in the official state compensation schedules;

(2) unclassified positions in the Minnesota State Colleges and Universities defined as managerial by the Board of Trustees;

(3) positions of all unclassified employees appointed by a constitutional officer;

(4) positions in the Bureau of Mediation Services and the Public Employment Relations Board;

(5) positions of employees whose classification is pilot or chief pilot;

(6) administrative law judge and compensation judge positions in the Office of Administrative Hearings; ~~and~~

(7) positions of all confidential employees; and

(8) positions of employees of the State Board of Investment who are employed under the terms and conditions of the compensation plan approved under section 43A.18, subdivision 3b.

The governor may upon the unanimous written request of exclusive representatives of units and the commissioner direct that negotiations be conducted for one or more units in a common proceeding or that supplemental negotiations be conducted for portions of a unit or units defined on the basis of appointing authority or geography.

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

ARTICLE 7

STUDY OF ADEQUACY OF POLICE DISABILITY BENEFITS

Section 1. **DEPARTMENT OF LABOR AND INDUSTRY; STUDY OF ADEQUACY OF POLICE DISABILITY BENEFITS.**

The Department of Labor and Industry shall study the adequacy of current benefits available to disabled or injured police officers. The study shall consider workers' compensation, disability, and pension benefits and the adequacy of these benefits for Minnesota police officers. At least one public hearing shall be held. The Public Employees Retirement Association shall cooperate with the department in conducting this study. The department shall issue a report no later than January 15, 2023, to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety and employment issues and to the chair of the Legislative Commission on Pensions and Retirement.

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

ARTICLE 8

TECHNICAL CLARIFICATIONS AND CORRECTIONS

Section 1. Minnesota Statutes 2020, section 352.87, subdivision 6, is amended to read:

Subd. 6. **Disability benefit coordination.** If the eligible employee is entitled to receive a disability benefit as provided in subdivision 4 or 5 and has allowable service credit under this section for less service than the length of service upon which the disability benefit in subdivision 4 or 5 is based, and also has allowable service in the general plan not includable in this section, the employee is entitled to a disability benefit or deferred retirement annuity based on the general plan service not includable in this section only for the service that, when combined with the service includable in this section, exceeds the number of years on which the disability benefit provided in subdivision 4 or 5 is based. The benefit recipient under subdivision 4 or 5 who also has credit for regular plan service must in all respects qualify under section 352.113 to be entitled to receive a disability benefit based on the general plan service not includable in this section, except that the service may be combined to satisfy length of service requirements. Any deferred annuity to which the employee may be entitled based on general plan service not includable in this section must be augmented as

provided in section ~~352.72, subdivision 2~~ 352.22, subdivision 3a, while the employee is receiving a disability benefit under this section.

Sec. 2. Minnesota Statutes 2020, section 352.94, is amended to read:

352.94 AUGMENTATION FOR EMPLOYEES WITH GENERAL AND CORRECTIONAL SERVICE.

An employee who becomes covered by the correctional plan after serving as a general plan covered employee, or becomes covered by the general plan after serving as a correctional plan covered employee, is covered under section ~~352.72, subdivision 2~~ 356.311.

Sec. 3. Minnesota Statutes 2020, section 352.95, subdivision 6, is amended to read:

Subd. 6. **Disability benefit for certain employees with regular plan service.** If the employee is entitled to receive a disability benefit as provided in subdivision 1 or 2 and has credit for less covered correctional service than the length of service upon which the correctional disability benefit is based, and also has credit for regular plan service, the employee is entitled to a disability benefit or deferred retirement annuity based on the regular plan service only for that service which when combined with the correctional service exceeds number of years on which the correctional disability benefit is based. The disabled employee who also has credit for regular plan service must in all respects qualify under section 352.113 for a disability benefit based on the regular plan service, except that the service may be combined to satisfy length of service requirements. Any deferred annuity to which the employee is entitled based on regular plan service must be augmented as provided in section ~~352.72~~ 352.22, subdivision 3a, while the employee is receiving a disability benefit under this section.

Sec. 4. Minnesota Statutes 2020, section 352B.05, is amended to read:

352B.05 INVESTMENTS.

The State Board of Investment may invest and reinvest any portions of the State Patrol retirement fund not needed for immediate purposes. The executive director of the Minnesota State Retirement System shall determine what funds may be invested. Money may be invested in securities authorized as legal investments for the Minnesota State Retirement System. The state board may sell, convey, and exchange securities and invest and reinvest the funds when it deems it desirable to do so. The state board shall sell securities upon request from the executive director when the executive director determines funds are needed for its purposes. Provisions regarding accounting procedures and restrictions and conditions for the purchase and sale of securities for the Minnesota State Retirement System apply to the accounting, purchase, and sale of securities for the State Patrol retirement fund.

Sec. 5. Minnesota Statutes 2020, section 353.031, subdivision 7, is amended to read:

Subd. 7. **Refusal of examination or medical evidence.** If a person applying for or receiving a disability benefit refuses to submit to a medical examination under subdivision 6, or fails to provide or to authorize the release of medical evidence under subdivision 3 or 8, the association shall cease the application process or shall discontinue the payment of a disability benefit, whichever is applicable. Upon the receipt of the requested medical evidence, the association shall resume the

application process or the payment of a disability benefit upon approval for the continuation, whichever is applicable.

Sec. 6. Minnesota Statutes 2020, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member who is vested under section 353.01, subdivision 47, and who dies before the annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal to a 100 percent joint and survivor annuity computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

(b) If a member first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity computed using section 353.30, subdivision 1b, except that the early retirement reduction under that provision will be applied from age 62 back to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.

(c) If a member who was under age 55 and who is vested under section 353.01, subdivision 47, dies, but did not qualify for retirement on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity computed using section 353.30, subdivision 1c or 5, as applicable, except that the early retirement reduction specified in the applicable subdivision will be applied to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.

(d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite the terms of a marriage dissolution decree filed with the association.

(e) The surviving spouse eligible for surviving spouse benefits under paragraph (a) may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity any time after the member's death.

(f) ~~Sections~~ Section 353.34, subdivision 3, and ~~353.71, subdivision 2,~~ apply applies to a deferred annuity or surviving spouse benefit payable under this subdivision.

(g) An amount equal to any excess of the accumulated contributions that were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the surviving spouse's estate.

(h) A member may specify in writing, with the signed consent of the spouse, that this subdivision does not apply and that payment may be made only to the designated beneficiary as otherwise provided by this chapter. The waiver of a surviving spouse annuity under this section does not make a dependent child eligible for benefits under subdivision 1c.

(i) If the deceased member or former member first became a public employee or a member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as specified in section 353.30, subdivision 5, except for the revised early retirement reduction specified in paragraph (c), if paragraph (c) is the applicable provision.

(j) For any survivor annuity determined under this subdivision, the payment is to be based on the total allowable service that the member had accrued as of the date of death and the age of the member and surviving spouse on that date.

Sec. 7. Minnesota Statutes 2020, section 353.34, subdivision 5, is amended to read:

Subd. 5. **Refundment Right to a refund generally unlimited.** ~~The right of refundment to a refund~~ provided in this chapter, and laws amendatory thereof, is not restricted as to time unless specifically provided and the statute of limitation does not apply thereto.

Sec. 8. Minnesota Statutes 2020, section 353.657, subdivision 2a, is amended to read:

Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member who has attained the age of at least 50 years and either who is vested under section 353.01, subdivision 47, or who has credit for at least 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit becomes payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive a death while eligible survivor benefit.

(b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the death while eligible survivor benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a death while eligible survivor benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The benefit may be elected instead of a refund with interest under section 353.32, subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided in sections 353.651, subdivision 3, and 353.30, subdivision 3.

(d) The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. ~~Sections~~ Section 353.34, subdivision 3, and 353.71, subdivision 2, apply applies to a deferred annuity payable under this subdivision.

(e) No payment accrues beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member.

(f) Any member may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to the designated beneficiary, as otherwise provided by this chapter.

(g) For a member who is employed as a full-time firefighter by the Department of Military Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs Department firefighter credited by the Minnesota State Retirement System may be used in meeting the minimum allowable service requirement of this subdivision.

Sec. 9. Minnesota Statutes 2020, section 353.68, subdivision 4, is amended to read:

Subd. 4. **Deferred annuity.** The deferred annuity of section 353.34, subdivision 3, as it applies to members of the police and fire fund, begins and is computed in the manner provided in section 353.651 on the basis of the law in effect on the date of termination of public service. The deferred annuity is augmented under section ~~353.71, subdivision 2~~ 353.34, subdivision 3.

Sec. 10. Minnesota Statutes 2020, section 356.20, subdivision 2, is amended to read:

Subd. 2. **Covered public pension plans and funds.** This section applies to the following public pension plans:

- (1) the general state employees retirement plan of the Minnesota State Retirement System;
- (2) the general employees retirement plan of the Public Employees Retirement Association;
- (3) the Teachers Retirement Association;
- (4) the State Patrol retirement plan;
- (5) the St. Paul Teachers Retirement Fund Association;
- (6) the University of Minnesota faculty retirement plan;
- (7) the University of Minnesota faculty supplemental retirement plan;
- (8) the judges retirement fund;
- (9) the Bloomington Fire Department Relief Association;
- (10) a volunteer firefighter relief association governed by section 424A.091;
- (11) the public employees police and fire plan of the Public Employees Retirement Association;
- (12) the correctional state employees retirement plan of the Minnesota State Retirement System;

(13) the local government correctional service retirement plan of the Public Employees Retirement Association; and

(14) the statewide-lump-sum volunteer firefighter plan.

Sec. 11. Minnesota Statutes 2020, section 356.24, subdivision 3, is amended to read:

Subd. 3. **Deferred compensation plan.** (a) As used in this section, ~~a~~:

(1) "deferred compensation plan" means a plan that satisfies the requirements ~~in~~ of this subdivision;

(2) "plan administrator" means the individual or entity defined as the plan administrator in the plan document for the Minnesota deferred compensation plan under section 352.965 or a deferred compensation plan under section 457(b) of the Internal Revenue Code; and

(3) "vendor" means the provider of an annuity contract, custodial account, or retirement income account under a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code.

(b) The plan is:

(1) the Minnesota deferred compensation plan under section 352.965;

(2) a tax-sheltered annuity ~~program~~ plan under section 403(b) of the Internal Revenue Code; or

(3) a deferred compensation plan under section 457(b) of the Internal Revenue Code.

(c) For each investment fund available to participants under the plan, other than in a self-directed brokerage account, the plan administrator or ~~custodian~~ vendor discloses at least annually to participants a statement that sets forth (1) all fees, including administrative, maintenance, and investment fees, that impact the rate of return on each investment fund available under the plan, and (2) ~~for each investment fund,~~ the rates of return for the prior one-, three-, five-, and ten-year periods or for the life of the fund, if shorter, in an easily understandable document. The plan administrator or ~~custodian~~ vendor must file a copy of this ~~document~~ statement with the executive director of the Legislative Commission on Pensions and Retirement within 30 days of the end of each fiscal year of the plan.

(d) Enrollment in the plan is provided for in:

(1) a personnel policy of the public employer;

(2) a collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit; or

(3) an individual employment contract between a city and a city manager.

(e) The plan covers employees of a school district, state agency, or other governmental subdivision. The plan may cover city managers covered by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph (a) or (b), but must not cover employees of the

Board of Trustees of Minnesota State Colleges and Universities who are covered by the Higher Education Supplemental Retirement Plan under chapter 354C.

(f) Except as permitted under paragraph (g), public funds are contributed to the plan only in an amount that matches employee contributions on a dollar for dollar basis, but not to exceed the lesser of (1) the maximum authorized under the policy described in paragraph (d) that provides for enrollment in the plan or program, or (2) one-half of the annual limit on elective deferrals under section 402(g) of the Internal Revenue Code.

(g) Contributions to the plan may include contributions deducted from an employee's sick leave, accumulated vacation leave, or accumulated severance pay, whether characterized as employee contributions or nonelective employer contributions, up to applicable limits under the Internal Revenue Code. Such contributions are not subject to the match requirement and limit in paragraph (f).

Sec. 12. Minnesota Statutes 2020, section 356.645, is amended to read:

356.645 INVESTMENT OF ~~VARIOUS~~ DEFINED CONTRIBUTION ~~PLAN ASSETS~~ PLANS AND VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATIONS.

The State Board of Investment shall determine the investments to be made available to plan participants in plans defined in sections 352.965, 352.98, and 383B.46 and chapters 352D and 353D and to volunteer firefighters relief associations under chapter 424A. Investments made available to plan participants and relief associations must include at least one or more of the following:

- (1) shares in the Minnesota supplemental investment fund established in section 11A.17;
- (2) savings accounts in federally insured financial institutions;
- (3) life insurance contracts, fixed annuity contracts, and variable annuity contracts from companies that are subject to regulation by the commissioner of commerce;
- (4) investment options from open-end investment companies registered under the federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;
- (5) investment options from a firm that is a registered investment adviser under the Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21; and
- (6) investment options of a bank as defined in United States Code, title 15, section 80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph (1).

Sec. 13. Minnesota Statutes 2020, section 356A.06, subdivision 6, is amended to read:

Subd. 6. **Limited list of authorized investment securities.** (a) **Authority.** This subdivision specifies the investment authority for a limited list plan. A limited list plan is a covered pension plan that does not:

- (1) have pension fund assets with a market value in excess of \$1,000,000;

(2) use the services of an investment advisor registered with the Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940, or registered as an investment advisor in accordance with sections 80A.58, and 80A.60, for the investment of at least 60 percent of its pension fund assets, calculated on market value;

(3) use the services of the State Board of Investment for the investment of at least 60 percent of its pension fund assets, calculated on market value; or

(4) use a combination of the services of an investment advisor meeting the requirements of clause (2) and the services of the State Board of Investment for the investment of at least 75 percent of its pension fund assets, calculated on market value.

(b) **Investment agency appointment authority.** The governing board of a covered pension plan may select and appoint investment agencies to act for or on its behalf.

(c) **Savings accounts; similar vehicles.** A limited list plan is authorized to invest in:

(1) certificates of deposit issued, to the extent of available insurance or collateralization, by a financial institution that is a member of the Federal Deposit Insurance Corporation, ~~or the Federal Savings and Loan Insurance Corporation~~, that is insured by the National Credit Union Administration, or that is authorized to do business in this state and has deposited with the chief administrative officer of the plan a sufficient amount of marketable securities as collateral in accordance with section 118A.03;

(2) guaranteed investment contracts, limited to those issued by insurance companies or banks rated in the top four quality categories by a nationally recognized rating agency or to alternative guaranteed investment contracts where the underlying assets comply with the requirements of this paragraph; and

(3) savings accounts, limited to those fully insured by federal agencies.

(d) **Government-backed obligations.** A limited list plan is authorized to invest in governmental obligations as further specified in this paragraph, including bonds, notes, bills, mortgages, and other evidences of indebtedness, if the issue is backed by the full faith and credit of the issuer or if the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which plans are authorized to invest under this paragraph are guaranteed or insured issues of:

(1) the United States, one of its agencies, one of its instrumentalities, or an organization created and regulated by an act of Congress;

(2) the Dominion of Canada or one of its provinces if the principal and interest are payable in United States dollars;

(3) a state or one of its municipalities, political subdivisions, agencies, or instrumentalities; or

(4) any United States government-sponsored organization of which the United States is a member if the principal and interest are payable in United States dollars.

(e) **Corporate obligations.** A limited list plan is authorized to invest in corporate obligations, including bonds, notes, debentures, transportation equipment obligations, or any other longer-term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any of its states, or the Dominion of Canada or any of its provinces if:

(1) the principal and interest are payable in United States dollars; and

(2) the obligations are rated among the top four quality categories by a nationally recognized rating agency.

(f) **Mutual fund authority, limited list authorized assets.** Securities authorized under paragraphs (c) to (e) may be owned directly or through shares in exchange-traded funds, or through open-end mutual funds, or as units of commingled trusts.

(g) **Extended mutual fund authority.** Notwithstanding restrictions in other paragraphs of this subdivision, a limited list plan is authorized to invest the assets of the special fund in exchange-traded funds and open-end mutual funds, if their portfolio investments comply with the type of securities authorized for investment under section 356A.06, subdivision 7, paragraphs (c) to (g). Investments under this paragraph must not exceed 75 percent of the assets of the special fund, not including any money market investments through mutual or exchange-traded funds.

(h) **Supplemental fund authority.** The governing body of a limited list plan may certify special fund assets to the State Board of Investment for investment under section 11A.17.

(i) **Assets mix restrictions.** A limited list plan must conform to the asset mix limitations specified in section 356A.06, subdivision 7.

Sec. 14. Minnesota Statutes 2020, section 356A.06, subdivision 8a, is amended to read:

Subd. 8a. **Collateralization requirement.** (a) The governing board of a covered pension plan shall designate a national bank, an insured state bank, an insured credit union, or an insured thrift institution as the depository for the pension plan for assets not held by the pension plan's custodian bank.

(b) Unless collateralized as provided under paragraph (c), a covered pension plan may not deposit in a designated depository an amount in excess of the insurance held by the depository in the Federal Deposit Insurance Corporation, ~~the Federal Savings and Loan Insurance Corporation,~~ or the National Credit Union Administration, whichever applies.

(c) For an amount greater than the insurance under paragraph (b), the depository must provide collateral in compliance with section 118A.03 or with any comparable successor enactment relating to the collateralization of municipal deposits.

Sec. 15. Minnesota Statutes 2020, section 424A.001, subdivision 4, is amended to read:

Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters relief association" means a volunteer firefighters relief association or a volunteer firefighters division or account of a partially salaried and partially volunteer firefighters relief association that is:

(1) organized and incorporated as a nonprofit corporation to provide retirement benefits to volunteer firefighters under chapter 317A and any laws of the state;

(2) governed by this chapter and sections 424A.091 to 424A.095; and

(3) directly associated with:

(i) a fire department established by municipal ordinance;

(ii) an independent nonprofit firefighting corporation that is organized under the provisions of chapter 317A and that operates primarily for firefighting purposes; or

(iii) a fire department operated as or by a joint powers entity that operates primarily for firefighting purposes.

(b) "Relief association" or "volunteer firefighters relief association" does not mean:

(1) the Bloomington Fire Department Relief Association governed by Laws 2013, chapter 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended; or

(2) the statewide ~~lump-sum~~ volunteer firefighter plan governed by chapter 353G.

(c) A relief association or volunteer firefighters relief association is a governmental entity that receives and manages public money to provide retirement benefits for individuals providing the governmental services of firefighting and emergency first response.

Sec. 16. Minnesota Statutes 2020, section 424A.08, is amended to read:

424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION; AUTHORIZED DISBURSEMENTS.

(a) Any municipality which is entitled to receive fire state aid but which has no volunteer firefighters relief association directly associated with its fire department and which has no full-time firefighters with retirement coverage by the public employees police and fire retirement plan shall deposit the fire state aid in a special account established for that purpose in the municipal treasury. Disbursement from the special account may not be made for any purpose except:

(1) payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the state Volunteer Firefighters Benefit Association in order to entitle its firefighters to membership in and the benefits of these state associations;

(2) payment of the cost of purchasing and maintaining needed equipment for the fire department; and

(3) payment of the cost of construction, acquisition, repair, or maintenance of buildings or other premises to house the equipment of the fire department.

(b) A municipality which is entitled to receive fire state aid, which has no volunteer firefighters relief association directly associated with its fire department, which does not participate in the

statewide ~~lump-sum~~ volunteer firefighter plan under chapter 353G, and which has full-time firefighters with retirement coverage by the public employees police and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3, or for a combination of the two types of disbursements.

(c) A municipality that has no volunteer firefighters relief association directly associated with it and that participates in the statewide ~~lump-sum~~ volunteer firefighter plan under chapter 353G shall transmit any fire state aid that it receives to the statewide ~~lump-sum~~ volunteer firefighter fund.

Sec. 17. Minnesota Statutes 2020, section 424A.10, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section:

(1) "qualified recipient" means a volunteer firefighter who receives a lump-sum distribution of pension or retirement benefits from a volunteer firefighters relief association or from the statewide ~~lump-sum~~ volunteer firefighter plan;

(2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child or children of a deceased active or deferred volunteer firefighter, or, if none, the designated beneficiary of the deceased active or deferred volunteer firefighter, or, if no beneficiary has been designated, the estate of the deceased active or deferred volunteer firefighter;

(3) "active volunteer firefighter" means a person who:

(i) regularly renders fire suppression service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities for a fire department;

(ii) has met the statutory and other requirements for relief association membership; and

(iii) is deemed by the relief association under law and its bylaws to be a fully qualified member of the relief association or from the statewide ~~lump-sum~~ volunteer firefighter plan for at least one month;

(4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

(i) terminated active firefighting service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities; and

(ii) has sufficient service credit from the applicable relief association or from the statewide ~~lump-sum~~ volunteer firefighter plan to be entitled to a service pension under the bylaws of the relief association, but has not applied for or has not received the service pension; and

(5) "volunteer firefighter" includes an individual whose services were utilized to perform or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and individuals whose services were used to perform emergency medical response duties or supervise emergency medical response activities if authorized under section 424A.01, subdivision 5a.

Sec. 18. Minnesota Statutes 2021 Supplement, section 424A.10, subdivision 2, is amended to read:

Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer firefighters relief association or by the statewide ~~lump-sum~~ volunteer firefighter plan of a lump-sum distribution to a qualified recipient, the association or retirement plan, as applicable, must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association must pay the supplemental benefit out of its special fund and the statewide ~~lump-sum~~ volunteer firefighter plan must pay the supplemental benefit out of the statewide ~~lump-sum~~ volunteer firefighter plan. This benefit is an amount equal to ten percent of the regular lump-sum distribution that is paid on the basis of the recipient's service as a volunteer firefighter. In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a deceased active or deferred volunteer firefighter in that capacity.

(b) Upon the payment by a relief association or the retirement plan of a lump-sum survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased deferred volunteer firefighter, the association or retirement plan, as applicable, must pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the special fund of the relief association and the retirement plan must pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the retirement fund if chapter 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

(c) For purposes of this section, the term "regular lump-sum distribution" means the pretax lump-sum distribution excluding any interest that may have been credited during a volunteer firefighter's period of deferral.

(d) An individual may receive a supplemental benefit under paragraph (a) or under paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer firefighter benefit.

Sec. 19. Minnesota Statutes 2020, section 424A.10, subdivision 3, is amended to read:

Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement of the amount of supplemental benefits paid under subdivision 2 during the preceding calendar year, the volunteer firefighters relief association or the statewide ~~lump-sum~~ volunteer firefighter plan shall apply to the commissioner of revenue by February 15. By March 15, the commissioner shall reimburse the relief association for the amount of the supplemental benefits paid by the relief association to qualified recipients and to survivors of deceased active or deferred volunteer firefighters.

(b) The commissioner of revenue shall prescribe the form of and supporting information that must be supplied as part of the application for state reimbursement. The commissioner of revenue shall reimburse the relief association by paying the reimbursement amount to the treasurer of the municipality where the association is located and shall reimburse the retirement plan by paying the reimbursement amount to the executive director of the Public Employees Retirement Association. Within 30 days after receipt, the municipal treasurer shall transmit the state reimbursement to the treasurer of the association if the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the reimbursement payment to the association until the complete financial

report is filed. If the association has dissolved or has been removed as a trustee of state aid, the treasurer shall deposit the money in a special account in the municipal treasury, and the money may be disbursed only for the purposes and in the manner provided in section 424A.08. When paid to the association, the reimbursement payment must be deposited in the special fund of the relief association and when paid to the retirement plan, the reimbursement payment must be deposited in the retirement fund of the plan.

(c) A sum sufficient to make the payments is appropriated from the general fund to the commissioner of revenue.

Sec. 20. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 5, is amended to read:

Subd. 5. **Determination of value of pension benefits and distribution to retirees in pay status.** (a) The board of trustees shall determine the present value of each participant's accrued benefit, taking into account the full vesting requirement under subdivision 2 and any increase in the lump-sum benefit or monthly pension amount approved under subdivision 4:

(1) using the method set forth in section 424A.092, subdivision 2, for determining a plan's funded status by calculating the value of each participant's accrued benefit; or

(2) as determined by an actuary retained by the relief association, who meets the definition of approved actuary under section 356.215, subdivision 1, paragraph (c).

(b) If the retirement plan pays a monthly pension, the board of trustees ~~shall~~ must determine the present value of the remaining payments to any retiree in pay status or beneficiary who is receiving an annuity. Present value ~~shall~~ must be determined by an actuary who meets the definition of approved actuary under section 356.215, subdivision 1, paragraph (c), retained by the relief association. At the discretion of the relief association, the relief association shall offer must provide the retiree in pay status or beneficiary receiving the annuity either:

(1) an immediate lump-sum distribution of an amount equal to the present value of the remaining payments as determined by the actuary and permit the retiree in pay status or beneficiary to elect a lump-sum payment or a direct rollover of the amount to an eligible retirement plan as permitted under section 356.635, subdivisions 3 to 7, if the distribution is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5; or

(2) continued payments in the same monthly amount under an annuity to be purchased by the board of trustees from a reputable insurance company licensed to do business in the state.

Sec. 21. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 8, is amended to read:

Subd. 8. **Notice to participants.** The board of trustees shall provide notice to all participants at least 90 days before the conversion effective date. The notice shall include:

(1) an explanation that the plan is converting from a defined benefit plan to a defined contribution plan and provide definitions for those terms, the reasons for the conversion, the conversion effective date, and the procedure to be followed, including fully vesting all participants;

(2) a summary of the terms of the newly adopted defined contribution plan;

(3) information about any increase in the benefit level and whether the increase applies to all participants or only active members;

(4) a section tailored to each participant that provides an estimate of the present value of the participant's fully vested accrued benefit and the calculation that resulted in that value;

(5) an estimate of any anticipated surplus and an explanation of the disposition of the surplus, including, as applicable, a description of the method for allocating the surplus among participants' accounts and whether the municipality, each municipality, if more than one municipality operates the fire department pursuant to a joint powers agreement, or firefighting corporation will receive any of the surplus and any conditions on its use; and

(6) contact information for one or more members of the board of trustees who will answer questions and provide a copy of the new defined contribution plan document or a summary, if requested, or directions to a website for viewing and printing the plan document or summary.

Sec. 22. EFFECTIVE DATE.

Sections 1 to 11 and 13 to 21 are effective the day following final enactment. Section 12 is effective January 1, 2023."

Delete the title and insert:

"A bill for an act relating to retirement; authorizing certain medical professionals (APRNs) to provide disability assessments for all public pension plans; authorizing the purchase of service credit for periods of military service under the Minnesota State Retirement System (MSRS) plans; adding Department of Human Services positions to the positions eligible for coverage by the MSRS correctional plan; permitting the transfer of service credit from the MSRS general plan to the correctional plan; permitting a surviving spouse to purchase vesting service and receive a pension from the MSRS general plan; reinstating segmented annuities for Public Employees Retirement Association (PERA) plans; excluding union employees of the Duluth Transit Authority from PERA membership and providing vesting credit under PERA for non-union employees; adding alternative vesting schedules under the PERA statewide volunteer firefighter plan and eliminating the restriction on the pension amount for firefighters retiring within five years of joining the plan; temporarily suspending the earnings limitation for reemployed retired teachers; adopting the recommendations of the state auditor's volunteer fire relief association working group; requiring the state auditor to provide annual investment reports to relief associations; clarifying the classification of State Board of Investment professional employees; requiring the Department of Labor and Industry to study the adequacy of disability benefits for police officers; making various administrative, technical, and clarifying changes; amending Minnesota Statutes 2020, sections 11A.04; 11A.07, subdivision 4, by adding subdivisions; 43A.18, subdivision 3b; 179A.10, subdivision 1; 352.01, by adding a subdivision; 352.113, subdivision 4; 352.27; 352.87, subdivision 6; 352.91, subdivision 3f; 352.94; 352.95, subdivisions 4, 6; 352B.011, by adding a subdivision; 352B.05; 352B.086; 352B.10, subdivision 4; 353.01, by adding a subdivision; 353.031, subdivisions 3, 7, 8; 353.32, subdivision 1a; 353.34, subdivision 5, by adding a subdivision; 353.657, subdivision 2a; 353.68, subdivision 4; 353G.01, subdivisions 7, 9a; 353G.05, subdivisions 1, 2, 3, by adding a subdivision; 353G.09, subdivisions 1, 2; 354.05, by adding a subdivision; 354.48, subdivisions 4, 6, 6a; 354A.011, by

adding subdivisions; 354A.36, subdivisions 4, 6, by adding a subdivision; 356.20, subdivision 2; 356.24, subdivision 3; 356.551, subdivision 2; 356.645; 356A.06, subdivisions 6, 8a; 424A.001, subdivision 4; 424A.003; 424A.015, subdivision 2; 424A.05, subdivision 3, by adding a subdivision; 424A.08; 424A.092, subdivision 6; 424A.093, subdivision 6; 424A.095; 424A.10, subdivisions 1, 3; Minnesota Statutes 2021 Supplement, sections 352D.06, subdivision 1; 353.01, subdivision 2b; 353G.11, subdivision 1; 424A.02, subdivisions 3, 3a; 424A.091, subdivision 3; 424A.093, subdivision 1; 424A.10, subdivision 2; 424B.10, subdivision 1b; 424B.13, subdivisions 4, 5, 8; 424B.22, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 352; 352B; repealing Minnesota Statutes 2020, section 353G.09, subdivision 3; Minnesota Statutes 2021 Supplement, section 424A.02, subdivisions 2a, 2b, 2c."

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

Senator Westrom from the Committee on Agriculture and Rural Development Finance and Policy, to which was referred

S.F. No. 4019: A bill for an act relating to agriculture; establishing cooperative grants for farmers; establishing the grain indemnity fund; making policy and technical changes to agricultural provisions; providing criminal penalties; appropriating money; amending Minnesota Statutes 2020, sections 17.041, subdivision 1; 17.117, subdivisions 9, 9a, 10, 11, 11a; 17.118, subdivisions 1, 3, 4; 41B.047, subdivision 3; 223.17, subdivisions 7, 7a; 223.175; 223.19; 232.22, subdivision 5; Minnesota Statutes 2021 Supplement, section 41A.21, subdivisions 2, 6; Laws 2021, First Special Session chapter 3, article 1, section 2; proposing coding for new law in Minnesota Statutes, chapters 17; 103F; 223; repealing Minnesota Statutes 2020, sections 223.17, subdivisions 4, 8; 232.22, subdivisions 4, 6, 6a, 7.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

AGRICULTURE APPROPRIATIONS

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

Sec. 2. DEPARTMENT OF AGRICULTURE

Subdivision 1. Total Appropriation	\$	<u>59,303,000</u>	\$	<u>59,410,000</u>
		<u>60,163,000</u>		<u>63,250,000</u>
Appropriations by Fund				
		2022		2023
		<u>58,904,000</u>		<u>59,011,000</u>
General		<u>59,764,000</u>		<u>62,851,000</u>
Remediation		399,000		399,000

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

Subd. 2. Protection Services

	Appropriations by Fund	
	2022	2023
	19,384,000	19,610,000
General	<u>19,734,000</u>	<u>20,810,000</u>
Remediation	399,000	399,000

(a) \$399,000 the first year and \$399,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(b) \$175,000 the first year and \$175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. The first year appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2021. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$5,000 each year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock. If the commissioner receives federal dollars to pay claims for destroyed or crippled livestock, an equivalent amount of this appropriation may be used to reimburse nonlethal prevention methods performed by federal wildlife services staff.

(c) \$155,000 the first year and \$155,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$10,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims, as well as for

costs associated with training for approved agents. The commissioner may use up to \$20,000 of the appropriation each year to make grants to producers for measures to protect stored crops from elk damage.

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

(d) \$1,000,000 the second year is to reimburse feed, veterinary, and other expenses incurred, and offset revenue lost by owners of farmed white-tailed deer registered under Minnesota Statutes, section 35.155, due to movement bans imposed by the commissioner of natural resources in emergency rules between December 2019 and December 2021. The commissioner may use payments of up to \$5,000 on a first-come, first-served, noncompetitive basis. In order to receive a payment, a recipient must sign an attestation of the value of the loss suffered. Grants must be limited to the value of the loss or \$5,000, whichever is less. However, if funds remain after payments have been made to all eligible applicants, the commissioner shall make additional payments on a pro rata basis. This is a onetime appropriation and is available until June 30, 2024. Beginning February 1, 2023, and annually thereafter until February 1, 2025, the commissioner must report on the reimbursements under this section by county to the legislative committees with jurisdiction over agriculture finance.

(e) \$225,000 the first year and \$225,000 the second year are for additional funding for the noxious weed and invasive plant program.

(~~e~~) (f) \$50,000 the first year is for additional funding for the industrial hemp program for IT development. This is a onetime

appropriation and is available until June 30, 2023.

~~(f)~~ (g) \$110,000 the first year and \$110,000 the second year are for additional meat and poultry inspection services. The commissioner is encouraged to seek inspection waivers, matching federal dollars, and offer more online inspections for the purposes under this paragraph.

~~(g)~~ (h) \$825,000 the first year and \$825,000 the second year are to replace capital equipment in the Department of Agriculture's analytical laboratory.

~~(h)~~ (i) \$274,000 the first year and \$550,000 the second year are to maintain the current level of service delivery.

(j) \$200,000 the second year is for grants to fund the Forever Green Agriculture Initiative at the University of Minnesota and protect the state's natural resources while increasing the efficiency, profitability, and productivity of Minnesota farmers by incorporating perennial and winter annual crops into existing agricultural practices. Up to 25 percent of the appropriation may be used for equipment and physical infrastructure to support breeding and agronomic activities necessary to develop perennial and winter annual crops. This is a onetime appropriation and is available until June 30, 2028.

(k) \$350,000 in the first year is for a grant to the Board of Regents of the University of Minnesota to purchase equipment for the Veterinary Diagnostic Laboratory to test for chronic wasting disease, African swine fever, avian influenza, and other animal diseases. This is a onetime appropriation.

Subd. 3. Agricultural Marketing and Development

4,200,000

4,205,000

4,215,000

(a) \$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for

Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2023, for Minnesota grown grants in this paragraph are available until June 30, 2025.

(b) \$50,000 the first year is to expand international marketing opportunities for farmers and value-added processors, including in-market representation in Taiwan. This is a onetime appropriation and is available until June 30, 2023.

(c) \$634,000 the first year and \$634,000 the second year are for continuation of the dairy development and profitability enhancement programs including dairy profitability teams and dairy business planning grants under Minnesota Statutes, section 32D.30.

(d) \$50,000 the first year and \$50,000 the second year are for additional funding for mental health outreach and support to farmers and others in the agricultural community, including a 24-hour hotline, stigma reduction, and educational offerings. These are onetime appropriations.

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

(f) \$100,000 the first year and \$100,000 the second year are for the farm safety grant and outreach programs under Minnesota Statutes, section 17.1195. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first

year and is available in the second year.
These are onetime appropriations.

(g) \$54,000 the first year and \$109,000 the second year are to maintain the current level of service delivery.

(h) \$10,000 the second year is appropriated from the general fund to the commissioner of agriculture to study and report on the state of regional and local food systems in Minnesota, including recommendations for strengthening these systems. No later than February 1, 2023, the commissioner must submit the report to the legislative committees with jurisdiction over agriculture policy and finance. This is a onetime appropriation.

Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement

25,343,000

25,357,000

26,057,000

(a) \$9,300,000 the first year and \$9,300,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. Of these amounts: at least \$600,000 the first year and \$600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2); \$2,000,000 the first year and \$2,000,000 the second year are for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants; \$350,000 the first year and \$350,000 the second year are for potato breeding; and \$450,000 the first year and \$450,000 the second year are for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder. The commissioner shall transfer the remaining funds in this appropriation each

year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. Of the amount transferred to the Board of Regents, up to \$1,000,000 each year is for research on avian influenza, salmonella, and other turkey-related diseases. By January 15, 2023, entities receiving grants for potato breeding and wild rice breeding are requested to report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and higher education regarding the use of the grant money and to provide an update on the status of research and related accomplishments.

To the extent practicable, money expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to one percent of this appropriation for costs incurred to administer the program.

(b) \$16,028,000 the first year and ~~\$16,028,000~~ \$16,728,000 the second year are for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate the appropriation each year among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; providing funding not to exceed \$800,000 each year to develop and enhance farm-to-school markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota children in school and child care settings including, at the commissioner's discretion, reimbursing schools for purchases from local farmers; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems;

providing funding not to exceed \$600,000 each year for urban youth agricultural education or urban agriculture community development of which \$10,000 each year is for transfer to the emerging farmer account under Minnesota Statutes, section 17.055, subdivision 1a; providing funding not to exceed \$450,000 each year for the good food access program under Minnesota Statutes, section 17.1017; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12:

(1) \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) \$4,500,000 the first year and \$4,500,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2023, and the second year appropriation is available until June 30, 2024. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the

appropriation is available for other purposes under this paragraph;

(3) \$3,000,000 the first year and \$3,000,000 the second year are for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than 10 retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed \$200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which it contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of dollars leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses;

(4) ~~\$750,000~~ the first year and ~~\$750,000~~ \$1,450,000 the second year are for grants to facilitate the start-up, modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed \$200,000. Any unencumbered balance at the end of the second year does not cancel until June 30, 2024, and may be used for other purposes under this paragraph. The appropriations under this clause are onetime; and

(5) \$1,400,000 the first year and \$1,400,000 the second year are for livestock investment grants under Minnesota Statutes, section 17.118. Any unencumbered balance at the end of the second year does not cancel until June 30, 2024, and may be used for other purposes under this paragraph. The appropriations under this clause are onetime.

Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year, and appropriations encumbered under contract on or before June 30, 2023, for agricultural growth, research, and innovation grants are available until June 30, 2026.

The base amount for the agricultural growth, research, and innovation program is \$16,053,000 in fiscal year 2024 and \$16,053,000 in fiscal year 2025, and includes funding for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20.

(c) \$15,000 the first year and \$29,000 the second year are to maintain the current level of service delivery.

	<u>9,977,000</u>	<u>9,839,000</u>
Subd. 5. Administration and Financial Assistance	<u>10,487,000</u>	<u>11,769,000</u>

(a) \$474,000 the first year and \$474,000 the second year are for payments to county and district agricultural societies and associations

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

(b) \$387,000 the first year and \$337,000 the second year are for farm advocate services. Of these amounts, \$100,000 the first year and \$50,000 the second year are for a pilot program creating farmland access teams to provide technical assistance to potential beginning farmers. The farmland access teams must assist existing farmers and beginning farmers on transitioning farm ownership and operation. Services provided by teams may include but are not limited to providing mediation assistance, designing contracts, financial planning, tax preparation, estate planning, and housing assistance. Of this amount for farm transitions, up to \$50,000 the first year may be used to upgrade the Minnesota FarmLink web application that connects farmers looking for land with farmers looking to transition their land.

(c) \$47,000 the first year and \$47,000 the second year are for grants to the Northern Crops Institute that may be used to purchase equipment. These are onetime appropriations.

(d) \$238,000 the first year and \$238,000 the second year are for ~~transfer to the Board of Trustees of the Minnesota State Colleges and Universities~~ a pass-through grant to Region Five Development Commission, in collaboration with Minnesota Farm Business Management: (1) for statewide mental health counseling support to farm families and business operators through the Minnesota State Agricultural Centers of Excellence. South Central College and Central Lakes College shall serve as the fiscal agents Minnesota farm and ranch operators, families, and employees; and (2) for support to individuals who work with Minnesota

farmers and ranchers in a professional capacity.

(e) \$1,700,000 the first year and \$1,700,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Feeding America food banks for the following:

(1) to purchase milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Feeding America food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank that receives funding under this clause may use up to two percent for administrative expenses;

(2) to compensate agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, and other agricultural commodities that would otherwise go unharvested, be discarded, or sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible to receive food from the food banks. Surplus food acquired under this clause must be from Minnesota producers and processors. Second Harvest Heartland may use up to 15 percent of each grant awarded under this clause for administrative and transportation expenses; and

(3) to purchase and distribute protein products, including but not limited to pork,

poultry, beef, dry legumes, cheese, and eggs to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Second Harvest Heartland may use up to two percent of each grant awarded under this clause for administrative expenses. Protein products purchased under the grants must be acquired from Minnesota processors and producers.

Of the amount appropriated under this paragraph, at least \$600,000 each year must be allocated under clause (1). Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance the first year does not cancel and is available in the second year. Second Harvest Heartland must submit quarterly reports to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance in the form prescribed by the commissioner. The reports must include but are not limited to information on the expenditure of funds, the amount of milk or other commodities purchased, and the organizations to which this food was distributed.

(f) \$250,000 the first year and \$250,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

(g) \$1,437,000 the first year and \$1,437,000 the second year are for transfer to the agricultural and environmental revolving loan account established under Minnesota Statutes, section 17.117, subdivision 5a, for low-interest loans under Minnesota Statutes, section 17.117. The base for appropriations under this paragraph in fiscal year 2024 and thereafter is \$1,425,000. The commissioner must examine how the department could use up to one-third of the amount transferred to the agricultural and environmental revolving loan account under this paragraph to award grants to rural landowners to replace septic

systems that inadequately protect groundwater. No later than February 1, 2022, the commissioner must report to the legislative committees with jurisdiction over agriculture finance and environment finance on the results of the examination required under this paragraph. The commissioner's report may include other funding sources for septic system replacement that are available to rural landowners.

(h) \$50,000 the second year is for the agriculture best management practices grant program under Minnesota Statutes, section 17.1162. This is a onetime appropriation.

(i) \$150,000 the first year and \$150,000 the second year are for grants to the Center for Rural Policy and Development. These are onetime appropriations.

~~(j)~~ (j) \$150,000 the first year is to provide grants to Central Lakes College for the purposes of designing, building, and offering credentials in the area of meat cutting and butchery that align with industry needs as advised by local industry advisory councils. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year. The commissioner may only award a grant under this paragraph if the grant is matched by a like amount from another funding source. The commissioner must seek matching dollars from Minnesota State Colleges and Universities or other entities. The appropriation is onetime and is available until June 30, 2024. Any money remaining on June 30, 2024, must be transferred to the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12, and is available until June 30, 2025. Grants may be used for costs including but not limited to:

(1) facility renovation to accommodate meat cutting;

(2) curriculum design and approval from the Higher Learning Commission;

(3) program operational start-up costs;

(4) equipment required for a meat cutting program; and

(5) meat handling start-up costs in regard to meat access and market channel building.

No later than January 15, 2023, Central Lakes College must submit a report outlining the use of grant money to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture and higher education.

~~(j)~~ (k) \$2,000 the first year is for grants to the Minnesota State Poultry Association. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year.

~~(k)~~ (l) \$17,000 the first year and \$17,000 the second year are for grants to the Minnesota State Horticultural Society. These are onetime appropriations.

~~(l)~~ (m) \$18,000 the first year and \$18,000 the second year are for grants to the Minnesota Livestock Breeders Association. These are onetime appropriations.

~~(m)~~ (n) The commissioner shall continue to increase connections with ethnic minority and immigrant farmers to farming opportunities and farming programs throughout the state.

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

~~(p)~~ (p) \$75,000 the first year and \$75,000 the second year are for grants to Greater Mankato Growth, Inc., for assistance to agriculture-related businesses to promote jobs, innovation, and synergy development. These are onetime appropriations.

~~(q)~~ (q) \$75,000 the first year and \$75,000 the second year are for grants to the Minnesota Turf Seed Council for basic and applied research. The Minnesota Turf Seed Council may subcontract with a qualified third party for some or all of the basic or applied research. No later than January 15, 2023, the Minnesota Turf Seed Council must submit a report outlining the use of the grant money and related accomplishments to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture. These are onetime appropriations. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

~~(r)~~ (r) \$150,000 the first year and \$150,000 the second year are to establish an emerging farmer office and hire a full-time emerging farmer outreach coordinator. The emerging farmer outreach coordinator must engage and support emerging farmers regarding resources and opportunities available throughout the Department of Agriculture and the state. For purposes of this paragraph, "emerging farmer" has the meaning provided in Minnesota Statutes, section 17.055, subdivision 1. Of the amount appropriated each year, \$25,000 is for translation services for farmers and cottage food producers.

~~(s)~~ (s) \$222,000 the first year and \$286,000 the second year are to maintain the current level of service delivery.

(t) \$1,000,000 the second year is to provide grants to secondary career and technical education programs for the purpose of offering instruction in meat cutting and butchery. This is a onetime appropriation.

Grants may be used for costs, including but not limited to:

(1) equipment required for a meat cutting program;

(2) facility renovation to accommodate meat cutting; and

(3) training faculty to teach the fundamentals of meat processing.

The commissioner may receive applications from eligible programs and make grants of up to \$100,000, up to ten percent of which may be used for training faculty.

Priority may be given to applicants who are coordinating with meat cutting and butchery programs at Minnesota State Colleges and Universities system and local industry partners.

(u) \$50,000 the second year is for grants to organizations in Minnesota to develop enterprises, supply chains, markets for continuous living cover crops and cropping systems in the early stage of commercial development, Kernza perennial grain, winter camelina, hybrid hazelnuts, and elderberry. A multiyear project may receive grant money for up to three years. This is a onetime appropriation and is available until June 30, 2027.

In consultation with interested stakeholders, the commissioner must develop a process to award grants. At the time of application, the commissioner must provide to the applicant information about requirements for grant recipients. The commissioner must appoint a technical review panel to review and rank eligible applicants and give preference to applicants that are well-positioned to expand the profitable commercialization of the Kernza perennial grain, winter camelina, hybrid hazelnuts, and elderberry. The technical review panel must include at least

one representative from the Forever Green Initiative and one representative from the Agricultural Utilization Research Institute. The commissioner must consider the technical review panel recommendations when selecting grant recipients.

Beginning February 1, 2023, and annually thereafter until February 1, 2028, the commissioner shall submit a report on the utilization of the grants to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance.

(v) \$10,000 the first year is to provide technical assistance and leadership in the development of a comprehensive and well-documented state aquaculture plan. The commissioner must provide the state aquaculture plan to the legislative committees with jurisdiction over agriculture finance and policy by February 15, 2023. This is a onetime appropriation.

(w) \$500,000 the second year is for continuing construction of the soybean processing and research facility at the Ag Innovation Campus. This is a onetime appropriation and is available until December 31, 2026.

(x) \$30,000 the second year is for grants or other forms of financial assistance to meat and poultry processors for reimbursing the cost of attending courses or training and receiving technical assistance in fiscal year 2023 that support developing sanitation standard operating procedures, hazard analysis and critical control points plans, or business plans. A meat processor with 50 full-time equivalent employees or less is eligible for grant money under this paragraph. This is a onetime appropriation.

(y) \$500,000 the first year is for transfer to the agricultural emergency account

established under Minnesota Statutes, section 17.041.

Notwithstanding Minnesota Statutes, section 17.041, the commissioner may spend money from the agricultural emergency account for the purposes of avian influenza testing supplies, including but not limited to poultry drinking water tests. This paragraph expires on December 31, 2022.

(z) \$300,000 the second year is for grants to support emerging farmers who are members of groups that have historically been underrepresented in the farming industry. No later than January 15, 2024, the commissioner must report grant activity and outcomes to the legislative committees with jurisdiction over agriculture finance.

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

Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	\$	4,543,000	\$	4,043,000 <u>4,343,000</u>
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(a) \$150,000 the first year and \$150,000 the second year are for a meat scientist.

(b) \$500,000 the first year is for grants to organizations to acquire, host, and operate a mobile slaughter unit. The mobile unit must coordinate with Minnesota state two-year colleges that have meat cutting programs to accommodate training as it relates to animal slaughter. The mobile unit may coordinate with livestock producers who desire to provide value-added meat products by utilizing the mobile slaughter unit. The mobile unit may be used for research, training outside of the two-year colleges, and other activities that align with industry needs. The Agricultural Utilization Research Institute may only award a grant under this paragraph if the grant amount is matched by a like amount from another funding source. The Agricultural Utilization Research Institute must seek matching dollars from Minnesota State Colleges and Universities

or other entities for purposes of this paragraph. The appropriation under this paragraph is onetime and is available until June 30, 2024. Any money remaining on June 30, 2024, must be transferred to the commissioner of agriculture for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12, and is available until June 30, 2025. By January 15, 2023, the institute must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture regarding the status of the project, including the status of the use of any state or matching dollars to complete the project.

(c) \$300,000 the second year is for equipment upgrades, equipment replacement, installation expenses, and laboratory infrastructure at laboratories in Crookston, Marshall, and Waseca, Minnesota. This is a onetime appropriation and is available until June 30, 2026.

ARTICLE 2

BROADBAND APPROPRIATIONS

Section 1. Laws 2021, First Special Session chapter 10, article 1, section 7, is amended to read:

Sec. 7. BROADBAND DEVELOPMENT; APPLICATION FOR FEDERAL FUNDING; APPROPRIATION.

(a) The commissioner of employment and economic development must prepare and submit an application to the United States Department of the Treasury requesting that \$70,000,000 of Minnesota's capital projects fund allocation under Public Law 117-2 be awarded to the state. The commissioner must submit the application required under this paragraph by the later of September 30, 2021, or 90 days after the date on which the United States Department of the Treasury begins accepting capital projects fund applications. The commissioner must specify in the application that the award will be used for grants ~~and~~ that satisfy the purposes specified under Minnesota Statutes, section 116J.395.

(b) Of the amount awarded to the state of Minnesota pursuant to the application required in paragraph (a), notwithstanding Minnesota Statutes, sections 3.3005 and 4.07, 50 percent in fiscal year 2022 and 50 percent in fiscal year 2023 are appropriated to the commissioner of employment and economic development. This is a onetime appropriation and must be used for grants ~~and~~ that

satisfy the purposes specified under Minnesota Statutes, section 116J.395. All money awarded under this section must be spent by December 31, 2026.

(c) The commissioner of employment and economic development may temporarily modify program standards under Minnesota Statutes, section 116J.395, to the degree necessary to comply with federal standards for funding received under this section.

Sec. 2. LOWER POPULATION DENSITY PILOT PROGRAM.

(a) The commissioner of employment and economic development must establish a pilot program to provide broadband service to unserved and underserved areas, as defined in Minnesota Statutes, section 116J.394, of the state where a 50 percent match formula is not adequate to make a business case for the extension of broadband facilities. Grants awarded under this section shall adhere to all other requirements of Minnesota Statutes, section 116J.395, subdivisions 1 to 6, and may fund up to 75 percent of the total cost of a project, notwithstanding Minnesota Statutes section 116J.395, subdivision 7. Grants awarded to a single project under this section may not exceed \$5,000,000.

(b) The commissioner of employment and economic development may use up to \$15,000,000 from the appropriations in sections 3 and 4 for the lower population density pilot program under paragraph (a).

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

Sec. 3. BROADBAND DEVELOPMENT; APPLICATION FOR FEDERAL FUNDING; APPROPRIATION.

(a) The commissioner of employment and economic development must prepare and submit a grant plan application to the United States Department of the Treasury requesting that \$110,703,000 of Minnesota's capital projects fund allocation under Public Law 117-2 be used for grants that satisfy the purposes specified under Minnesota Statutes, section 116J.395, and sections 2, 5, and 6 of this article. The commissioner must submit the application required under this paragraph by September 24, 2022.

(b) Notwithstanding Minnesota Statutes, sections 3.3005 and 4.07, the amount awarded to Minnesota pursuant to the application required in paragraph (a) is appropriated to the commissioner of employment and economic development. This appropriation (1) must be used only for grants that satisfy the purposes specified under Minnesota Statutes, section 116J.395, and sections 2, 5, and 6 of this article, and (2) is available until December 31, 2026.

(c) The commissioner of employment and economic development may temporarily modify program standards under Minnesota Statutes, section 116J.395, and sections 2, 5, and 6 of this article to the extent necessary to comply with federal standards that apply to funding received under this section.

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

Sec. 4. BROADBAND DEVELOPMENT; APPROPRIATION.

(a) Notwithstanding Minnesota Statutes, sections 3.3005 and 4.07, if Minnesota receives federal money for broadband development under Public Law 117-58, the Infrastructure Investment and Jobs Act, the money is appropriated to the commissioner of economic development for grants that satisfy the purposes specified under Minnesota Statutes, section 116J.395, and sections 2, 5, and 6 of this article.

(b) The commissioner of employment and economic development may temporarily modify program standards under Minnesota Statutes, section 116J.395, and sections 2, 5, and 6 of this article to the extent necessary to comply with federal standards that apply to funding received under this section.

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

Sec. 5. BROADBAND LINE EXTENSION PROGRAM; APPROPRIATION.

The commissioner of employment and economic development may use up to \$15,000,000 from the appropriations in sections 3 and 4 for the broadband line extension program in Minnesota Statutes, section 116J.3951.

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

Sec. 6. BROADBAND; MAPPING.

The commissioner of employment and economic development may use up to \$15,000,000 from the appropriations in sections 3 and 4 for comprehensive statewide mapping if the commissioner determines that comprehensive statewide mapping is an eligible expense under federal law.

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

ARTICLE 3

AGRICULTURE AND RURAL DEVELOPMENT POLICY

Section 1. Minnesota Statutes 2020, section 13.643, is amended by adding a subdivision to read:

Subd. 8. **Mental or behavioral health data.** (a) The following data collected and maintained by the Department of Agriculture, Minnesota State Colleges and Universities, and any other pass-through recipients about any individual who seeks assistance with a mental or behavioral health issue or who contacts the Minnesota Farm and Rural Helpline are private or nonpublic data:

(1) data that identify the individual; and

(2) data provided by the individual identifying another person.

(b) The Department of Agriculture, Minnesota State Colleges and Universities, and any other pass-through recipients may release data collected under this subdivision to appropriate parties in connection with an emergency if knowledge of the data is necessary to protect the health or safety of any person.

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

Sec. 2. [17.1016] COOPERATIVE GRANTS.

Subdivision 1. **Definitions.** For the purposes of this section:

(1) "agricultural commodity" and "agricultural product processing facility" have the meanings given in section 17.101, subdivision 5; and

(2) "agricultural service" means an action made under the direction of a farmer that provides value to another entity. Agricultural service includes grazing to manage vegetation.

Subd. 2. **Grant program.** (a) The commissioner may establish and implement a grant program to help farmers finance new cooperatives that organize for purposes of operating an agricultural product processing facility or marketing an agricultural product or agricultural service.

(b) To be eligible for this program, a grantee must:

(1) be a cooperative organized under chapter 308A;

(2) certify that all control and equity in the cooperative is from farmers, family farm partnerships, family farm limited liability companies, or family farm corporations as defined in section 500.24, subdivision 2, who are actively engaged in agricultural commodity production;

(3) be operated primarily to process agricultural commodities or market agricultural products or services produced in Minnesota; and

(4) receive agricultural commodities produced primarily by shareholders or members of the cooperative.

(c) The commissioner may receive applications and make grants up to \$50,000 to eligible grantees for feasibility, marketing analysis, assistance with organizational development, financing and managing new cooperatives, product development, development of business and marketing plans, and predesign of facilities, including site analysis, the development of bid specifications, preliminary blueprints and schematics, and the completion of purchase agreements and other necessary legal documents.

(d) Grants must be matched dollar-for-dollar with other money or in-kind contributions.

(e) State funds must not be used for grants.

Sec. 3. [17.1162] AGRICULTURE BEST MANAGEMENT PRACTICES GRANT PROGRAM.

Subdivision 1. **Establishment.** The commissioner of agriculture must establish and administer a grant program to support healthy soil management practices in accordance with this section.

Subd. 2. **State healthy soil management plan.** The commissioner must develop a healthy soil management plan in consultation with the University of Minnesota, the United States Department of Agriculture Natural Resources Conservation Service, the Board of Water and Soil Resources, the Minnesota Pollution Control Agency, and nongovernmental environmental and agricultural organizations. By December 31, 2023, and every two years thereafter, the commissioner must report

the plan to the governor and to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over agriculture and the environment and natural resources. The plan must include all of the following:

- (1) an assessment of the current state of healthy soil management practices statewide;
- (2) a statewide five- and ten-year goal for healthy soil management practice implementation, denominated in acres;
- (3) an explanation of how the commissioner will make grant award decisions based on the eligibility categories described in subdivision 3;
- (4) an explanation of how the commissioner will ensure a geographically fair distribution of funding across a broad group of crop types, soil management practices, and farm sizes;
- (5) a strategy for leveraging other public and private sources of money to expand healthy soil management practices in the state;
- (6) a summary of the operations of the program during the previous two-year period, including a summary of state, federal, and private money spent, the total number of projects and acres, and an estimate of carbon sequestered or carbon emissions reduced during that period; and
- (7) any other matter that the commissioner deems relevant.

Subd. 3. **Eligible projects.** The commissioner may award a grant under this section for any project on agricultural land in Minnesota that will:

- (1) increase the quantity of organic carbon in soil through practices, including but not limited to reduced tillage, cover cropping, manure management, precision agriculture, crop rotations, and changes in grazing management;
- (2) integrate perennial vegetation into the management of agricultural lands;
- (3) reduce nitrous oxide and methane emissions through changes to livestock, soil management, or nutrient optimization;
- (4) increase the usage of precision agricultural practices;
- (5) enable the development of site-specific management plans; or
- (6) enable the purchase of equipment, technology, subscriptions, technical assistance, seeds, seedlings, or amendments that will further any of the purposes in clauses (1) to (5).

Subd. 4. **Grant eligibility.** Any land owner or lessee may apply for a grant under this section.

Subd. 5. **Funding limitations.** Every appropriation for the agriculture best management practices grant program is subject to the following limitations:

- (1) the commissioner may award no more than ten percent of the appropriation to a single recipient; and

(2) the commissioner may use no more than five percent of the appropriation to cover the costs of administering the program.

Sec. 4. Minnesota Statutes 2020, section 17.117, subdivision 9, is amended to read:

Subd. 9. **Allocation rescission.** (a) Continued availability of allocations granted to a local government unit is contingent upon the commissioner's approval of the local government unit's annual report. The commissioner shall review this annual report to ensure that the past and future uses of the funds are consistent with the comprehensive water management plan, other local planning documents, the requirements of the funding source, and compliance to program requirements. If the commissioner concludes the past or intended uses of the money are not consistent with these requirements, the commissioner shall rescind all or part of the allocation awarded to a local government unit.

(b) The commissioner may rescind funds allocated to the local government unit that are not designated to committed projects or disbursed within one year from the date of the allocation agreement.

~~(c) An additional year to use the undisbursed portion of an allocation may be granted by the commissioner under extenuating circumstances~~ The commissioner may rescind uncommitted allocations.

Sec. 5. Minnesota Statutes 2020, section 17.117, subdivision 9a, is amended to read:

Subd. 9a. **Authority and responsibilities of local government units.** (a) A local government unit that enters into an allocation agreement with the commissioner:

(1) is responsible for the local administration and implementation of the program in accordance with this section;

(2) may submit applications for allocations to the commissioner;

(3) shall identify, develop, determine eligibility, define and approve projects, designate maximum loan amounts for projects, and certify completion of projects implemented under this program. In areas where no local government unit has applied for funds under this program, the commissioner may appoint a local government unit to review and certify projects or the commissioner may assume the authority and responsibility of the local government unit;

(4) shall certify as eligible only projects that are within its geographic jurisdiction or within the geographic area identified in its local comprehensive water management plans or other local planning documents;

(5) may require withholding by the local lender of all or a portion of the loan to the borrower until satisfactory completion of all required components of a certified project;

~~(6) must identify which account is used to finance an approved project if the local government unit has allocations from multiple accounts in the agricultural and environmental revolving accounts;~~

~~(7)~~ (6) shall report to the commissioner annually the past and intended uses of allocations awarded; and

~~(8)~~ (7) may request additional funds in excess of their allocation when funds are available in the agricultural and environmental revolving accounts, as long as all other allocation awards to the local government unit have been used or committed.

(b) If a local government unit withdraws from participation in this program, the local government unit, or the commissioner in accordance with the priorities established under subdivision 6a, may designate another local government unit that is eligible under subdivision 6 as the new local government unit responsible for local administration of this program. This designated local government unit may accept responsibility and administration of allocations awarded to the former responsible local government unit.

Sec. 6. Minnesota Statutes 2020, section 17.117, subdivision 10, is amended to read:

Subd. 10. **Authority and responsibilities of local lenders.** (a) Local lenders may enter into lender agreements with the commissioner.

(b) Local lenders may enter into loan agreements with borrowers to finance eligible projects under this section.

~~(c) The local lender shall notify the local government unit of the loan amount issued to the borrower after the closing of each loan.~~

~~(d)~~ (c) Local lenders with local revolving loan accounts created before July 1, 2001, may continue to retain and use those accounts in accordance with their lending agreements for the full term of those agreements.

~~(e)~~ (d) Local lenders, including local government units designating themselves as the local lender, may enter into participation agreements with other lenders.

~~(f)~~ (e) Local lenders may enter into contracts with other lenders for the limited purposes of loan review, processing and servicing, or to enter into loan agreements with borrowers to finance projects under this section. Other lenders entering into contracts with local lenders under this section must meet the definition of local lender in subdivision 4, must comply with all provisions of the lender agreement and this section, and must guarantee repayment of the loan funds to the local lender.

~~(g)~~ (f) When required by the local government unit, a local lender must withhold all or a portion of the loan disbursement for a project until notified by the local government unit that the project has been satisfactorily completed.

~~(h)~~ (g) The local lender is responsible for repaying all funds provided by the commissioner to the local lender.

~~(i)~~ (h) The local lender is responsible for collecting repayments from borrowers. If a borrower defaults on a loan issued by the local lender, it is the responsibility of the local lender to obtain repayment from the borrower. Default on the part of borrowers shall have no effect on the local lender's responsibility to repay its obligations to the commissioner whether or not the local lender fully recovers defaulted amounts from borrowers.

~~(i)~~ (i) The local lender shall provide sufficient collateral or protection to the commissioner for the funds provided to the local lender. The commissioner must approve the collateral or protection provided.

Sec. 7. Minnesota Statutes 2020, section 17.117, subdivision 11, is amended to read:

Subd. 11. **Loans issued to borrower.** (a) Local lenders may issue loans only for projects that are approved and certified by the local government unit as meeting priority needs identified in a comprehensive water management plan or other local planning documents, are in compliance with accepted practices, standards, specifications, or criteria, and are eligible for financing under Environmental Protection Agency or other applicable guidelines.

(b) The local lender may use any additional criteria considered necessary to determine the eligibility of borrowers for loans.

(c) Local lenders shall set the terms and conditions of loans to borrowers, except that:

~~(1) no loan to a borrower may exceed \$200,000; and~~

~~(2) no borrower shall, at any time, have multiple loans from this program with a total outstanding loan balance of more than \$200,000.~~

(d) The maximum term length for projects in this paragraph is ten years.

(e) Fees charged at the time of closing must:

(1) be in compliance with normal and customary practices of the local lender;

(2) be in accordance with published fee schedules issued by the local lender;

(3) not be based on participation program; and

(4) be consistent with fees charged other similar types of loans offered by the local lender.

(f) The interest rate assessed to an outstanding loan balance by the local lender must not exceed three percent per year.

Sec. 8. Minnesota Statutes 2020, section 17.117, subdivision 11a, is amended to read:

Subd. 11a. **Eligible projects.** (a) All projects that remediate or mitigate adverse environmental impacts are eligible if the project is eligible under an allocation agreement.

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

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

(1) remediates ~~the~~ or mitigates the inadequate flow, adverse environmental impacts or presence of contaminants in ~~private well~~ privately owned water supplies that are used for drinking water by people or livestock, privately owned water service lines, or privately owned plumbing and fixtures;

(2) implements best management practices that are intended to achieve drinking water standards or adequate flow; and

(3) otherwise meets the requirements of this section.

Sec. 9. Minnesota Statutes 2020, section 18E.04, subdivision 4, is amended to read:

Subd. 4. **Reimbursement payments.** (a) The board shall pay a person that is eligible for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical response and reimbursement account for 80 percent of the total reasonable and necessary corrective action costs greater than \$1,000 and less than or equal to ~~\$350,000~~ \$425,000 in fiscal years 2023 and 2024, \$500,000 in fiscal years 2025 and 2026, and \$575,000 in fiscal year 2027 and each following year.

(b) A reimbursement or payment may not be made until the board has determined that the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

(c) The board may make periodic payments or reimbursements as corrective action costs are incurred upon receipt of invoices for the corrective action costs.

(d) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments and reimbursements directed by the board under this subdivision.

(e) The board may not make reimbursement greater than the maximum allowed under paragraph (a) for all incidents on a single site which:

(1) were not reported at the time of release but were discovered and reported after July 1, 1989; and

(2) may have occurred prior to July 1, 1989, as determined by the commissioner.

(f) The board may only reimburse an eligible person for separate incidents within a single site if the commissioner determines that each incident is completely separate and distinct in respect of location within the single site or time of occurrence.

(g) Except for an emergency incident, the board may not reimburse or pay for more than 60 percent of the corrective action costs of an eligible person or for an incident within five years of a previous incident at a single site resulting from a site recontamination.

(h) The deduction of \$1,000 and 20 percent from the ~~\$350,000 remuneration~~ payment amounts described in subdivision (a) may be waived by the board if the incident took place on or after August 18, 2007, and was caused by flooding associated with Presidential Declaration of Major Disaster DR-1717.

Sec. 10. Minnesota Statutes 2021 Supplement, section 35.155, subdivision 14, is amended to read:

Subd. 14. **Concurrent authority; regulating farmed white-tailed deer.** ~~(a)~~ The commissioner of natural resources ~~and, in conjunction with~~ and, in conjunction with the Board of Animal Health, possess concurrent authority to regulate farmed white-tailed deer under this section, sections 35.92 to 35.96, and any administrative rules adopted pursuant to this section or sections 35.92 to 35.96. This does not confer

to the commissioner any additional authorities under chapter 35, other than those set forth in sections 35.155 and 35.92 to 35.96, and any administrative rules adopted thereto. Neither entity may issue an emergency order restricting the movement of farmed white-tailed deer without the concurrence of the other.

~~(b) By February 1, 2022, the commissioner of natural resources, in conjunction with the Board of Animal Health, must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the environment and natural resources and agriculture on the implementation of the concurrent authority under this section. The report must include:~~

~~(1) a summary of how the agencies worked together under this section, including identification of any challenges;~~

~~(2) an assessment of ongoing challenges to managing chronic wasting disease in this state; and~~

~~(3) recommendations for statutory and programmatic changes to help the state better manage the disease.~~

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

Sec. 11. Minnesota Statutes 2020, section 40A.18, subdivision 2, is amended to read:

Subd. 2. **Allowed commercial and industrial operations.** (a) Commercial and industrial operations are not allowed on land within an agricultural preserve except:

(1) small on-farm commercial or industrial operations normally associated with and important to farming in the agricultural preserve area;

(2) storage use of existing farm buildings that does not disrupt the integrity of the agricultural preserve;

(3) small commercial use of existing farm buildings for trades not disruptive to the integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop, and similar activities that a farm operator might conduct; ~~and~~

(4) wireless communication installments and related equipment and structure capable of providing technology potentially beneficial to farming activities. A property owner who installs wireless communication equipment does not violate a covenant made prior to January 1, 2018, under section 40A.10, subdivision 1-; and

(5) solar energy generating systems with an output capacity of one megawatt or less.

(b) For purposes of paragraph (a), clauses (2) and (3), "existing" means existing on August 1, 1989.

Sec. 12. Minnesota Statutes 2021 Supplement, section 41A.21, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent of its forest resources raw materials from Minnesota. The facility must be located in

Minnesota; must begin construction activities by December 31, 2022, for a specific location; must ~~begin production~~ have produced at least one OSB square foot on a 3/8-inch nominal basis at a specific location by June 30, 2025; and must not begin operating before January 1, 2022. Eligible facilities must be new OSB construction sites with total capital investment in excess of \$250,000,000. Eligible OSB production facilities must produce at least ~~200,000,000~~ 50,000,000 OSB square feet on a 3/8-inch nominal basis of OSB each ~~year~~ quarter. At least one product produced at the facility should be a wood-based wall or roof structural sheathing panel that has an integrated, cellulose-based paper overlay that serves as a water resistive barrier.

(b) No payments shall be made for OSB production that occurs after June 30, 2036, for those eligible producers under paragraph (a).

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

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

Sec. 13. Minnesota Statutes 2020, section 41B.025, is amended by adding a subdivision to read:

Subd. 10. **Timely decisions.** The authority must make a decision on a completed loan application submitted by a borrower or eligible agricultural lender within ten business days.

Sec. 14. Minnesota Statutes 2020, section 223.17, subdivision 4, is amended to read:

Subd. 4. **Bond.** (a) Except as provided in paragraphs (c) to (e), before a grain buyer's license is issued, the applicant for the license must file with the commissioner a bond in a penal sum prescribed by the commissioner but not less than the following amounts:

- (1) \$10,000 for grain buyers whose gross annual purchases are \$100,000 or less;
- (2) \$20,000 for grain buyers whose gross annual purchases are more than \$100,000 but not more than \$750,000;
- (3) \$30,000 for grain buyers whose gross annual purchases are more than \$750,000 but not more than \$1,500,000;
- (4) \$40,000 for grain buyers whose gross annual purchases are more than \$1,500,000 but not more than \$3,000,000;
- (5) \$50,000 for grain buyers whose gross annual purchases are more than \$3,000,000 but not more than \$6,000,000;
- (6) \$70,000 for grain buyers whose gross annual purchases are more than \$6,000,000 but not more than \$12,000,000;
- (7) \$125,000 for grain buyers whose gross annual purchases are more than \$12,000,000 but not more than \$24,000,000; and
- (8) \$150,000 for grain buyers whose gross annual purchases exceed \$24,000,000.

(b) The amount of the bond shall be based on the most recent gross annual grain purchase report of the grain buyer.

(c) A first-time applicant for a grain buyer's license shall file a \$50,000 bond with the commissioner. This bond shall remain in effect for the first year of the license. Thereafter, the licensee shall comply with the applicable bonding requirements contained in paragraph (a), clauses (1) to (8).

(d) In lieu of the bond required by this subdivision the applicant may deposit with the commissioner of management and budget an irrevocable bank letter of credit as defined in section 336.5-102, in the same amount as would be required for a bond.

(e) A grain buyer who purchases grain immediately upon delivery solely with cash; a certified check; a cashier's check; or a postal, bank, or express money order is exempt from this subdivision ~~if the grain buyer's gross annual purchases are \$100,000 or less.~~

(f) Bonds must be continuous until canceled. To cancel a bond, a surety must provide 90 days' written notice of the bond's termination date to the licensee and the commissioner.

Sec. 15. Minnesota Statutes 2020, section 223.17, subdivision 6, is amended to read:

Subd. 6. **Financial statements.** (a) Except as allowed in paragraph (c), a grain buyer licensed under this chapter must annually submit to the commissioner a financial statement prepared in accordance with generally accepted accounting principles. The annual financial statement required under this subdivision must also:

(1) include, but not be limited to the following:

(i) a balance sheet;

(ii) a statement of income (profit and loss);

(iii) a statement of retained earnings;

(iv) a statement of changes in financial position; and

(v) a statement of the dollar amount of grain purchased in the previous fiscal year of the grain buyer;

(2) be accompanied by a compilation report of the financial statement that is prepared by a grain commission firm or a management firm approved by the commissioner or by an independent public accountant, in accordance with standards established by the American Institute of Certified Public Accountants;

(3) be accompanied by a certification by the chief executive officer or the chief executive officer's designee of the licensee, and where applicable, all members of the governing board of directors under penalty of perjury, that the financial statement accurately reflects the financial condition of the licensee for the period specified in the statement;

(4) for grain buyers purchasing under ~~\$5,000,000~~ \$7,500,000 of grain annually, be reviewed by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants, and must show that the financial statements are free from material misstatements; and

(5) for grain buyers purchasing ~~\$5,000,000~~ \$7,500,000 or more of grain annually, be audited by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants and must include an opinion statement from the certified public accountant.

(b) Only one financial statement must be filed for a chain of warehouses owned or operated as a single business entity, unless otherwise required by the commissioner. All financial statements filed with the commissioner are private or nonpublic data as provided in section 13.02.

(c) A grain buyer who purchases grain immediately upon delivery solely with cash; a certified check; a cashier's check; or a postal, bank, or express money order is exempt from this subdivision ~~if the grain buyer's gross annual purchases are \$100,000 or less.~~

(d) The commissioner shall annually provide information on a person's fiduciary duties to each licensee. To the extent practicable, the commissioner must direct each licensee to provide this information to all persons required to certify the licensee's financial statement under paragraph (a), clause (3).

Sec. 16. Minnesota Statutes 2020, section 346.155, subdivision 7, is amended to read:

Subd. 7. **Exemptions.** This section does not apply to:

(1) institutions accredited by the American Zoo and Aquarium Association;

(2) a wildlife sanctuary;

(3) fur-bearing animals, as defined in section 97A.015, possessed by a game farm that is licensed under section 97A.105, or bears possessed by a game farm that is licensed under section 97A.105;

(4) the Department of Natural Resources, or a person authorized by permit issued by the commissioner of natural resources pursuant to section 97A.401, subdivision 3;

(5) a licensed or accredited research or medical institution; ~~or~~

(6) a United States Department of Agriculture licensed exhibitor of regulated animals while transporting or as part of a circus, carnival, rodeo, or fair; or

(7) a United States Department of Agriculture licensed exhibitor of regulated animals that houses animals owned by institutions accredited by the American Zoo and Aquarium Association.

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

ARTICLE 4**BROADBAND POLICY****Section 1. [116J.3951] BROADBAND LINE EXTENSION PROGRAM.**

Subdivision 1. Program established. A broadband line extension grant program is established in the Department of Employment and Economic Development. The purpose of the broadband line extension grant program is to award grants to eligible applicants in order to extend existing broadband infrastructure to unserved locations.

Subd. 2. Portal. No later than November 1, 2022, the department must develop and implement a portal on the department's website that allows a person to report (1) that broadband service is unavailable at the physical address of the person's residence or business, and (2) any additional information that the department deems necessary to ensure that the broadband line extension grant program functions effectively. The department must develop a form that allows the information identified in this subdivision to be submitted on paper.

Subd. 3. Data sharing. (a) Beginning no later than six months after the date that the portal is implemented and every six months thereafter, the department must send to each broadband service provider serving Minnesota customers: (1) a list of addresses submitted to the portal under subdivision 2 during the previous six months; and (2) any additional information that the department deems necessary to ensure that the broadband line extension grant program functions effectively. The department must send the information required under this section via e-mail.

(b) No later than ten days after the date that the list in paragraph (a) is provided, a broadband service provider may notify the department of any posted address at which the broadband service provider's broadband service is available. The department must provide persons residing or doing business at those addresses with contact information for:

(1) the broadband service provider with broadband service available at that address; and

(2) programs administered by government agencies, nonprofit organizations, or the applicable broadband service provider that reduce the cost of broadband service and for which the persons may be eligible.

Subd. 4. Reverse auction process. (a) No later than ten days after the date that the notice requirement in subdivision 3, paragraph (b), expires, the department must notify each broadband service provider that the broadband service provider may participate in the reverse auction process under this subdivision. Within 60 days of the date that the notification is received, a broadband service provider may submit a bid to the department to extend the broadband service provider's existing broadband infrastructure to a location where broadband service is currently unavailable.

(b) A bid submitted under this subdivision must include:

(1) a proposal to extend broadband infrastructure to one or more of the addresses on the list sent by the department to the broadband service provider under subdivision 3, paragraph (a), at which broadband service is unavailable;

(2) the amount of the broadband infrastructure extension's total cost that the broadband service provider proposes to pay;

(3) the amount of the broadband infrastructure extension's total cost that the broadband service provider proposes that the department is responsible for paying; and

(4) any additional information required by the department.

(c) Financial assistance that the department provides under this section must be in the form of a grant issued to the broadband service provider. A grant issued under this section must not exceed \$25,000 per line extension.

(d) Within 60 days of the date that the bidding period closes, the department must review the bids submitted and select the broadband service provider bids that request the least amount of financial support from the state, provided that the department determines that the selected bids represent a cost-effective expenditure of state resources.

Subd. 5. **Line extension agreement.** The department must enter into a line extension agreement with each winning bidder identified under subdivision 4, except that the department may not enter into a line extension agreement to serve any customer located within an area that will be served by a grant already awarded by the department under section 116J.395.

Subd. 6. **Contents of agreement.** A line extension agreement under subdivision 5 must contain the following terms:

(1) the broadband service provider agrees to extend broadband infrastructure to support broadband service scalable to speeds of at least 100 megabits per second download and 100 megabits per second upload to each address included in the broadband service provider's winning bid;

(2) the department agrees to pay the state's portion of the line extension cost in a grant issued to the broadband service provider upon the completion of the broadband infrastructure extension to each address in the broadband service provider's winning bid; and

(3) the winning bidder has an exclusive right to apply the grant to the cost of the broadband infrastructure extension for a period of one year after the date that the agreement is executed.

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

Sec. 2. Minnesota Statutes 2020, section 116J.396, subdivision 2, is amended to read:

Subd. 2. **Expenditures.** Money in the account may be used only:

(1) for grant awards made under ~~section~~ sections 116J.395 and 116J.3951, including costs incurred by the Department of Employment and Economic Development to administer that section;

(2) to supplement revenues raised by bonds sold by local units of government for broadband infrastructure development; or

(3) to contract for the collection of broadband deployment data from providers and the creation of maps showing the availability of broadband service.

Sec. 3. **[116J.399] BROADBAND EASEMENTS.**

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

(1) "broadband infrastructure" has the meaning given in section 116J.394, paragraph (c), except that broadband infrastructure does not include small wireless facilities as defined in section 237.162, subdivision 11;

(2) "broadband service" has the meaning given in section 116J.394, paragraph (b); and

(3) "provider" means a broadband service provider, but does not include an electric cooperative association organized under chapter 308A that provides broadband service.

Subd. 2. **Use of existing easements for broadband services.** (a) A provider, provider's affiliate, or another entity that has entered into an agreement with a provider, may use the provider, affiliate, or entity's existing or subsequently acquired easements to install broadband infrastructure and provide broadband service, which may include an agreement to lease fiber capacity.

(b) Before exercising rights granted under this subdivision, a provider must provide notice to the property owner on which the easement is located, as described in subdivision 3.

(c) Use of an easement to install broadband infrastructure and provide broadband service vests and runs with the land beginning six months after the first notice is provided under subdivision 3, unless a court action challenging the use of the easement has been filed before that time by the property owner as provided under subdivision 4. The provider must also file copies of the notices with the county recorder.

Subd. 3. **Notice to property owner.** (a) A provider must send two written notices to impacted property owners declaring that the provider intends to use the easements to install broadband infrastructure and provide broadband service. The notices must be sent at least two months apart and must be sent by first class mail to the last known address of the owner of the property on which the easement is located or, if the property owner is an existing customer of the provider, by separate printed insertion in the property owner's monthly invoice or included as a separate page on a property owner's electronic invoice.

(b) The notice must include:

(1) the provider's name and mailing address;

(2) a narrative describing the nature and purpose of the intended easement use;

(3) a description of any trenching or other underground work expected to result from the intended use, and the anticipated time frame for the work;

(4) a phone number for an employee of the provider that the property owner may contact regarding the easement; and

(5) the following statement, in bold red lettering: "It is important to make any challenge by the deadline to preserve any legal rights you may have."

(c) The provider must file copies of the notices with the county recorder.

Subd. 4. **Action for damages.** (a) Notwithstanding any other law to the contrary, this subdivision governs an action under this section and is the exclusive means to bring a claim for compensation with respect to a notice of intent to use a provider's existing easement to install broadband infrastructure and provide broadband service.

(b) Within six months after the date notice is received under subdivision 3, a property owner may file an action seeking to recover damages for a provider's use of an existing easement to install broadband infrastructure and provide broadband service. Claims for damages under \$15,000 may be brought in conciliation court.

(c) To initiate an action under this subdivision, a property owner must serve a complaint upon the provider in the same manner as in a civil action and must file the complaint with the district court for the county in which the easement is located. The complaint must state whether the property owner:

(1) challenges the provider's right to use the easement for broadband services or infrastructure as provided under subdivision 5, paragraph (a);

(2) seeks damages as provided under subdivision 5, paragraph (b); or

(3) seeks to proceed under both clauses (1) and (2).

Subd. 5. **Deposit and hearing required.** (a) If a property owner files a complaint challenging a provider's right to use an easement to install broadband infrastructure and provide broadband service, after the provider answers the complaint, the district court must promptly hold a hearing on the complaint. If the district court denies the property owner's complaint, the provider may proceed to use the easement to install broadband infrastructure and provide broadband service, unless the complaint also seeks damages. If the complaint seeks damages, the provider may proceed under paragraph (b).

(b) If a property owner files a claim for damages, a provider may, after answering the complaint, deposit with the court administrator an amount equal to the provider's estimate of damages. A provider's estimate of damages must be no less than \$1. After the estimated damages are deposited, the provider may use the existing easement to install broadband infrastructure and provide broadband service, conditioned on an obligation, filed with the court administrator, to pay the amount of damages determined by the court.

Subd. 6. **Calculation of damages; burden of proof.** (a) In an action under this section involving a property owner's claim for damages:

(1) the property owner has the burden to prove the existence and amount of any net reduction in the fair market value of the property, considering the existence, installation, construction, maintenance, modification, operation, repair, replacement, or removal of broadband infrastructure in the easement, adjusted to reflect any increase in the property's fair market value resulting from access to broadband service;

(2) a court is prohibited from awarding consequential or special damages; and

(3) evidence of estimated revenue, profits, fees, income, or similar benefits accruing to the provider, the provider's affiliate, or a third party as a result of use of the easement is inadmissible.

(b) Any fees or costs incurred as a result of an action under this subdivision must be paid by the party that incurred the fees or costs, except that a provider is responsible for a property owner's attorney fees if the final judgment or award of damages by the court exceeds 140 percent of the provider's damage deposit made under subdivision 5, if applicable.

Subd. 7. **No limits on existing easement.** Nothing in this section limits in any way a provider's existing easement rights.

Subd. 8. **Local governmental right-of-way management preserved.** The placement of broadband infrastructure to provide broadband service under subdivisions 2 to 7 is subject to local government permitting and right-of-way management authority under section 237.163, and must be coordinated with the relevant local government unit in order to minimize potential future relocations. The provider must notify a local government unit prior to placing infrastructure for broadband service in an easement that is in or adjacent to the local government unit's public right-of-way.

Subd. 9. **Railroad rights-of-way crossing.** The placement of broadband infrastructure for use to provide broadband service under subdivisions 1 to 7 or section 308A.201, subdivision 12, in any portion of an existing easement located in a railroad right-of-way is subject to sections 237.04 and 237.045.

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

Delete the title and insert:

"A bill for an act relating to agriculture; establishing cooperative grants for farmers; establishing an agricultural best management practices grant program; making policy and technical changes to agricultural provisions; requiring reports; appropriating money; establishing the broadband line extension program; extending use of utility easements for broadband; amending Minnesota Statutes 2020, sections 13.643, by adding a subdivision; 17.117, subdivisions 9, 9a, 10, 11, 11a; 18E.04, subdivision 4; 40A.18, subdivision 2; 41B.025, by adding a subdivision; 116J.396, subdivision 2; 223.17, subdivisions 4, 6; 346.155, subdivision 7; Minnesota Statutes 2021 Supplement, sections 35.155, subdivision 14; 41A.21, subdivision 2; Laws 2021, First Special Session chapter 3, article 1, sections 2; 4; Laws 2021, First Special Session chapter 10, article 1, section 7; proposing coding for new law in Minnesota Statutes, chapters 17; 116J."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Ingebrigtsen from the Committee on Environment and Natural Resources Finance, to which was referred

S.F. No. 4062: A bill for an act relating to state government; appropriating money for environment and natural resources; modifying prior appropriations; modifying commissioner's duties; modifying provisions for easement stewardship accounts; modifying submission date and frequency on certain reports; modifying requirements to notify of water pollution; modifying

permitting efficiency provisions; modifying eligibility for small business pollution prevention assistance; providing for grants for stormwater infrastructure; providing for sale and issuance of state bonds; modifying disposition of certain payments for assistance; modifying provisions for waste management assistance; providing for product stewardship for solar photovoltaic modules; prohibiting lead and cadmium in certain consumer products; requiring reports; requiring rulemaking; amending Minnesota Statutes 2020, sections 13.7411, subdivision 4; 103B.103; 115.03, subdivision 1; 115.061; 115.542, subdivisions 3, 4, by adding a subdivision; 115A.03, by adding a subdivision; 115A.49; 115A.51; 115A.54, subdivisions 1, 2, 2a; 115A.565, subdivision 3; 115B.17, subdivision 14; 115B.52, subdivision 4; 116.993, subdivision 2; Minnesota Statutes 2021 Supplement, section 115A.565, subdivision 1; Laws 2021, First Special Session chapter 6, article 1, section 2; proposing coding for new law in Minnesota Statutes, chapters 115; 115A; 325E; repealing Minnesota Statutes 2020, sections 325E.389; 325E.3891.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023. Appropriations for the fiscal year ending June 30, 2022, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2022</u>	<u>2023</u>

Sec. 2. POLLUTION CONTROL AGENCY

<u>Subdivision 1. Total Appropriation</u>	\$	-0-	\$	<u>3,843,000</u>
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<u>Appropriations by Fund</u>		
	<u>2022</u>	<u>2023</u>
<u>Environmental</u>	-0-	<u>2,343,000</u>
<u>Remediation</u>	-0-	<u>1,500,000</u>

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

Subd. 2. Agency Appropriations

(a) \$86,000 the second year is from the environmental fund for a grant to Laketown Township in Carver County to prepare preliminary system design and cost estimates for connecting wastewater systems around Pierson Lake to municipal wastewater treatment systems. This is a onetime appropriation.

(b) \$700,000 the second year is from the environmental fund for additional SCORE block grants to counties.

(c) \$671,000 the second year is from the environmental fund for whole effluent toxicity rulemaking. This is a onetime appropriation.

(d) \$96,000 the second year is from the environmental fund for agency oversight of the mattress recycling program.

(e) \$50,000 the second year is from the environmental fund to conduct an analysis of how states within Environmental Protection Agency Region 5 fund their air permitting programs. By January 15, 2024, the commissioner must report the results of the analysis to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources. The report must include: (1) identification of all sources of funding for Minnesota's air permitting program and those of each of the other states within Region 5; (2) a summary of how the funding sources have changed during the last 20 years; (3) an analysis of the cost that Minnesota's air permitting program and those of each state within Region 5 imposes on permittees; (4) a summary of how the costs

identified in clause (3) have changed in the last 20 years and how they relate to total permittee emissions; (5) identification of potential alternatives to Minnesota's current practice of increasing the per-ton air emission fee as emissions are reduced; and (6) an assessment of what policy changes, legal changes, and funding changes would be required to successfully implement a program that did not increase permittee cost as air emissions are reduced. This is a onetime appropriation.

(f) \$1,500,000 the second year is from the remediation fund for a contamination cleanup grant to Lake of the Woods County to demolish the abandoned state-owned Williams School building in the city of Williams and to abate and remediate petroleum, pollutants, or contaminants at the school site. This is a onetime appropriation and is available until June 30, 2025.

Subd. 3. Environmental Quality Board Appropriations

\$740,000 the second year is from the environmental fund to develop and assemble the material required under Code of Federal Regulations, title 40, section 233.10, for the state to assume the section 404 permitting program of the federal Clean Water Act. The board must prepare the materials in cooperation with the commissioners of natural resources, the Board of Water and Soil Resources, and the Pollution Control Agency and may execute contracts or interagency agreements to facilitate developing the required materials. By December 31, 2024, the board must submit a report that includes a detailed summary of the necessary programmatic changes, drafts of pertinent application materials, the required statute changes, final cost estimates, the remaining steps necessary for the state to secure assumption, and recommendations for implementing a state-assumed program to the chairs and ranking minority members of

the legislative committees and divisions with jurisdiction over the environment and natural resources. This is a onetime appropriation, is available until June 30, 2025, and may be used to match federal funding for a similar purpose. The Board of Water and Soil Resources and the commissioner of natural resources, in consultation with the commissioner of the Pollution Control Agency, must make application for assumption to the United States Environmental Protection Agency by June 30, 2025.

Sec. 3. NATURAL RESOURCES

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>2,520,000</u>
<u>Appropriations by Fund</u>				
	<u>2022</u>		<u>2023</u>	
<u>Natural Resources</u>	<u>-0-</u>		<u>1,487,000</u>	
<u>Game and Fish</u>	<u>-0-</u>		<u>1,033,000</u>	

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

Subd. 2. Appropriations

(a) \$447,000 the second year is from the all-terrain vehicle account in the natural resources fund for a grant to the Roseau Lake of the Woods Sportsman's Club, in cooperation with the Northstar Trail Alliance, to resurface 13 miles of the former railroad right-of-way between Roseau and Warroad. This is a onetime appropriation and is available until June 30, 2025.

(b) \$500,000 the second year is from the all-terrain vehicle account in the natural resources fund for a grant to St. Louis County to match other funding sources for design, right-of-way acquisition, permitting, and construction of trails within the Voyageur Country ATV trail system. This is a onetime appropriation and is available until June 30,

2025. This appropriation may be used as a local match to a 2022 state bonding award.

(c) \$500,000 the second year is from the all-terrain vehicle account in the natural resources fund for a grant to St. Louis County to match other funding sources for design, right-of-way acquisition, permitting, and construction of a new trail within the Prospector trail system. This is a onetime appropriation and is available until June 30, 2025. This appropriation may be used as a local match to a 2022 state bonding award.

(d) \$40,000 the second year is from the off-road vehicle account in the natural resources fund for grants to qualifying off-road vehicle organizations to assist in safety and environmental education and monitoring trails on public lands under Minnesota Statutes, section 84.9011. Grants issued under this paragraph must be issued through a formal agreement with the organization. By December 15 each year, an organization receiving a grant under this paragraph must report to the commissioner with details on expenditures and outcomes from the grant. Of this amount, \$4,000 is for administering the grants.

(e) \$150,000 the second year is from the heritage enhancement account in the game and fish fund for additional shooting sports facility grants under Minnesota Statutes, section 87A.10. This is a onetime appropriation and is available until June 30, 2024.

(f) Notwithstanding Minnesota Statutes, section 297A.94, \$387,000 the second year is from the heritage enhancement account in the game and fish fund for additional costs associated with hydrological analyses for proposed water appropriation permit applications that have been denied due to the effects to a calcareous fen.

(g) Notwithstanding Minnesota Statutes, section 297A.94, \$496,000 the second year is from the heritage enhancement account in the game and fish fund for costs associated with citizen engagement and water supply development engineering for ensuring sustainable groundwater levels in White Bear Lake. Of this amount, \$102,000 is transferred to the commissioner of health. This is a onetime appropriation and is available until June 30, 2024.

Sec. 4. EXPLORE MINNESOTA TOURISM

Subdivision 1. <u>Total Appropriation</u>	\$	<u>-0-</u>	\$	<u>1,450,000</u>
<u>Appropriations by Fund</u>				
	<u>2022</u>		<u>2023</u>	
<u>General</u>	<u>-0-</u>		<u>1,000,000</u>	
<u>Natural Resources</u>	<u>-0-</u>		<u>450,000</u>	

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

Subd. 2. Appropriations

(a) \$1,000,000 the second year is from the general fund for a grant to Minnesota Sports and Events to attract and promote large-scale sporting and other events to the state of Minnesota. This is a onetime appropriation.

(b) \$450,000 the second year is from the events promotion account in the natural resources fund for a grant to Minnesota Sports and Events to attract and promote large-scale sporting and other events to the state of Minnesota. At least 50 percent of the money appropriated under this paragraph must be to attract and promote large-scale sporting and other events outside of the metropolitan area.

Sec. 5. Laws 2021, First Special Session chapter 6, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. <u>Environmental Analysis and Outcomes</u>	14,962,000	14,140,000
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Appropriations by Fund		
	2022	2023
General	1,292,000	224,000
Environmental	13,469,000	13,715,000
Remediation	201,000	201,000

(a) \$99,000 the first year and \$109,000 the second year are from the general fund for:

(1) a municipal liaison to assist municipalities in implementing and participating in the rulemaking process for water quality standards and navigating the NPDES/SDS permitting process;

(2) enhanced economic analysis in the rulemaking process for water quality standards, including more-specific analysis and identification of cost-effective permitting;

(3) developing statewide economic analyses and templates to reduce the amount of information and time required for municipalities to apply for variances from water quality standards; and

(4) coordinating with the Public Facilities Authority to identify and advocate for the resources needed for municipalities to achieve permit requirements.

(b) \$205,000 the first year and \$205,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

(c) \$115,000 the first year and \$115,000 the second year are for monitoring water quality and operating assistance programs.

(d) \$347,000 the first year and \$347,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants.

(e) \$90,000 the first year and \$90,000 the second year are from the environmental fund

for duties related to harmful chemicals in children's products under Minnesota Statutes, sections 116.9401 to 116.9407. Of this amount, \$57,000 each year is transferred to the commissioner of health.

(f) \$109,000 the first year and \$109,000 the second year are from the environmental fund for registering wastewater laboratories.

(g) \$926,000 the first year and \$926,000 the second year are from the environmental fund to continue perfluorochemical biomonitoring in eastern metropolitan communities, as recommended by the Environmental Health Tracking and Biomonitoring Advisory Panel, and to address other environmental health risks, including air quality. The communities must include Hmong and other immigrant farming communities. Of this amount, up to \$689,000 the first year and \$689,000 the second year are for transfer to the Department of Health.

(h) \$51,000 the first year and \$51,000 the second year are from the environmental fund for the listing procedures for impaired waters required under this act.

(i) \$350,000 the first year is for completing the St. Louis River mercury total maximum daily load study. This is a onetime appropriation and is available until June 30, 2023.

(j) \$141,000 the first year and \$141,000 the second year are from the environmental fund to implement and enforce Minnesota Statutes, section 325F.071. Of this amount, up to \$65,000 each year may be transferred to the commissioner of health.

(k) \$600,000 the first year is to develop and implement an initiative to reduce sources of perfluoroalkyl and polyfluoroalkyl substances (PFAS) in the environment that are eventually conveyed to municipal wastewater treatment facilities. In developing

and implementing the initiative, the commissioner must work in cooperation with the Department of Health and with an advisory group consisting of one representative designated by each of the following: the League of Minnesota Cities; the Coalition of Greater Minnesota Cities; the Minnesota Environmental Science and Economic Review Board; the Minnesota Municipal Utilities Association; Metropolitan Council Environmental Services; Minnesota Association of Small Cities; National Waste and Recycling Association; Minnesota Rural Water Association; Association of Minnesota Counties; Solid Waste Administrators Association; Partnership on Waste and Energy; Minnesota Resource Recovery Association; Minnesota InterCounty Association; Minnesota Manufacturer's Coalition; and the Association of Metropolitan Municipalities. In developing and implementing the municipal initiative, the commissioner must:

- (1) identify sources of PFAS introduced into the environment that are eventually conveyed to municipal wastewater treatment facilities and contained in solid waste that are disposed at solid waste facilities;
- (2) identify source reduction strategies that can effectively reduce the amount of PFAS entering the environment that are eventually conveyed to municipal wastewater treatment facilities or are disposed at solid waste facilities;
- (3) publish and distribute throughout the state guidance documents for local governments that include education materials about effective strategies to reduce PFAS sources;
- (4) identify issues for future study; and
- (5) by January 31, 2023, report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the

environment and natural resources on the development and implementation of the initiative. This is a onetime appropriation.

(l) \$104,000 the second year is from the environmental fund for the purposes of the perfluoroalkyl and polyfluoroalkyl substances food packaging provisions under Minnesota Statutes, section 325F.075. The base for this appropriation in fiscal year 2024 and later is \$144,000.

(m) \$128,000 the first year is for an analysis of the Green Tier program. This is a onetime appropriation.

(n) \$250,000 the first year and \$250,000 the second year are from the environmental fund for identifying potential sources of per- and poly-fluoroalkyl substances contamination. This is a onetime appropriation.

ARTICLE 2

ENVIRONMENT AND NATURAL RESOURCES POLICY

Section 1. Minnesota Statutes 2020, section 84.027, subdivision 14a, is amended to read:

Subd. 14a. **Permitting efficiency; public notice.** (a) It is the goal of the state that environmental and resource management permits be issued or denied within 90 days for tier 1 permits or 150 days for tier 2 permits following submission of a permit application. The commissioner of natural resources shall establish management systems designed to achieve the goal.

(b) The commissioner shall prepare an annual permitting efficiency report that includes statistics on meeting the goal in paragraph (a) and the criteria for tier 2 by permit categories. The report is due ~~August~~ October 1 each year. For permit applications that have not met the goal, the report must state the reasons for not meeting the goal. In stating the reasons for not meeting the goal, the commissioner shall separately identify delays caused by the responsiveness of the proposer, lack of staff, scientific or technical disagreements, or the level of public engagement. The report must specify the number of days from initial submission of the application to the day of determination that the application is complete. The report must aggregate the data for the year and assess whether program or system changes are necessary to achieve the goal. The report must be posted on the department's website and submitted to the governor and the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over natural resources policy and finance.

(c) The commissioner shall allow electronic submission of environmental review and permit documents to the department.

(d) Within 30 business days of application for a permit subject to paragraph (a), the commissioner of natural resources shall notify the permit applicant, in writing, whether the application is complete or incomplete. If the commissioner determines that an application is incomplete, the notice to the applicant must enumerate all deficiencies, citing specific provisions of the applicable rules and statutes, and advise the applicant on how the deficiencies can be remedied. If the commissioner determines that the application is complete, the notice must confirm the application's tier 1 or tier 2 permit status. If the commissioner believes that a complete application for a tier 2 construction permit cannot be issued within the 150-day goal, the commissioner must provide notice to the applicant with the commissioner's notice that the application is complete and, upon request of the applicant, provide the permit applicant with a schedule estimating when the agency will begin drafting the permit and issue the public notice of the draft permit. This paragraph does not apply to an application for a permit that is subject to a grant or loan agreement under chapter 446A.

(e) When public notice of a draft individual tier 2 permit is required, the commissioner must provide the applicant a draft permit for review by the applicant within 30 days after determining the proposal conforms to all federal and state laws and rules, unless the permit applicant and the commissioner mutually agree to a different date. The commissioner must consider all comments submitted by the applicant before issuing the permit.

Sec. 2. Minnesota Statutes 2020, section 84.027, is amended by adding a subdivision to read:

Subd. 14c. **Unadopted rules.** The commissioner of natural resources must not enforce or attempt to enforce an unadopted rule. For purposes of this subdivision, "unadopted rule" means a guideline, bulletin, criterion, manual standard, interpretive statement, policy plan, or similar pronouncement if the guideline, bulletin, criterion, manual standard, interpretive statement, policy plan, or similar pronouncement has not been adopted according to the rulemaking process provided under chapter 14. If an unadopted rule is challenged under section 14.381, the commissioner must cease enforcement of the unadopted rule and overcome a presumption that the unadopted rule must be adopted according to the rulemaking process provided under chapter 14.

Sec. 3. Minnesota Statutes 2020, section 84.788, subdivision 5, is amended to read:

Subd. 5. Report of ownership transfers; fee. (a) Application for transfer of ownership of an off-highway motorcycle registered under this section must be made to the commissioner within 15 days of the date of transfer.

(b) An application for transfer must be executed by the ~~registered~~ current owner and the purchaser using a bill of sale that includes the vehicle serial number.

(c) The purchaser is subject to the penalties imposed by section 84.774 if the purchaser fails to apply for transfer of ownership as provided under this subdivision.

Sec. 4. Minnesota Statutes 2020, section 84.82, subdivision 2, is amended to read:

Subd. 2. Application, issuance, issuing fee. (a) Application for registration or reregistration shall be made to the commissioner or an authorized deputy registrar of motor vehicles in a format prescribed by the commissioner and shall state the legal name and address of every owner of the snowmobile.

(b) A person who purchases a snowmobile from a retail dealer shall make application for registration to the dealer at the point of sale. The dealer shall issue a dealer temporary 21-day registration permit to each purchaser who applies to the dealer for registration. The temporary permit must contain the dealer's identification number and phone number. Each retail dealer shall submit completed registration and fees to the deputy registrar at least once a week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

(c) Upon receipt of the application and the appropriate fee, the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, an assigned registration number or a commissioner or deputy registrar temporary 21-day permit. The registration number must be printed on a registration decal issued by the commissioner or deputy registrar. Once issued, the registration number decal must be affixed to the snowmobile in a clearly visible and permanent manner for enforcement purposes as the commissioner of natural resources shall prescribe according to subdivision 3b. A dealer subject to paragraph (b) shall provide the registration materials or temporary permit to the purchaser within the temporary 21-day permit period. The registration is not valid unless signed by at least one owner.

(d) Each deputy registrar of motor vehicles acting pursuant to section 168.33 shall also be a deputy registrar of snowmobiles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to ensure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with these accounting and procedural requirements.

(e) In addition to other fees prescribed by law, an issuing fee of \$4.50 is charged for each snowmobile registration renewal, duplicate or replacement registration card, and replacement decal, and an issuing fee of \$7 is charged for each snowmobile registration and registration transfer issued by:

(1) a registrar or a deputy registrar and must be deposited in the manner provided in section 168.33, subdivision 2; or

(2) the commissioner and must be deposited in the state treasury and credited to the snowmobile trails and enforcement account in the natural resources fund.

Sec. 5. Minnesota Statutes 2020, section 84.82, is amended by adding a subdivision to read:

Subd. 3b. **Display of registration decal.** (a) A person must not operate a snowmobile in the state or allow another to operate the person's snowmobile in the state unless the snowmobile has its unexpired registration decal affixed to each side of the snowmobile and the decal is legible.

(b) The registration decal must be affixed:

(1) for snowmobiles made after June 30, 1972, in the area provided by the manufacturer under section 84.821, subdivision 2; and

(2) for all other snowmobiles, on each side of the cowling on the upper half of the snowmobile.

(c) When any previously affixed registration decal is destroyed or lost, a duplicate must be affixed in the same manner as provided in paragraph (b).

Sec. 6. Minnesota Statutes 2020, section 84.821, subdivision 2, is amended to read:

Subd. 2. **Area for registration number.** All snowmobiles made after June 30, 1972, and sold in Minnesota, shall be designed and made to provide an area on which to affix the registration number decal. ~~This area shall be at a location and of dimensions prescribed by rule of the commissioner.~~ A clear area must be provided on each side of the cowling with a minimum size of 3-1/2 square inches and at least 12 inches from the ground when the machine is resting on a hard surface.

Sec. 7. Minnesota Statutes 2020, section 84.84, is amended to read:

84.84 TRANSFER OR TERMINATION OF SNOWMOBILE OWNERSHIP.

(a) Within 15 days after the transfer of ownership, or any part thereof, other than a security interest, or the destruction or abandonment of any snowmobile, written notice of the transfer or destruction or abandonment shall be given to the commissioner in such form as the commissioner shall prescribe.

(b) An application for transfer must be executed by the ~~registered~~ current owner and the purchaser using a bill of sale that includes the vehicle serial number.

(c) The purchaser is subject to the penalties imposed by section 84.88 if the purchaser fails to apply for transfer of ownership as provided under this subdivision. Every owner or part owner of a snowmobile shall, upon failure to give notice of destruction or abandonment, be subject to the penalties imposed by section 84.88.

Sec. 8. Minnesota Statutes 2020, section 84.86, subdivision 1, is amended to read:

Subdivision 1. **Required rules, fees, and reports.** (a) With a view of achieving maximum use of snowmobiles consistent with protection of the environment the commissioner of natural resources shall adopt rules in the manner provided by chapter 14, for the following purposes:

- (1) registration of snowmobiles ~~and display of registration numbers;~~
- (2) use of snowmobiles insofar as game and fish resources are affected;
- (3) use of snowmobiles on public lands and waters, or on grant-in-aid trails;
- (4) uniform signs to be used by the state, counties, and cities, which are necessary or desirable to control, direct, or regulate the operation and use of snowmobiles;
- (5) specifications relating to snowmobile mufflers; and
- (6) a comprehensive snowmobile information and safety education and training program; including that includes but is not limited to the preparation and dissemination of preparing and disseminating snowmobile information and safety advice to the public, the training of snowmobile operators, and the issuance of issuing snowmobile safety certificates to snowmobile operators who successfully complete the snowmobile safety education and training course.

(b) For the purpose of administering ~~such~~ the program under paragraph (a), clause (6), and to defray expenses of training and certifying snowmobile operators, the commissioner shall collect a fee from each person who receives the youth or adult training. The commissioner shall collect a fee, to include a \$1 issuing fee for licensing agents, for issuing a duplicate snowmobile safety certificate. The commissioner shall establish both fees in a manner that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The fees may be established by the commissioner notwithstanding section 16A.1283. The fees, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the snowmobile trails and enforcement account in the natural resources fund and the amount thereof, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and issuing fees collected by the commissioner, is appropriated annually to the Enforcement Division of the Department of Natural Resources for ~~the administration of such administering the programs~~. In addition to the fee established by the commissioner, instructors may charge each person any fee paid by the instructor for the person's online training course and up to the established fee amount for class materials and expenses. The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under ~~this paragraph (a), clause (6)~~. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of snowmobile operators.

~~(7)~~ (c) The operator of any snowmobile involved in an accident resulting in injury requiring medical attention or hospitalization to or death of any person or total damage to an extent of \$500 or more, shall forward a written report of the accident to the commissioner on ~~such~~ a form as prescribed by the commissioner ~~shall prescribe~~. If the operator is killed or is unable to file a report due to incapacitation, any peace officer investigating the accident shall file the accident report within ten business days.

Sec. 9. Minnesota Statutes 2021 Supplement, section 84.92, subdivision 8, is amended to read:

Subd. 8. **All-terrain vehicle or vehicle.** (a) "All-terrain vehicle" or "vehicle" means a motorized vehicle with: (1) not less than three, but not more than six ~~low pressure or non-pneumatic~~ tires; (2) a total dry weight of ~~2,000~~ 3,000 pounds or less; and (3) a total width from outside of tire rim to outside of tire rim that is 65 inches or less. All-terrain vehicle includes a class 1 all-terrain vehicle and class 2 all-terrain vehicle.

(b) All-terrain vehicle does not include an electric-assisted bicycle as defined in section 169.011, subdivision 27, golf cart, mini-truck, dune buggy, or go-cart or a vehicle designed and used specifically for lawn maintenance, agriculture, logging, or mining purposes.

Sec. 10. Minnesota Statutes 2020, section 84.922, subdivision 4, is amended to read:

Subd. 4. **Report of transfers.** (a) Application for transfer of ownership must be made to the commissioner within 15 days of the date of transfer.

(b) An application for transfer must be executed by the ~~registered~~ current owner and the purchaser using a bill of sale that includes the vehicle serial number.

(c) The purchaser is subject to the penalties imposed by section 84.774 if the purchaser fails to apply for transfer of ownership as provided under this subdivision.

Sec. 11. Minnesota Statutes 2020, section 85.015, subdivision 10, is amended to read:

Subd. 10. **Luce Line Trail, Hennepin, McLeod, and Meeker Counties.** (a) The trail shall originate at Gleason Lake in Plymouth Village, Hennepin County, ~~and shall~~ follow the route of the Chicago Northwestern Railroad, and include a connection to Greenleaf Lake State Recreation Area.

(b) The trail shall be developed for multiuse wherever feasible. The department shall cooperate in maintaining its integrity for modes of use consistent with local ordinances.

(c) In establishing, developing, maintaining, and operating the trail, the commissioner shall cooperate with local units of government and private individuals and groups. Before acquiring any parcel of land for the trail, the commissioner of natural resources shall develop a management program for the parcel and conduct a public hearing on the proposed management program in the vicinity of the parcel to be acquired. The management program of the commissioner shall include but not be limited to the following:

~~(a)~~ (1) fencing of portions of the trail where necessary to protect adjoining landowners; and

~~(b) the maintenance of~~ (2) maintaining the trail in a ~~litter-free~~ litter-free condition to the extent practicable.

(d) The commissioner shall not acquire any of the right-of-way of the Chicago Northwestern Railway Company until the abandonment of the line described in this subdivision has been approved by the Surface Transportation Board or the former Interstate Commerce Commission. Compensation, in addition to the value of the land, shall include improvements made by the railroad, including but not limited to, bridges, trestles, public road crossings, or any portion thereof, it being the desire of the railroad that such improvements be included in the conveyance. The fair market value of the land and improvements shall be recommended by two independent appraisers mutually agreed upon by the parties. The fair market value thus recommended shall be reviewed by a review appraiser agreed to by the parties, and the fair market value thus determined, and supported by appraisals, may be the purchase price. The commissioner may exchange lands with landowners abutting the right-of-way described in this section to eliminate diagonally shaped separate fields.

Sec. 12. Minnesota Statutes 2021 Supplement, section 85.052, subdivision 6, is amended to read:

Subd. 6. **State park reservation system.** (a) The commissioner may, by written order, develop reasonable reservation policies for ~~campsites and other~~ using camping, lodging, and day-use facilities and for tours, educational programs, seminars, events, and rentals. The policies are exempt from the rulemaking provisions under chapter 14, and section 14.386 does not apply.

(b) The revenue collected from the state park reservation fee established under subdivision 5, including interest earned, ~~shall~~ must be deposited in the state park account in the natural resources

fund and is annually appropriated to the commissioner for the cost of operating the state park reservation and point-of-sale system.

Sec. 13. Minnesota Statutes 2020, section 90.181, subdivision 2, is amended to read:

Subd. 2. **Deferred payments.** (a) If the amount of the statement is not paid or payment is not postmarked within 30 days of the statement date thereof, it shall bear, the amount bears interest at the rate determined pursuant to section 16A.124, except that the purchaser ~~shall not be~~ is not required to pay interest that totals \$1 or less. If the amount is not paid within 60 days, the commissioner shall place the account in the hands of the commissioner of revenue according to chapter 16D, who shall proceed to collect the ~~same~~ amount due. When deemed in the best interests of the state, the commissioner shall take possession of the timber for which an amount is due wherever it may be found and sell the ~~same~~ timber informally or at public auction after giving reasonable notice.

(b) The proceeds of the sale ~~shall~~ must be applied, first, to the payment of the expenses of seizure and sale; and, second, to the payment of the amount due for the timber, with interest; ~~and~~. The surplus, if any, ~~shall belong~~ belongs to the state; ~~and~~. In case a sufficient amount is not realized to pay these amounts in full, the balance ~~shall~~ must be collected by the attorney general. ~~Neither~~ Payment of the amount, ~~nor the~~ recovery of judgment ~~therefor~~ for the amount, ~~nor~~ satisfaction of the judgment, ~~nor the~~ or seizure and sale of timber, ~~shall~~ does not:

(1) release the sureties on any security deposit given pursuant to this chapter, or;

(2) preclude the state from afterwards claiming that the timber was cut or removed contrary to law and recovering damages for the trespass thereby committed; or

(3) preclude the state from prosecuting the offender criminally.

Sec. 14. **[93.70] ENSURING TIMELY ENVIRONMENTAL REVIEW OF METALLIC MINING PROJECTS.**

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

(b) "Commissioner" means the commissioner of natural resources.

(c) "Covered mining project" means a proposed metallic mineral mining project or a modification to an existing metallic mining project for which an environmental assessment worksheet or an environmental impact statement must be or is being prepared according to chapter 116D.

(d) "Submission date" means the date on which a project proposer of a covered mining project submits the completed data portion of an environmental assessment worksheet to the responsible governmental unit for environmental review under chapter 116D.

Subd. 2. **Environmental review goals.** To ensure an environmental review process that is both timely and environmentally responsible, the responsible governmental unit for a covered mining project must attempt to ensure that all environmental reviews, permits, and approvals, including those at the federal level to the extent practicable, are completed in accordance with the following timelines:

(1) when an environmental assessment worksheet is prepared for a project for which an environmental impact statement is not required, the decision on the need for an environmental impact statement must be made no later than 18 months after the environmental assessment worksheet submission date; and

(2) when an environmental impact statement is prepared for a project, the decision on the adequacy of the final environmental impact statement must be made no later than three years after the environmental assessment worksheet submission date.

Subd. 3. **Report.** If a responsible governmental unit fails to meet a goal set forth in subdivision 2, it must within five days report to the project proposer and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over mining to explain the reason for the failure and must provide an estimate of the additional time that will be required to determine whether an environmental impact statement is required or whether the final environmental impact statement is adequate, as applicable.

Sec. 15. Minnesota Statutes 2020, section 97A.015, subdivision 29, is amended to read:

Subd. 29. **Minnows.** "Minnows" means: (1) members of the minnow family, Cyprinidae, except carp and goldfish; (2) members of the mudminnow family, Umbridae; (3) members of the sucker family, Catostomidae, ~~not over 12 inches in length~~; (4) bullheads, ciscoes, lake whitefish, goldeyes, and mooneyes, not over seven inches long; (5) leeches; and (6) tadpole madtoms (willow cats) and stonecats.

Sec. 16. Minnesota Statutes 2020, section 97A.015, subdivision 51, is amended to read:

Subd. 51. **Unloaded.** "Unloaded" means, with reference to a firearm, without ammunition in the barrels and magazine, if the magazine is in the firearm. A muzzle-loading firearm ~~with~~ is unloaded if:

(1) for a flintlock ignition is ~~unloaded if~~, it does not have priming powder in a pan—A muzzle-loading firearm with;

(2) for a percussion ignition is ~~unloaded if~~, it does not have a percussion cap on a nipple;

(3) for an electronic ignition system, the battery is removed and is disconnected from the firearm; and

(4) for an encapsulated powder charge ignition system, the primer and powder charge are removed from the firearm.

Sec. 17. Minnesota Statutes 2020, section 97A.126, as amended by Laws 2021, First Special Session chapter 6, article 2, section 52, is amended to read:

97A.126 WALK-IN ACCESS PROGRAM.

Subdivision 1. **Establishment.** A walk-in access program is established to provide public access to wildlife habitat on private land for hunting, bird-watching, nature photography, and similar compatible uses, excluding trapping, as provided under this section. The commissioner may enter

into agreements with other units of government and landowners to provide private land hunting access.

Subd. 2. **Use of enrolled lands.** (a) From September 1 to May 31, a person must have a walk-in access ~~hunter~~ validation in possession to hunt, photograph, and watch wildlife on private lands, including agricultural lands, that are posted as being enrolled in the walk-in access program.

(b) Hunting, bird-watching, nature photography, and similar compatible uses on private lands that are posted as enrolled in the walk-in access program is allowed from one-half hour before sunrise to one-half hour after sunset.

(c) ~~Hunter~~ Access on private lands that are posted as enrolled in the walk-in access program is restricted to nonmotorized use, except by ~~hunters~~ persons with disabilities operating motor vehicles on established trails or field roads who ~~possess a valid permit to shoot from a stationary vehicle under section 97B.055, subdivision 3~~ provide credible assurance to the commissioner that the device or motor boat is used because of a disability.

(d) The general provisions for use of wildlife management areas adopted under sections 86A.06 and 97A.137, relating to overnight use, alcoholic beverages, use of motorboats, firearms and target shooting, hunting stands, abandonment of trash and property, destruction or removal of property, introduction of plants or animals, and animal trespass, apply to ~~hunters on~~ use of lands enrolled in the walk-in access program.

(e) Any use of enrolled lands other than ~~hunting according to~~ use authorized under this section is prohibited, including:

- (1) harvesting bait, including minnows, leeches, and other live bait;
- (2) training dogs or using dogs for activities other than hunting; and
- (3) constructing or maintaining any building, dock, fence, billboard, sign, hunting blind, or other structure, unless constructed or maintained by the landowner.

Subd. 3. **Walk-in-access ~~hunter~~ validation; fee.** The fee for a walk-in-access ~~hunter~~ validation is \$3.

Sec. 18. Minnesota Statutes 2020, section 97A.137, subdivision 3, is amended to read:

Subd. 3. **Use of motorized vehicles by ~~disabled hunters~~ people with disabilities.** The commissioner may ~~issue~~ provide an accommodation by issuing a special permit, without a fee, authorizing a ~~hunter person~~ person with a permanent physical disability to use ~~a snowmobile, highway-licensed vehicle, all-terrain vehicle,~~ an other power-driven mobility device, as defined under Code of Federal Regulations, title 28, section 35.104, or a motor boat in wildlife management areas. To qualify for a permit under this subdivision, the ~~disabled~~ person must ~~possess:~~

- ~~(1) the required hunting licenses; and~~
- ~~(2) a permit to shoot from a stationary vehicle under section 97B.055, subdivision 3.~~ provide credible assurance to the commissioner that the device or motor boat is used because of a disability.

Sec. 19. Minnesota Statutes 2020, section 97A.137, subdivision 5, is amended to read:

Subd. 5. **Portable stands.** (a) Prior to the Saturday on or nearest September 16, a portable stand may be left overnight in a wildlife management area by a person with a valid bear license who is hunting within 100 yards of a bear bait site that is legally tagged and registered as prescribed under section 97B.425. Any person leaving a portable stand overnight under this subdivision must affix a tag with: (1) the person's name and address; (2) the licensee's driver's license number; or (3) the "MDNR#" license identification number issued to the licensee. The tag must be affixed to the stand in a manner that it can be read from the ground.

(b) From November 1 through December 31, a portable stand may be left overnight by a person possessing a license to take deer in a wildlife management area located in whole or in part north and west of a line described as follows:

State Trunk Highway 1 from the west boundary of the state to State Trunk Highway 89; then north along State Trunk Highway 89 to Fourtown; then north on County State-Aid Highway 44, Beltrami County, to County Road 704, Beltrami County; then north on County Road 704 to Dick's Parkway State Forest Road; then north on Dick's Parkway to County State-Aid Highway 5, Roseau County; then north on County State-Aid Highway 5 to Warroad; then north on State Trunk Highway 11 to State Trunk Highway 313; then north on State Trunk Highway 313 to the north boundary of the state.

A person leaving a portable stand overnight under this paragraph must affix a tag with: (1) the person's name and address; (2) the licensee's driver's license number; or (3) the "MDNR#" license identification number issued to the licensee. The tag must be affixed to the stand so that it can be read from the ground and must be made of a material sufficient to withstand weather conditions. A person leaving a portable stand overnight in a wildlife management area under this paragraph may not leave more than two portable stands in any one wildlife management area. Unoccupied portable stands left overnight under this paragraph may be used by any member of the public. ~~This paragraph expires December 31, 2019.~~

EFFECTIVE DATE. This section is effective retroactively from July 1, 2019, and Minnesota Statutes, section 97A.137, subdivision 5, paragraph (b), is revived and reenacted as of that date.

Sec. 20. Minnesota Statutes 2020, section 97A.405, subdivision 5, is amended to read:

Subd. 5. **Resident licenses.** (a) To obtain a resident license, ~~a resident~~ an individual 21 years of age or older must be a resident and:

(1) possess a current Minnesota driver's license or a valid application receipt for a driver's license that is at least 60 days past the issuance date;

(2) possess a current identification card issued by the commissioner of public safety or a valid application receipt for an identification card that is at least 60 days past the issuance date; ~~or~~

(3) present evidence showing proof of residency in cases when clause (1) or (2) would violate the Religious Freedom Restoration Act of 1993, Public Law 103-141-; or

(4) possess a Tribal identification card as provided in paragraph (b).

(b) For purposes of this subdivision, "Tribal identification card" means an unexpired identification card as provided under section 171.072, paragraphs (b) and (c). The Tribal identification card:

(1) must contain the enrolled Tribal member's Minnesota residence address; and

(2) may be used to obtain a resident license under paragraph (a) only if the Tribal member does not have a current driver's license or state identification card in any state.

(c) A person must not have applied for, purchased, or accepted a resident hunting, fishing, or trapping license issued by another state or foreign country within 60 days before applying for a resident license under this section.

Sec. 21. Minnesota Statutes 2020, section 97B.031, subdivision 1, is amended to read:

Subdivision 1. **Permissible firearms and ammunition; big game and wolves.** A person may take big game and wolves with a firearm only if:

(1) ~~the any~~ rifle, shotgun, ~~and~~ or handgun used is a caliber of at least .22 inches and ~~with~~ has centerfire ignition;

(2) the firearm is loaded only with single projectile ammunition;

(3) a projectile used is a caliber of at least .22 inches and has a soft point or is an expanding bullet type;

(4) ~~the any~~ muzzleloader used ~~is incapable of being~~ has the projectile loaded only at the breech muzzle;

(5) ~~the any~~ smooth-bore muzzleloader used is a caliber of at least .45 inches; and

(6) ~~the any~~ rifled muzzleloader used is a caliber of at least .40 inches.

Sec. 22. Minnesota Statutes 2020, section 97B.031, is amended by adding a subdivision to read:

Subd. 7. **Regular firearms deer season.** During the regular firearms deer season, all legal firearms may be used statewide.

Sec. 23. Minnesota Statutes 2020, section 97B.071, is amended to read:

97B.071 CLOTHING AND GROUND BLIND REQUIREMENTS; BLAZE ORANGE OR BLAZE PINK.

(a) Except as provided in rules adopted under paragraph ~~(e)~~ (d), a person may not hunt or trap during the open season where deer may be taken by firearms under applicable laws and ordinances, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and gloves, is blaze orange or blaze pink. Blaze orange or blaze pink includes a camouflage pattern of at least 50 percent blaze orange or blaze pink within each foot square. This section does not apply to migratory-waterfowl hunters on waters of this state or in a stationary shooting location or to trappers on waters of this state.

(b) Except as provided in rules adopted under paragraph (d) and in addition to the requirements under paragraph (a), during the open season where deer may be taken by firearms under applicable laws and ordinances, a person in a fabric or synthetic ground blind on public land must have:

(1) a blaze orange or blaze pink safety covering on the top of the blind visible for 360 degrees around the blind; or

(2) at least 144 square inches of blaze orange or blaze pink material on each side of the blind.

~~(b)~~ (c) Except as provided in rules adopted under paragraph ~~(e)~~ (d), and in addition to the ~~requirement~~ requirements in ~~paragraph~~ paragraphs (a) and (b), a person may not take small game other than turkey, migratory birds, raccoons, and predators, except while trapping, unless a visible portion of at least one article of the person's clothing above the waist is blaze orange or blaze pink. This paragraph does not apply to a person when in a stationary location while hunting deer by archery or when hunting small game by falconry.

~~(e)~~ (d) The commissioner may, by rule, prescribe an alternative color in cases where ~~paragraph (a) or (b)~~ paragraphs (a) to (c) would violate the Religious Freedom Restoration Act of 1993, Public Law 103-141.

~~(d)~~ (e) A violation of paragraph ~~(b)~~ (c) ~~shall~~ does not result in a penalty, but is punishable only by a safety warning.

Sec. 24. Minnesota Statutes 2020, section 97B.311, is amended to read:

97B.311 DEER SEASONS AND RESTRICTIONS.

(a) Except as provided under paragraph (c), the commissioner may, by rule, prescribe restrictions and designate areas where deer may be taken, including hunter selection criteria for special hunts established under section 97A.401, subdivision 4. The commissioner may, by rule, prescribe the open seasons for deer within the following periods:

(1) taking with firearms, other than muzzle-loading firearms, between November 1 and December 15;

(2) taking with muzzle-loading firearms between September 1 and December 31; and

(3) taking by archery between September 1 and December 31.

(b) Notwithstanding paragraph (a), the commissioner may establish special seasons within designated areas at any time of year.

(c) The commissioner may not impose an antler point restriction other than that imposed under Minnesota Rules, part 6232.0200, subpart 6.

Sec. 25. Minnesota Statutes 2020, section 97B.415, is amended to read:

97B.415 TAKING BEAR TO PROTECT PROPERTY; SPECIAL PERMIT FOR TAKING NUISANCE BEAR.

(a) A person may take a bear at any time to protect the person's property. The person must report the bear taken to a conservation officer within 48 hours. The bear may be disposed of as prescribed by the commissioner.

(b) The commissioner must issue a bear control special permit according to section 97A.401 for wildlife control operators to take nuisance bear by live trapping and relocating the bear. When a bear is trapped and released, an enforcement officer or a wildlife manager must approve the release location. The commissioner must provide specific training to wildlife control operators who are issued a permit under this paragraph, including a refresher course every five years. The commissioner may not charge a fee for the bear control special permit or training. A wildlife control operator with a special permit issued under this paragraph may use remote surveillance equipment to monitor live traps.

Sec. 26. Minnesota Statutes 2020, section 97B.645, subdivision 9, is amended to read:

Subd. 9. **Open season.** There shall be no open season for wolves until after the wolf is delisted under the federal Endangered Species Act of 1973. After that time, the commissioner ~~may~~ must annually prescribe one or more open seasons and for taking wolves by hunting, trapping, and bow and arrow. The commissioner may also prescribe restrictions for taking wolves but must provide opportunity for public comment.

Sec. 27. Minnesota Statutes 2020, section 97B.668, is amended to read:

97B.668 ~~GAME BIRDS~~ ANIMALS CAUSING DAMAGE.

Subdivision 1. **Game birds causing damage.** Notwithstanding sections 97B.091 and 97B.805, subdivisions 1 and 2, a person or agent of that person on lands and nonpublic waters owned or operated by the person may nonlethally scare, haze, chase, or harass game birds that are causing property damage or to protect a disease risk at any time or place that a hunting season for the game birds is not open. This section does not apply to public waters as defined under section 103G.005, subdivision 15. This section does not apply to migratory waterfowl on nests and other federally protected game birds on nests, except ducks and geese on nests when a permit is obtained under section 97A.401.

Subd. 2. **Deer and elk causing damage.** (a) Notwithstanding section 97B.091, a property owner, the property owner's immediate family member, or an agent of the property owner may nonlethally scare, haze, chase, or harass deer or elk that are causing damage to agricultural crops propagated under generally accepted agricultural practices.

(b) Paragraph (a) applies only:

(1) in the immediate area of the crop damage; and

(2) during the closed season for taking deer or elk.

(c) Paragraph (a) does not allow:

(1) using poisons;

(2) using dogs;

(3) conduct that drives a deer or elk to the point of exhaustion;

(4) activities requiring a permit under section 97A.401; or

(5) causing the death of a deer or elk or actions likely to cause the death of a deer or elk.

(d) A property owner or the owner's agent must report the death of any deer or elk to Division of Fish and Wildlife staff within 24 hours of the death if the death resulted from actions taken under paragraph (a).

Sec. 28. Minnesota Statutes 2020, section 97C.211, subdivision 2a, is amended to read:

Subd. 2a. **Acquiring fish.** (a) A private fish hatchery may not obtain fish outside of the state unless the fish or the source of the fish are approved by the commissioner. The commissioner may apply more stringent requirements to fish or a source of fish from outside the state than are applied to fish and sources of fish from within the state. The commissioner must either approve or deny the acquisition within 30 days after receiving a written request for approval. ~~Minnows acquired must be processed and not released into public waters, except as provided in section 97C.515, subdivision 4.~~ A request may be for annual acquisition.

(b) If the commissioner denies approval, a written notice must be submitted to the applicant stating the reasons for the denial and the commissioner must:

(1) designate approved sources to obtain the desired fish or fish eggs; or

(2) sell the fish or fish eggs from state fish hatcheries at fair market value.

Sec. 29. Minnesota Statutes 2020, section 97C.315, subdivision 1, is amended to read:

Subdivision 1. **Lines.** An angler may not use more than one line except:

(1) two lines may be used to take fish through the ice; ~~and~~

(2) the commissioner may, by rule, authorize the use of two lines in areas designated by the commissioner in Lake Superior; and

(3) two lines may be used in the Minnesota River downstream of the Granite Falls dam and in the Mississippi River downstream of St. Anthony Falls.

Sec. 30. Minnesota Statutes 2020, section 97C.515, subdivision 2, is amended to read:

Subd. 2. **Permit for ~~transportation~~ importation.** (a) A person may ~~transport~~ import live minnows ~~through~~ into the state with a permit from the commissioner. ~~The permit must state the name and address of the person, the number and species of minnows, the point of entry into the state, the destination, and the route through the state. The permit is not valid for more than 12 hours after it is issued.~~ A person must not import minnows into the state except as provided in this section.

~~(b) Minnows transported under this subdivision must be in a tagged container. The tag number must correspond with tag numbers listed on the minnow transportation permit.~~

~~(e) The commissioner may require the person transporting minnow species found on the official list of viral hemorrhagic septicemia-susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services, to provide health certification for viral hemorrhagic septicemia. The certification must disclose any incidentally isolated replicating viruses, and must be dated within the 12 months preceding transport.~~

(b) Minnows must be certified as healthy according to standards of the World Organisation for Animal Health or the Fish Health Section Blue Book of the American Fisheries Society.

(c) Minnows must be certified free of viral hemorrhagic septicemia, infectious hematopoietic necrosis, infectious pancreatic necrosis, spring viremia of carp virus, fathead minnow nidovirus, and Heterosporis within the past 12 months.

(d) Minnows must originate from a biosecure facility that has tested negative for invasive species in the past 12 months.

(e) Only a person that holds a minnow dealer's license issued under section 97C.501, subdivision 2, may obtain a permit to import minnows.

(f) The following information must be available to the commissioner upon request for each load of imported minnows:

(1) the date minnows were imported;

(2) the number of pounds or gallons imported;

(3) the facility name from which the minnows originated; and

(4) a fish health certificate for the minnows.

(g) Minnows may be imported to feed hatchery fish if the requirements in paragraphs (a) to (f) are met.

Sec. 31. Minnesota Statutes 2020, section 103G.201, is amended to read:

103G.201 PUBLIC WATERS INVENTORY.

(a) The commissioner ~~shall~~ must maintain a public waters inventory map of each county that shows the waters of this state that are designated as public waters under the public waters inventory and classification procedures prescribed under Laws 1979, chapter 199, and ~~shall~~ must provide access to a copy of the maps. As county public waters inventory maps are revised according to this section, the commissioner ~~shall~~ must send a notification or a copy of the maps to the auditor of each affected county.

(b) The commissioner is authorized to revise the map of public waters established under Laws 1979, chapter 199, to reclassify those types 3, 4, and 5 wetlands previously identified as public waters wetlands under Laws 1979, chapter 199, as public waters or as wetlands under section 103G.005, subdivision 19. The commissioner may only reclassify public waters wetlands as public waters if:

(1) they are assigned a shoreland management classification by the commissioner under sections 103F.201 to 103F.221;

(2) they are classified as lacustrine wetlands or deepwater habitats according to Classification of Wetlands and Deepwater Habitats of the United States (Cowardin, et al., 1979 edition); or

(3) the state or federal government has become titleholder to any of the beds or shores of the public waters wetlands, subsequent to the preparation of the public waters inventory map filed with the auditor of the county, pursuant to paragraph (a), and the responsible state or federal agency declares that the water is necessary for the purposes of the public ownership.

(c) The commissioner must provide notice of ~~the~~ a reclassification under paragraph (b) or a revision under paragraph (e) to the local government unit, the county board, the watershed district, if one exists for the area, and the soil and water conservation district. Within 60 days of receiving notice from the commissioner, a party required to receive the notice may provide a resolution stating objections to the reclassification or revision. If the commissioner receives an objection from a party required to receive the notice, the reclassification or revision is not effective. If the commissioner does not receive an objection from a party required to receive the notice, the reclassification of a wetland under paragraph (b) or revision under paragraph (e) is effective 60 days after the notice is received by all of the parties.

(d) The commissioner ~~shall~~ must give priority to the reclassification of public waters wetlands that are or have the potential to be affected by public works projects.

(e) The commissioner may revise the public waters inventory map of each county:

(1) to reflect the changes authorized in paragraph (b); and

(2) as needed, to:

(i) correct errors in the original inventory;

(ii) add or subtract trout stream tributaries within sections that contain a designated trout stream following written notice to the landowner;

(iii) add depleted quarries, and sand and gravel pits, when the body of water exceeds 50 acres and the shoreland has been zoned for residential development; and

(iv) add or subtract public waters that have been created or eliminated as a requirement of a permit authorized by the commissioner under section 103G.245.

Sec. 32. Minnesota Statutes 2020, section 103G.211, is amended to read:

103G.211 DRAINING PUBLIC WATERS PROHIBITED WITHOUT REPLACEMENT.

(a) Except as provided in sections 103G.221 to 103G.235, public waters may not be drained, and a permit authorizing drainage of public waters may not be issued, unless the public waters to be drained are replaced by public waters that will have equal or greater public value.

(b) Nothing in this section shall be construed to prevent the commissioner from issuing or amending a water-use permit for appropriation from groundwater where:

(1) the application is for a new groundwater well or to increase appropriation amounts under an existing permit;

(2) the applicant is a municipality wholly or partially located within a five-mile radius of White Bear Lake; and

(3) the amount of water to be appropriated under the proposal is consistent with the amount anticipated to be needed by the applicant each year according to a water supply plan approved by the commissioner under section 103G.291 before 2021.

(c) Paragraph (b) and this paragraph expire January 1, 2041.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to applications for new or modified permits filed on or after that date.

Sec. 33. Minnesota Statutes 2020, section 103G.223, is amended to read:

103G.223 CALCAREOUS FENS.

(a) Calcareous fens, as identified by the commissioner by written order published in the State Register, may not be filled, drained, or otherwise degraded, wholly or partially, by any activity, unless the commissioner, under an approved management plan, decides some alteration is necessary or as provided in paragraph (b). Identifications made by the commissioner are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

(b) The commissioner may allow water appropriations that result in temporary reductions in groundwater resources on a seasonal basis under an approved calcareous fen management plan.

(c) If the commissioner determines that a water appropriation permit cannot be issued or renewed because of this section, the commissioner must, within one year of the date of denial and at no cost to the applicant, provide the applicant with a groundwater and surface water hydrologic evaluation that demonstrates by a preponderance of the evidence the basis for that conclusion.

(d) An applicant whose permit is denied under this section may file a written request with the commissioner to designate a mutually agreed upon third-party expert to review the evaluation provided under paragraph (c) at no cost to the applicant and to make recommendations to the commissioner about whether the permit should be issued. The third party expert must agree to provide the commissioner and applicant with the expert's recommendations within 90 days of agreeing to review the evaluation.

(e) A permit applicant may file for a contested case hearing under chapter 14 within 30 days of the later of the following:

(1) the date by which the hydrologic evaluation was required to have been provided to the applicant under paragraph (c);

(2) receiving the recommendations of the third party who is reviewing the evaluation under paragraph (d); or

(3) determining that no mutually agreed upon third-party expert can be found.

(f) Any permit applicant who has had a water appropriation permit previously denied under this section may resubmit a permit application under this section and is entitled to all rights and reviews available under this section.

Sec. 34. Minnesota Statutes 2021 Supplement, section 103G.271, subdivision 4a, is amended to read:

Subd. 4a. **Mt. Simon-Hinckley aquifer.** The commissioner may not issue new water-use permits that will appropriate water from the Mt. Simon-Hinckley aquifer unless:

(1) the appropriation is for potable water use, there are no feasible or practical alternatives to this source, and a water conservation plan is incorporated with the permit; or

(2) the appropriation is for less than 4,000,000 gallons per year and is to facilitate the growth of trees.

Sec. 35. Minnesota Statutes 2020, section 103G.271, subdivision 7, is amended to read:

Subd. 7. **Transferring permit.** (a) A water-use permit may be transferred to a successive owner of real property if the permittee conveys the real property where the source of water is located. The new owner must notify the commissioner immediately after the conveyance and request transfer of the permit. The commissioner must not deny the transfer of a permit if the permittee is in compliance with all permit conditions and the permit meets the requirements of sections 103G.255 to 103G.301.

(b) When transferring a permit, the commissioner must not require additional conditions on the permit, reduce the appropriation, reduce the term, or require any testing.

Sec. 36. Minnesota Statutes 2020, section 103G.271, is amended by adding a subdivision to read:

Subd. 8. **Management plans; effect on land values.** Before a management plan for appropriating water is prepared, the commissioner must provide estimates of the impact of any new restriction or policy on land values in the affected area. Strategies to address adverse impacts to land values must be included in the plan.

Sec. 37. Minnesota Statutes 2020, section 103G.285, is amended by adding a subdivision to read:

Subd. 7. **Application.** (a) Nothing in this section shall be construed to prevent the commissioner from issuing or amending a water-use permit for appropriation from groundwater where:

(1) the application is for a new groundwater well or to increase appropriation amounts under an existing permit;

(2) the applicant is a municipality wholly or partially located within a five-mile radius of White Bear Lake; and

(3) the amount of water to be appropriated under the proposal is consistent with the amount anticipated to be needed by the applicant each year according to a water supply plan approved by the commissioner under section 103G.291 before 2021.

(b) This subdivision expires January 1, 2041.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to applications for new or modified permits filed on or after that date.

Sec. 38. Minnesota Statutes 2020, section 103G.287, subdivision 4, is amended to read:

Subd. 4. **Groundwater management areas.** (a) The commissioner may designate groundwater management areas and limit total annual water appropriations and uses within a designated area to ensure sustainable use of groundwater that protects ecosystems, water quality, and the ability of future generations to meet their own needs. Water appropriations and uses within a designated management area must be consistent with a groundwater management area plan approved by the commissioner that addresses water conservation requirements and water allocation priorities established in section 103G.261. During development of a groundwater management area plan, the commissioner and employees and agents of the department may disseminate information related to the timing, location, and agendas of meetings related to the plan, but must otherwise limit public information related to the groundwater management area plan to direct factual responses to public and media inquiries. At least 30 days prior to implementing or modifying a groundwater management area plan under this subdivision, the commissioner shall consult with the advisory team established in paragraph (c).

(b) Notwithstanding section 103G.271, subdivision 1, paragraph (b), and Minnesota Rules, within designated groundwater management areas, the commissioner may require general permits as specified in section 103G.271, subdivision 1, paragraph (c), for water users using less than 10,000 gallons per day or 1,000,000 gallons per year and water suppliers serving less than 25 persons for domestic purposes. The commissioner may waive the requirements under section 103G.281 for general permits issued under this paragraph, and the fee specified in section 103G.301, subdivision 2, paragraph (c), does not apply to general permits issued under this paragraph.

(c) When designating a groundwater management area, the commissioner shall assemble an advisory team to assist in developing a groundwater management area plan for the area. The advisory team members shall be selected from public and private entities that have an interest in the water resources affected by the groundwater management area. A majority of the advisory team members shall be public and private entities that currently hold water-use permits for water appropriations from the affected water resources. The commissioner shall consult with the League of Minnesota Cities, the Association of Minnesota Counties, the Minnesota Association of Watershed Districts, and the Minnesota Association of Townships in appointing the local government representatives to the advisory team. The advisory team may also include representatives from the University of Minnesota, the Minnesota State Colleges and Universities, other institutions of higher learning in Minnesota, political subdivisions with jurisdiction over water issues, nonprofits with expertise in water, and federal agencies.

(d) Before designating a groundwater management area, the commissioner must provide estimates of the impact of any new restriction or policy on land values in the affected area. Strategies to address adverse impacts to land values must be included in any plan.

Sec. 39. Minnesota Statutes 2020, section 103G.287, subdivision 5, is amended to read:

Subd. 5. **Sustainability standard.** (a) The commissioner may issue water-use permits for appropriation from groundwater only if the commissioner determines that the groundwater use is sustainable to supply the needs of future generations and the proposed use will not harm ecosystems, degrade water, or reduce water levels beyond the reach of public water supply and private domestic wells constructed according to Minnesota Rules, chapter 4725.

(b) For the purposes of this subdivision and subdivision 4, "sustainable" means a change in hydrologic regime of 20 percent or less relative to the August median stream flow.

Sec. 40. Minnesota Statutes 2020, section 103G.287, is amended by adding a subdivision to read:

Subd. 6. **Application.** (a) Nothing in this section shall be construed to prevent the commissioner from issuing or amending a water-use permit for appropriation from groundwater where:

(1) the application is for a new groundwater well or to increase appropriation amounts under an existing permit;

(2) the applicant is a municipality wholly or partially located within a five-mile radius of White Bear Lake; and

(3) the amount of water to be appropriated under the proposal is consistent with the amount anticipated to be needed by the applicant each year according to a water supply plan approved by the commissioner under section 103G.291 before 2021.

(b) This subdivision expires January 1, 2041.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to applications for new or modified permits filed on or after that date.

Sec. 41. Minnesota Statutes 2020, section 103G.287, is amended by adding a subdivision to read:

Subd. 7. **Issuance of certain permits.** (a) Notwithstanding any other provision of law, the commissioner must issue a water-use permit for appropriation from groundwater that meets the criteria of subdivision 6. Nothing in this subdivision shall be construed to prohibit the commissioner from imposing conditions on the permit so long as the conditions do not prevent the applicant from appropriating the amount of groundwater applied for.

(b) This subdivision expires January 1, 2041.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to applications for new or modified permits filed on or after that date.

Sec. 42. Minnesota Statutes 2020, section 103G.289, is amended to read:

103G.289 WELL INTERFERENCE; WELL SEALING VALIDATION; CONTESTED CASE.

(a) The commissioner shall not validate a claim for well interference ~~claim~~ if the affected well has been sealed prior to the completion of the commissioner's investigation of the complaint. If the well is sealed prior to completion of the investigation, the commissioner must dismiss the complaint.

(b) When validating a claim for well interference, the commissioner must take into account the condition of the affected well.

(c) Within 30 days after the commissioner's decision on a claim for well interference, a party ordered by the commissioner to contribute to an affected well owner may petition for a contested case hearing under sections 14.57 to 14.62. The commissioner must grant the petitioner a contested case hearing on the commissioner's decision.

Sec. 43. Minnesota Statutes 2020, section 115.03, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) The agency is hereby given and charged with the following powers and duties:

~~(a)~~ (1) to administer and enforce all laws relating to the pollution of any of the waters of the state;

~~(b)~~ (2) to investigate the extent, character, and effect of the pollution of the waters of this state and to gather data and information necessary or desirable in the administration or enforcement of pollution laws, and to make such classification of the waters of the state as it may deem advisable;

~~(c)~~ (3) to establish and alter such reasonable pollution standards for any waters of the state in relation to the public use to which they are or may be put as it ~~shall~~ must deem necessary for the purposes of this chapter and, with respect to the pollution of waters of the state, chapter 116;

~~(d)~~ (4) to encourage waste treatment, including advanced waste treatment, instead of stream low-flow augmentation for dilution purposes to control and prevent pollution;

~~(e)~~ (5) to adopt, issue, reissue, modify, deny, or revoke, enter into or enforce reasonable orders, permits, variances, standards, rules, schedules of compliance, and stipulation agreements, under such conditions as it may prescribe, in order to prevent, control or abate water pollution, or for the installation or operation of disposal systems or parts thereof, or for other equipment and facilities:

~~(1)~~ (i) requiring the discontinuance of the discharge of sewage, industrial waste or other wastes into any waters of the state resulting in pollution in excess of the applicable pollution standard established under this chapter;

~~(2)~~ (ii) prohibiting or directing the abatement of any discharge of sewage, industrial waste, or other wastes, into any waters of the state or the deposit thereof or the discharge into any municipal disposal system where the same is likely to get into any waters of the state in violation of this chapter and, with respect to the pollution of waters of the state, chapter 116, or standards or rules promulgated

or permits issued pursuant thereto, and specifying the schedule of compliance within which such prohibition or abatement must be accomplished;

(3) (iii) prohibiting the storage of any liquid or solid substance or other pollutant in a manner which does not reasonably assure proper retention against entry into any waters of the state that would be likely to pollute any waters of the state;

(4) (iv) requiring the construction, installation, maintenance, and operation by any person of any disposal system or any part thereof, or other equipment and facilities, or the reconstruction, alteration, or enlargement of its existing disposal system or any part thereof, or the adoption of other remedial measures to prevent, control or abate any discharge or deposit of sewage, industrial waste or other wastes by any person;

(5) (v) establishing, and from time to time revising, standards of performance for new sources taking into consideration, among other things, classes, types, sizes, and categories of sources, processes, pollution control technology, cost of achieving such effluent reduction, and any nonwater quality environmental impact and energy requirements. Said standards of performance for new sources ~~shall~~ must encompass those standards for the control of the discharge of pollutants which reflect the greatest degree of effluent reduction which the agency determines to be achievable through application of the best available demonstrated control technology, processes, operating methods, or other alternatives, including, where practicable, a standard permitting no discharge of pollutants. New sources ~~shall~~ must encompass buildings, structures, facilities, or installations from which there is or may be the discharge of pollutants, the construction of which is commenced after the publication by the agency of proposed rules prescribing a standard of performance which will be applicable to such source. Notwithstanding any other provision of the law of this state, any point source the construction of which is commenced after May 20, 1973, and which is so constructed as to meet all applicable standards of performance for new sources ~~shall~~ must, consistent with and subject to the provisions of section 306(d) of the Amendments of 1972 to the Federal Water Pollution Control Act, not be subject to any more stringent standard of performance for new sources during a ten-year period beginning on the date of completion of such construction or during the period of depreciation or amortization of such facility for the purposes of section 167 or 169, or both, of the Federal Internal Revenue Code of 1954, whichever period ends first. Construction ~~shall~~ must encompass any placement, assembly, or installation of facilities or equipment, including contractual obligations to purchase such facilities or equipment, at the premises where such equipment will be used, including preparation work at such premises;

(6) (vi) establishing and revising pretreatment standards to prevent or abate the discharge of any pollutant into any publicly owned disposal system, which pollutant interferes with, passes through, or otherwise is incompatible with such disposal system;

(7) (vii) requiring the owner or operator of any disposal system or any point source to establish and maintain such records, make such reports, install, use, and maintain such monitoring equipment or methods, including where appropriate biological monitoring methods, sample such effluents in accordance with such methods, at such locations, at such intervals, and in such a manner as the agency ~~shall~~ must prescribe, and providing such other information as the agency may reasonably require;

~~(8)~~ (viii) notwithstanding any other provision of this chapter, and with respect to the pollution of waters of the state, chapter 116, requiring the achievement of more stringent limitations than otherwise imposed by effluent limitations in order to meet any applicable water quality standard by establishing new effluent limitations, based upon section 115.01, subdivision 13, clause (b), including alternative effluent control strategies for any point source or group of point sources to insure the integrity of water quality classifications, whenever the agency determines that discharges of pollutants from such point source or sources, with the application of effluent limitations required to comply with any standard of best available technology, would interfere with the attainment or maintenance of the water quality classification in a specific portion of the waters of the state. Prior to establishment of any such effluent limitation, the agency ~~shall~~ must hold a public hearing to determine the relationship of the economic and social costs of achieving such limitation or limitations, including any economic or social dislocation in the affected community or communities, to the social and economic benefits to be obtained and to determine whether or not such effluent limitation can be implemented with available technology or other alternative control strategies. If a person affected by such limitation demonstrates at such hearing that, whether or not such technology or other alternative control strategies are available, there is no reasonable relationship between the economic and social costs and the benefits to be obtained, such limitation ~~shall~~ must not become effective and ~~shall~~ must be adjusted as it applies to such person;

~~(9)~~ (ix) modifying, in its discretion, any requirement or limitation based upon best available technology with respect to any point source for which a permit application is filed after July 1, 1977, upon a showing by the owner or operator of such point source satisfactory to the agency that such modified requirements will represent the maximum use of technology within the economic capability of the owner or operator and will result in reasonable further progress toward the elimination of the discharge of pollutants; and

~~(10)~~ (x) requiring that applicants for wastewater discharge permits evaluate in their applications the potential reuses of the discharged wastewater;

~~(f)~~ (6) to require to be submitted and to approve plans and specifications for disposal systems or point sources, or any part thereof and to inspect the construction thereof for compliance with the approved plans and specifications thereof;

~~(g)~~ (7) to prescribe and alter rules, not inconsistent with law, for the conduct of the agency and other matters within the scope of the powers granted to and imposed upon it by this chapter and, with respect to pollution of waters of the state, in chapter 116, provided that every rule affecting any other department or agency of the state or any person other than a member or employee of the agency ~~shall~~ must be filed with the secretary of state;

~~(h)~~ (8) to conduct such investigations, issue such notices, public and otherwise, and hold such hearings as are necessary or which it may deem advisable for the discharge of its duties under this chapter and, with respect to the pollution of waters of the state, under chapter 116, including, but not limited to, the issuance of permits, and to authorize any member, employee, or agent appointed by it to conduct such investigations or, issue such notices and hold such hearings;

~~(i)~~ (9) for the purpose of water pollution control planning by the state and pursuant to the Federal Water Pollution Control Act, as amended, to establish and revise planning areas, adopt plans and programs and continuing planning processes, including, but not limited to, basin plans and areawide

waste treatment management plans, and to provide for the implementation of any such plans by means of, including, but not limited to, standards, plan elements, procedures for revision, intergovernmental cooperation, residual treatment process waste controls, and needs inventory and ranking for construction of disposal systems;

~~(j)~~ (10) to train water pollution control personnel; and charge ~~such fees therefor as are for the training as necessary to cover the agency's costs. The fees under this clause are subject to legislative approval under section 16A.1283. All such fees received shall~~ must be paid into the state treasury and credited to the Pollution Control Agency training account;

~~(k)~~ (11) to impose as additional conditions in permits to publicly owned disposal systems appropriate measures to insure compliance by industrial and other users with any pretreatment standard, including, but not limited to, those related to toxic pollutants, and any system of user charges ratably as is hereby required under state law or said Federal Water Pollution Control Act, as amended, or any regulations or guidelines promulgated thereunder;

~~(l)~~ (12) to set a period not to exceed five years for the duration of any national pollutant discharge elimination system permit or not to exceed ten years for any permit issued as a state disposal system permit only;

~~(m)~~ (13) to require each governmental subdivision identified as a permittee for a wastewater treatment works to evaluate in every odd-numbered year the condition of its existing system and identify future capital improvements that will be needed to attain or maintain compliance with a national pollutant discharge elimination system or state disposal system permit; and

~~(n)~~ (14) to train subsurface sewage treatment system personnel, including persons who design, construct, install, inspect, service, and operate subsurface sewage treatment systems, and charge fees for the training as necessary to pay the agency's costs. The fees under this clause are subject to legislative approval under section 16A.1283. All fees received must be paid into the state treasury and credited to the agency's training account. Money in the account is appropriated to the agency to pay expenses related to training.

(b) The information required in paragraph (a), clause ~~(m)~~ (13), must be submitted in every odd-numbered year to the commissioner on a form provided by the commissioner. The commissioner ~~shall~~ must provide technical assistance if requested by the governmental subdivision.

(c) The powers and duties given the agency in this subdivision also apply to permits issued under chapter 114C.

Sec. 44. Minnesota Statutes 2020, section 115.455, is amended to read:

115.455 EFFLUENT LIMITATIONS; COMPLIANCE.

To the extent allowable under federal law, for a municipality that constructs a publicly owned treatment works or for an industrial national pollutant discharge elimination system and state disposal system permit holder that constructs a treatment works to comply with a new or modified effluent limitation, compliance with any new or modified effluent limitation adopted after construction begins that would require additional capital investment is required no sooner than 16 years after the date the facility begins operating.

Sec. 45. Minnesota Statutes 2020, section 115.55, is amended by adding a subdivision to read:

Subd. 3a. **Repaired drainage holes.** A precast reinforced concrete tank that has one or more openings in the exterior walls or tank bottom below the tank liquid level meets minimum standards and criteria for subsurface sewage treatment systems if:

(1) the openings have been repaired or sealed; and

(2) all other requirements of the rules adopted under subdivision 3 are met.

Sec. 46. Minnesota Statutes 2020, section 115.77, subdivision 1, is amended to read:

Subdivision 1. **Fees.** The agency ~~shall~~ must collect fees in amounts necessary, but no greater than the amounts necessary, to cover the reasonable costs of reviewing applications and issuing certifications. The fees under this subdivision are subject to legislative approval under section 16A.1283.

Sec. 47. Minnesota Statutes 2020, section 115.84, subdivision 2, is amended to read:

Subd. 2. **Rules.** The agency may adopt rules to govern certification of laboratories according to this section. ~~Notwithstanding section 16A.1283, the agency may adopt rules establishing fees.~~

Sec. 48. Minnesota Statutes 2020, section 115.84, subdivision 3, is amended to read:

Subd. 3. **Fees.** (a) Until the agency adopts a rule establishing fees for certification, the agency ~~shall~~ must collect fees from laboratories registering with the agency, but not accredited by the commissioner of health under sections 144.97 to 144.99, in amounts necessary to cover the reasonable costs of the certification program, including reviewing applications, issuing certifications, and conducting audits and compliance assistance. The fees under this paragraph are subject to legislative approval under section 16A.1283.

(b) Fees under this section must be based on the number, type, and complexity of analytical methods that laboratories are certified to perform.

(c) Revenue from fees charged by the agency for certification ~~shall~~ must be credited to the environmental fund.

Sec. 49. Minnesota Statutes 2020, section 115A.03, is amended by adding a subdivision to read:

Subd. 3b. **Chemical plastic recycling.** "Chemical plastic recycling" means a manufacturing process for converting post-use polymers into products, such as monomers, oligomers, plastics, basic and unfinished chemicals, and other raw materials. Chemical plastic recycling is not processing, treatment, incineration, disposal, or waste management, as those terms are defined or used pursuant to chapters 115, 115A, and 116.

Sec. 50. Minnesota Statutes 2020, section 115A.03, is amended by adding a subdivision to read:

Subd. 3c. **Chemical plastic recycling facility.** "Chemical plastic recycling facility" means a manufacturing facility that receives, stores, and converts post-use polymers it receives using chemical plastic recycling. A chemical plastic recycling facility is not a disposal facility, resource recovery

facility, solid waste facility, or waste facility as those terms are defined and regulated pursuant to chapters 115, 115A, and 116.

Sec. 51. Minnesota Statutes 2020, section 115A.03, is amended by adding a subdivision to read:

Subd. 24c. **Post-use polymers.** "Post-use polymers" means plastic that:

(1) is derived from any industrial, commercial, agricultural, or domestic activities;

(2) is used as feedstock for chemical plastic recycling;

(3) is processed at a chemical plastic recycling facility or held at a chemical plastic recycling facility before processing;

(4) is not stored at any one location for more than three years without being utilized for chemical plastic recycling; and

(5) has been sorted from solid waste and regulated waste but may contain residual amounts of solid waste such as organic materials and individual contaminants or impurities, such as paper labels and metal rings.

Sec. 52. Minnesota Statutes 2020, section 115A.03, subdivision 35, is amended to read:

Subd. 35. **Waste facility.** "Waste facility" means all property, real or personal, including negative and positive easements and water and air rights, which is or may be needed or useful for the processing or disposal of waste, except property for the collection of the waste and property used primarily for the manufacture of scrap metal or, paper, or post-use polymers. Waste facility includes but is not limited to transfer stations, processing facilities, and disposal sites and facilities.

Sec. 53. **[115A.143] MATTRESS RECYCLING.**

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

(b) "Brand" means a name, symbol, word, or mark that attributes a mattress to the producer of the mattress.

(c) "Commissioner" means the commissioner of the Minnesota Pollution Control Agency.

(d) "Consumer" means an owner of a mattress, including a person, business, corporation, limited partnership, nonprofit organization, or governmental entity, and including the ultimate purchaser, owner, or lessee of a mattress. Consumer does not include a government organization or other party that obtains one or more discarded mattresses in the course of collecting used mattresses for recycling for purposes of this chapter, or through the ordinary collection and handling of municipal solid waste.

(e) "Covered entity" means a commercial, institutional, governmental, or industrial generator of mattresses that were used and discarded in the state, such as a health care facility, educational facility, military base, or commercial or nonprofit lodging establishment. Covered entity does not include a renovator, refurbisher, or person that only transports a discarded mattress. Covered entities

may engage in mattress collection or mattress drop-off activities for mattresses that will be managed in the mattress stewardship program.

(f) "Discarded mattress" means a mattress that a consumer discarded, intends to discard, or abandoned in the state.

(g) "Foundation" means any ticking-covered structure that is used to support a mattress and that is composed of one or more of a constructed frame, foam, or a box spring whether stationary, adjustable, or foldable.

(h) "Mattress" means any resilient material or combination of materials that is enclosed by ticking, used alone or in combination with other products, and that is intended or promoted for sleeping upon. Mattress includes any foundation and any used or renovated mattress. Mattress does not include any mattress pad; mattress topper; sleeping bag; pillow; car bed; carriage; basket; dressing table; stroller; playpen; infant carrier; lounge pad; crib or bassinet mattress; crib bumper; liquid or gaseous filled ticking, including any water bed and any air mattress that does not contain upholstery material between the ticking and the mattress core; or upholstered furniture, including a sleeper sofa.

(i) "Mattress core" means the principal support system that is present in a mattress, including but not limited to springs, foam, air bladder, water bladder, or resilient filling.

(j) "Mattress recycling council" or "council" means the nonprofit organization created by producers or created by any trade association that represents producers who account for a majority of mattress production in the United States to design, submit, and implement the mattress stewardship program. Retailers may participate in the council.

(k) "Mattress stewardship fee" means the amount added to the purchase price of a mattress sold to a consumer or to an ultimate end user in this state that is necessary to cover the cost of accepting, transporting, and processing discarded mattresses according to the mattress stewardship program established in this section.

(l) "Mattress stewardship program" or "program" means the statewide program and implemented according to the mattress stewardship plan.

(m) "Mattress topper" means an item that contains resilient filling, with or without ticking, that is intended to be used with or on top of a mattress.

(n) "Performance goal" means a metric proposed by the council to annually measure the performance of the mattress stewardship program, taking into consideration technical and economic feasibilities in achieving continuous, meaningful improvement in the rate of mattress recycling in the state and any other specified goal of the program.

(o) "Producer" means a person who manufactures or renovates a mattress that is sold, offered for sale, or distributed in the state under the producer's own name or brand. Producer includes:

(1) the owner of a trademark or brand under which a mattress is sold, offered for sale, or distributed in this state, whether or not the trademark or brand is registered in this state; and

(2) a person who imports a mattress into the state that is sold or offered for sale in this state, and that is manufactured or renovated by a person who does not have a presence in the United States.

(p) "Qualified processor" means a recycling entity that recycles mattresses discarded in the state under a contract with the council that meets the requirements set forth in subdivision 7.

(q) "Recyclable mattress" means a mattress that a consumer discarded, intends to discard, or abandoned in the state, but does not include a mattress that cannot be safely recycled because it is contaminated by putrescible solid waste or is substantially soiled, is infested with bedbugs, or poses a risk to worker health or equipment, which should be disposed of through the existing solid waste system.

(r) "Recycling" means a process in which discarded mattresses, components, and by-products may lose their original identity or form as they are transformed into new, usable, or marketable materials. Recycling does not include using destructive incineration.

(s) "Renovate" or "renovation" means altering a mattress for resale, including any one or a combination of replacing the ticking or filling, adding additional filling, or replacing components with new or recycled materials. Renovate or renovation does not include:

(1) stripping a mattress of its ticking or filling without adding new material;

(2) sanitizing or sterilizing a mattress without otherwise altering the mattress; or

(3) a renovator altering a mattress for a person who retains the altered mattress for personal use, in accordance with chapter 325F.

(t) "Renovator" means a person who renovates discarded mattresses to resell the mattresses to consumers.

(u) "Retailer" means a person who sells or offers to sell mattresses to a consumer or to an ultimate end user in this state.

(v) "Sale" means transfer of title of a mattress for consideration to a consumer or an ultimate end user in the state, including but not limited to by means of a sales outlet, catalog, website, or similar electronic means.

(w) "Sanitizing" means directly applying chemicals to a mattress to kill human disease-causing pathogens.

(x) "Sterilizing" means mitigating deleterious substances or organisms, including human disease-causing pathogens, fungi, and insects from a mattress or filling material using a chemical or heat process.

(y) "Ticking" means the outermost layer of fabric or material of a mattress. Ticking does not include any layer of fabric or material quilted together with, or otherwise attached to, the outermost layer of fabric or material of a mattress.

(z) "Unrecyclable mattress" means a mattress that a consumer discarded, intends to discard, or abandoned in the state that is contaminated by putrescible solid waste or is substantially soiled, is

infested with bedbugs, or poses a risk to worker health or equipment, which should be disposed of through the existing solid waste system.

(aa) "Upholstery material" means all material, loose or attached, between the ticking and the core of a mattress.

Subd. 2. **Mattress recycling council; required plan.** (a) Within 180 days after the effective date of this section, producers must establish a mattress recycling council in the state.

(b) Within the later of 180 days after the effective date of this section or 30 days after becoming a producer thereafter, each producer or the producer's designee must join the mattress recycling council.

(c) Within 365 days after the effective date of this section, the council must submit a plan for approval by the commissioner to establish a statewide mattress stewardship program, as described in this subdivision.

(d) At least once every five years after the plan identified in paragraph (c) is approved, the mattress recycling council shall review the plan and determine whether amendments to the plan are necessary. If the council determines amendments to the plan are necessary, it shall amend the plan. If the council determines that no amendments to the plan are necessary, it shall send a letter to the commissioner explaining that the council has reviewed the plan and determined no revisions are needed. The commissioner may disapprove the council's determination within 30 days of that determination if it concludes that the council cannot implement the objectives of this chapter without amending the plan. If the commissioner disapproves the determination, the commissioner shall explain, in writing, why amendments to the plan are necessary to comply with this section, and the mattress recycling council shall resubmit an amended plan. If the commissioner finds that the amended plan resubmitted by the council does not comply with the requirements of paragraph (e), the mattress recycling council shall not be deemed in compliance until the council submits an amended plan that the commissioner finds complies with the requirements of paragraph (e).

(e) The mattress stewardship program plan submitted pursuant to this subdivision must, in an economically efficient and practical manner:

(1) provide for a statewide network of convenient and accessible locations to receive discarded mattresses at no charge to any person in the state with a discarded mattress that was used and discarded in the state, including but not limited to participating covered entities that accumulate and segregate a minimum of 100 recyclable mattresses for collection at one time;

(2) may establish requirements for other minimum counts of accumulated mattresses suitable to the operational constraints of covered entities' collection sites, and shall provide for the transfer of collected recyclable mattresses from the premises of covered entities to qualified processors;

(3) provide for end-of-life management of discarded mattresses collected according to clauses (1) and (2) through negotiated agreements with public covered entities that accept discarded mattresses at no charge to the public that pay the covered entity a fee for its reasonable actual costs for the proper and cost-effective accepting, storing, transporting, and handling of discarded mattresses for recycling or disposal. The council and any covered entity are obligated to negotiate in good faith;

- (4) provide for recycling of recyclable mattresses by a qualified processor;
- (5) describe how the council will coordinate the program with existing consolidation, transportation, and recycling programs for discarded mattresses;
- (6) provide suitable storage containers at or make other mutually agreeable storage and transport arrangements for covered entities for segregated, recyclable mattresses, at no cost to the covered entity, provided the covered entity can accumulate and store at least 50 recyclable mattress, makes space available for the purpose, and imposes no fee for placement of the storage container on the covered entity premises;
- (7) provide that the council will conduct research as needed related to improving discarded mattress collection, dismantling, and recycling operations, including pilot programs to test new processes, methods, or equipment on a local, regional, or otherwise limited basis;
- (8) include a mattress stewardship fee set in accordance with paragraph (f) that is sufficient to cover but not exceed the costs of operating and administering the program;
- (9) identify each producer and retailer participating in the program as a member of the council participating in the program;
- (10) describe the roles and responsibilities of producers and retailers participating in the program;
- (11) describe the mattress stewardship fee for the program and a proposed budget;
- (12) describe the mattress stewardship fee collection procedures and how producers and retailers are notified of the procedures;
- (13) establish program performance goals for the first two years of the program and annual diversion targets and recycling rates of mattresses based on estimated or actual sales and estimated discarded mattresses;
- (14) describe how the program will, to the extent economically efficient and practical, achieve continuous meaningful improvement in the mattress diversion targets, mattress collection rates, mattress recycling rates, mattress material recovery rates, and any other approved performance goals of the program;
- (15) identify proposed consolidation and recycling facilities to be used by the program;
- (16) describe the action for implementing and achieving convenient, statewide access to the program;
- (17) detail how the program will promote recycling discarded mattresses consistent with the state's solid waste management hierarchy;
- (18) describe how the council will coordinate the program with existing consolidation, transportation, and recycling programs for discarded mattresses;
- (19) establish program performance goals for the material recovery rate from mattresses collected for recycling and utilize these criteria when evaluating vendor performance;

(20) describe how the program will set and implement convenience goals and a timeline for implementing and achieving convenient access to the program;

(21) identify program expenditure categories that will be reported each year in the annual report;

(22) describe how the council will notify the commissioner in a timely manner of events or circumstances that materially alter or disrupt program operations as approved in the stewardship plan; and

(23) include a description of public education regarding the program.

(f) The council must set the amount of the mattress stewardship fee that is added to the purchase price of a mattress at the point of sale. The council must establish and implement a mattress stewardship fee structure that covers but does not exceed the costs of developing the plan described in paragraph (b), operating and administering the program described in paragraph (a), and maintaining a financial reserve sufficient to operate the program over multiple years in a fiscally prudent and responsible manner. The council must set the mattress stewardship fee as a flat rate and not as a percentage of the purchase price. The council must maintain all records relating to the program for not less than three years.

(g) Under the program, recycling is preferred over any other disposal method for mattresses, to the extent that recycling is economically efficient and practical.

(h) The commissioner must approve the plan for establishing the mattress stewardship program or any amendment if the plan or amendment meets the requirements of paragraphs (e) to (g). No later than 90 days after the council submits the plan or amendment according to this section, the commissioner must make a determination whether to approve the plan or amendment. Before making the determination, the commissioner must post the plan on the agency's website and offer a 30-day public comment period on the plan. Before approving or disapproving the plan or amendment, the commissioner may solicit public comments on the plan or amendment in a manner determined by the commissioner. If the commissioner disapproves the plan or amendment because the plan or amendment does not meet the requirements of paragraphs (e) to (g), the commissioner must describe the reasons for the disapproval in a notice of determination that the commissioner provides to the council. The council must revise and resubmit the plan to the commissioner within 45 days, or prepare an amended plan within 180 days, after receiving notice of the commissioner's disapproval. Within 45 days after receiving the revised plan or amendment, the commissioner must review and approve or disapprove the plan or amendment and provide a notice of determination to the council. The council may resubmit a revised plan or amendment to the commissioner for approval no more than twice. If the council fails to submit a plan or amendment that is acceptable to the commissioner because it does not meet the requirements of paragraphs (e) to (g), the commissioner must modify a submitted plan or amendment to make it conform to the requirements of paragraphs (e) to (g) and approve it. Within 180 days after approval of a plan or amendment according to this paragraph, the council must implement the mattress stewardship program. Regardless of when the program begins, the program's fiscal year begins January 1.

(i) The council must submit any proposed substantial change to the program to the commissioner for review and approval, but without resubmitting the plan to the commissioner for approval. If the commissioner does not disapprove a proposed substantial change within 90 days of receiving notice

of the proposed substantial change, the proposed substantial change is deemed approved. For purposes of this paragraph, "substantial change" means:

(1) a change in the processing facilities to be used for a discarded mattress collected under the program; or

(2) a material change to the system for collecting mattresses.

(j) The council must notify the commissioner of other material changes to the program on an ongoing basis, without submitting the change to the commissioner for approval. Material changes include but are not limited to a change in the composition, officers, or contact information of the council.

(k) Within 90 days after the end of the program's second fiscal year, and every five years thereafter, the council must submit updated program performance and convenience goals and associated implementation timelines to the commissioner that are based on the experience of the program during the first two years of the program, and every subsequent five-year term for review and approval according to the procedure in paragraph (h).

(l) The council must notify the commissioner in a timely manner of any temporary disruptions in the program as approved, and the council's planned response to the disruption.

Subd. 3. **Mattress stewardship fee review; prudent reserves.** (a) Within 90 days after the end of the program's second fiscal year and every two years thereafter, the council must propose a mattress stewardship fee for all mattresses sold in this state.

(b) The council may propose a change to the mattress stewardship fee more frequently than once every two years if the council determines the change is needed to avoid funding shortfalls or excesses for the mattress stewardship program.

(c) Any mattress stewardship fee proposed after the end of the program's second fiscal year must be reviewed by an independent auditor to ensure that the fee does not exceed the cost to fund the mattress stewardship program described in subdivision 2, paragraph (f), and to maintain financial reserves sufficient to operate the program over multiple years in a fiscally prudent and responsible manner. After the first three fiscal years of program implementation, the mattress recycling organization shall not maintain total reserves exceeding 75 percent of its annual operating expenses, consistent with the requirements of the Financial Accounting Standards Board's Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958), and any future updates to that standard. The commissioner may authorize the total reserves to be increased up to 100 percent of the organization's annual operating expenses if the commissioner determines the increase is necessary to implement the requirements of this section.

(d) Within 60 days after the council proposes a mattress stewardship fee, the auditor must render an opinion to the commissioner as to whether the proposed mattress stewardship fee is reasonable to achieve the goals set forth in this section. If the auditor concludes that the mattress stewardship fee is reasonable, then the proposed mattress stewardship fee goes into effect within 180 days. If the auditor concludes that the mattress stewardship fee is not reasonable, the auditor must provide the council with written notice explaining the auditor's opinion. Within 60 days after the council receives the auditor's opinion, the council may either propose a new mattress stewardship fee or

provide written comments on the auditor's opinion. If the auditor concludes that the mattress stewardship fee is not reasonable, the commissioner must decide, based on the auditor's opinion and any comments provided by the council, whether to approve the proposed mattress stewardship fee.

(e) The auditor, selected by the council, must be approved by the commissioner. The cost of any work performed by the auditor under this paragraph must be paid by the mattress stewardship fee.

(f) Two years after the program is implemented and every five years thereafter, the council must cause a program audit to be conducted by an independent auditor. The audit must review the accuracy of the council's data concerning the program and provide any other information requested by the commissioner, consistent with the requirements of this section, provided the request does not require the disclosure of proprietary information or trade or business secrets. The council must pay for the audit. The council must maintain all records relating to the program for at least three years.

Subd. 4. **Annual report.** Not later than July 1 each year, the council must submit an annual report to the commissioner for the most recently completed calendar year. The council must post the annual report on the council's website. The commissioner must post a link to the annual report on the agency's website. The report must include:

(1) the tonnage and estimated number of mattresses collected under the program from participating covered entities;

(2) the tonnage and estimated number of mattresses diverted for recycling;

(3) the tonnage and estimated number of discarded mattresses for the reporting period as compiled by the participating covered entities and reported to the council;

(4) the weight of mattress materials recycled, as indicated by the weight of each of the commodities sold to secondary markets and reported by qualified processors to the council;

(5) the weight of mattress materials sent for disposal and reported by qualified processors to the council;

(6) a summary of the public education that supports the program and an evaluation of its effectiveness;

(7) an evaluation of the effectiveness of methods and processes used to achieve statewide convenience and accessibility performance goals of the program;

(8) recommendations for any changes to the program;

(9) total annual mattress sales and mattress stewardship fee revenues;

(10) an assessment of program performance for the reporting period compared to the program performance goals in the approved plan;

(11) an assessment of the effectiveness of different types of mattress collection and consolidation programs used throughout the state;

(12) annual program expenditures by program expenditure category;

(13) audited financial statements required by subdivision 3, paragraph (f); and

(14) other information consistent with this section and economically efficient and practical to provide, requested by the commissioner.

Subd. 5. Charging mattress stewardship fee; retailer and producer participation. Upon implementation of the mattress stewardship program, each manufacturer, renovator, retailer, or distributor that sells a mattress to a consumer or to an ultimate end user in the state must add the mattress stewardship fee to the purchase price for the mattress and must remit the mattress stewardship fee collected to the council. In each transaction, the mattress stewardship fee must appear on the invoice and may be accompanied by a brief description of the mattress stewardship fee. The council must determine the rules and procedures necessary to implement collection of the mattress stewardship fee in a fair, efficient, and lawful manner. Any producer or retailer who fails to participate in the program must not sell mattresses in this state.

Subd. 6. Receipt of discarded mattresses. Upon implementation of the mattress stewardship program and when the mattress stewardship fee goes into effect, a covered entity that participates in the program must not charge for the receipt of discarded mattresses that are discarded in this state, except that a person or entity may charge a fee for providing a pickup service, including residential or commercial pickup services. A covered entity may restrict the acceptance of mattresses by number or source.

Subd. 7. Qualified processor. (a) The council shall collect from each qualified recycler the name, address, telephone number, and location of all mattress recycling facilities under the direct control of the processor that may receive mattresses.

(b) The council's contract with each of its qualified processors must require that the processor:

(1) comply with the requirements of this section;

(2) comply with all applicable health, environmental, safety, and financial responsibility regulations;

(3) be licensed by all applicable governmental authorities; and

(4) possess commercial general liability insurance of not less than \$1,000,000 per occurrence.

(c) By March 1 of each year, each qualified processor shall submit an annual report to the council in a format prescribed by the council, indicating the name and address of the recycling facility, the fiscal year covered by the report, the quantity and weight of the mattresses processed at the facility, and the amount by weight of each category of material removed from discarded mattresses shipped to brokers, processors, manufacturers, solid waste facilities, or other destinations.

Subd. 8. Consultation required. The mattress recycling council must consult with stakeholders which may include retailers, collectors, recyclers, local governments, and consumers during the development of the plan and any amendment of the plan.

Subd. 9. **Plan availability.** All draft and approved stewardship plans shall be placed on the council and agency's websites for at least 30 days and made available at the agency's headquarters for public review and comment.

Subd. 10. **Data classification.** Data submitted to the council or agency under this section are trade secret, private, or nonpublic data under section 13.37. Trade secret, sales information as defined under section 13.37, and contracts submitted to the agency under this section are private or nonpublic data under section 13.37.

Subd. 11. **Regional collaboration.** In the event that another state implements a mattress recycling program, the council may collaborate with that state to conserve efforts and resources used in carrying out the mattress stewardship program, provided the collaboration is consistent with the requirements of this section.

Subd. 12. **Local government participation.** (a) Cities, counties, public agencies, or other political subdivisions may choose to participate in the stewardship program.

(b) Cities, counties, public agencies, or other political subdivisions are encouraged to work with producers and the council to assist in meeting program goals and obligations by providing education, outreach, or other strategies.

Subd. 13. **Producer and retailer participation.** A producer must join the council as required in subdivision 2, paragraph (b). A retailer or other person selling a mattress to the final consumer in the state must remit the mattress stewardship fee to the council for mattresses sold to consumers in the state. A producer may not sell or distribute for sale or use a mattress in the state if it has not joined the council. A retailer may not sell or distribute for use mattresses of a producer that has not joined the council, except for inventory acquired before the start date of the program or acquired during a time when the producer was participating in the council.

Subd. 14. **Prohibited uses.** Stewardship assessment funds must not be used for any penalties assessed under this section.

Subd. 15. **Duty to provide information.** Any producer, retailer, participating covered entity, or qualified processor must furnish to the agency any information which that person may have or may reasonably obtain that the agency requests for the sole purpose of determining compliance under this section.

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

Sec. 54. **[115A.571] CHEMICAL PLASTIC RECYCLING.**

Subdivision 1. **Chemical plastic recycling facility.** A chemical plastic recycling facility and chemical plastic recycling are subject to all applicable federal, state, and local laws, except chapters 115, 115A, and 116, and the rules adopted pursuant to those chapters.

Subd. 2. **Solid waste management exemption requirements.** (a) The solid waste management exemption in subdivision 1 does not apply:

(1) if any solid waste other than or in addition to a post-use polymer or residual amounts of organic material and incidental contaminants are treated, stored, processed, transferred, or disposed of at a chemical plastic recycling facility; or

(2) to management of post-use polymers at any location other than a chemical plastic recycling facility.

(b) To qualify for the solid waste management facility permit exemption in subdivision 1, a chemical plastic recycling facility must only treat, store, or process post-use polymers in a fully enclosed building.

(c) The commissioner may enter and inspect any chemical plastic recycling facility to determine whether the storage of materials prior to chemical plastic recycling is a nuisance or poses a threat to human health or the environment. The commissioner may use the enforcement authority under section 116.072 and Minnesota Rules, chapter 7035, to require abatement of the nuisance or threat if found.

Subd. 3. **Duty to report.** The owner or operator of a chemical plastic recycling facility must submit an annual report to the commissioner in a form and manner prescribed by the commissioner that must include:

(1) the amount of post-use polymers accepted, stored, and managed at the facility;

(2) annual chemical plastic recycling throughput at the facility, including beginning and ending volumes stored in a calendar year;

(3) to the extent known, the source and county of origin of the post-use polymers and the amount and type of material collected from each source; and

(4) the amount, type, and destination of products and by-products produced through the chemical plastic recycling, such as what weight of post-use polymers received went to an end market, a broker, a processor, or a manufacturer or was managed as a waste.

Subd. 4. **Duty to provide information.** Any person must furnish to the commissioner any information that the person may have or may reasonably obtain that the commissioner requests for the purposes of determining compliance with statutes or rules pertaining to chemical plastic recycling.

Sec. 55. Minnesota Statutes 2020, section 115B.52, subdivision 4, is amended to read:

Subd. 4. **Reporting.** The commissioner of the Pollution Control Agency and the commissioner of natural resources must jointly submit:

(1) by April 1, 2019, an implementation plan detailing how the commissioners will:

(i) determine how the priorities in the settlement will be met and how the spending will move from the first priority to the second priority and the second priority to the third priority outlined in the settlement; and

(ii) evaluate and determine what projects receive funding;

(2) by ~~February 1 and August~~ October 1 each year, a ~~biannual~~ report to the chairs and ranking minority members of the legislative policy and finance committees with jurisdiction over environment and natural resources on expenditures from the water quality and sustainability account during the previous ~~six months~~ fiscal year; and

(3) by ~~August 1, 2019, and~~ October 1 each year ~~thereafter~~, a report to the legislature on expenditures from the water quality and sustainability account during the previous fiscal year and a spending plan for anticipated expenditures from the account during the current fiscal year.

Sec. 56. Minnesota Statutes 2020, section 116.03, subdivision 2b, is amended to read:

Subd. 2b. **Permitting efficiency.** (a) It is the goal of the state that environmental and resource management permits be issued or denied within 90 days for tier 1 permits or 150 days for tier 2 permits following submission of a permit application. The commissioner of the Pollution Control Agency ~~shall~~ must establish management systems designed to achieve the goal. For the purposes of this section, "tier 1 permits" are permits that do not require individualized actions or public comment periods, and "tier 2 permits" are permits that require individualized actions or public comment periods.

(b) The commissioner ~~shall~~ must prepare ~~an annual~~ semiannual permitting efficiency ~~report~~ reports that include statistics on meeting the tier 2 goal in paragraph (a) and the criteria for tier 2 by permit categories. ~~The report is~~ reports are due on February 1 and August 1 each year. For permit applications that have not met the goal, ~~the each~~ report must state the reasons for not meeting the goal. In stating the reasons for not meeting the goal, the commissioner ~~shall~~ must separately identify delays caused by the responsiveness of the proposer, ~~lack of staff~~, scientific or technical disagreements, or the level of public engagement. ~~The Each~~ report must specify the number of days from initial submission of the application to the day of determination that the application is complete. ~~The Each~~ report must aggregate the data for the year reporting period and assess whether program or system changes are necessary to achieve the goal. Whenever a report required by this subdivision states the number of permits completed within a particular period, the report must, immediately after the number and in parentheses, state the percentage of total applications received for that permit category that the number represents. Whenever a report required by this subdivision states the number of permits completed within a particular period, the report must separately state completion data for industrial and municipal permits. ~~The report~~ reports must be posted on the agency's website and submitted to the governor and the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over environment policy and finance.

(c) The commissioner ~~shall~~ must allow electronic submission of environmental review and permit documents to the agency.

(d) Within 30 business days of application for a permit subject to paragraph (a), the commissioner of the Pollution Control Agency ~~shall~~ must notify the permit applicant, in writing, whether the application is complete or incomplete. If the commissioner determines that an application is incomplete, the notice to the applicant must enumerate all deficiencies, citing specific provisions of the applicable rules and statutes, and advise the applicant on how the deficiencies can be remedied. If the commissioner determines that the application is complete, the notice must confirm the application's tier 1 or tier 2 permit status. If the commissioner believes that a complete application for a tier 2 construction permit cannot be issued within the 150-day goal, the commissioner must

provide notice to the applicant with the commissioner's notice that the application is complete and, upon request of the applicant, provide the permit applicant with a schedule estimating when the agency will begin drafting the permit and issue the public notice of the draft permit. This paragraph does not apply to an application for a permit that is subject to a grant or loan agreement under chapter 446A.

(e) For purposes of this subdivision, "permit professional" means an individual not employed by the Pollution Control Agency who:

(1) has a professional license issued by the state of Minnesota in the subject area of the permit;

(2) has at least ten years of experience in the subject area of the permit; and

(3) abides by the duty of candor applicable to employees of the Pollution Control Agency under agency rules and complies with all applicable requirements under chapter 326.

(f) Upon the agency's request, an applicant relying on a permit professional must participate in a meeting with the agency before submitting an application:

(1) at least two weeks prior to the preapplication meeting, the applicant must submit at least the following:

(i) project description, including, but not limited to, scope of work, primary emissions points, discharge outfalls, and water intake points;

(ii) location of the project, including county, municipality, and location on the site;

(iii) business schedule for project completion; and

(iv) other information requested by the agency at least four weeks prior to the scheduled meeting; and

(2) during the preapplication meeting, the agency ~~shall~~ must provide for the applicant at least the following:

(i) an overview of the permit review program;

(ii) a determination of which specific application or applications will be necessary to complete the project;

(iii) a statement notifying the applicant if the specific permit being sought requires a mandatory public hearing or comment period;

(iv) a review of the timetable established in the permit review program for the specific permit being sought; and

(v) a determination of what information must be included in the application, including a description of any required modeling or testing.

(g) The applicant may select a permit professional to undertake the preparation of the permit application and draft permit.

(h) If a preapplication meeting was held, the agency ~~shall~~ must, within seven business days of receipt of an application, notify the applicant and submitting permit professional that the application is complete or is denied, specifying the deficiencies of the application.

(i) Upon receipt of notice that the application is complete, the permit professional ~~shall~~ must submit to the agency a timetable for submitting a draft permit. The permit professional ~~shall~~ must submit a draft permit on or before the date provided in the timetable. Within 60 days after the close of the public comment period, the commissioner ~~shall~~ must notify the applicant whether the permit can be issued.

(j) Nothing in this section ~~shall~~ must be construed to modify:

(1) any requirement of law that is necessary to retain federal delegation to or assumption by the state; or

(2) the authority to implement a federal law or program.

(k) The permit application and draft permit ~~shall~~ must identify or include as an appendix all studies and other sources of information used to substantiate the analysis contained in the permit application and draft permit. The commissioner ~~shall~~ must request additional studies, if needed, and the permit applicant ~~shall~~ must submit all additional studies and information necessary for the commissioner to perform the commissioner's responsibility to review, modify, and determine the completeness of the application and approve the draft permit.

Sec. 57. Minnesota Statutes 2020, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. **Permit fees.** (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of developing, reviewing, and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees ~~shall~~ must not include the costs of litigation. The fee schedule must reflect reasonable and routine direct and indirect costs associated with permitting, implementation, and enforcement. The agency may impose an additional enforcement fee to be collected for ~~a period of~~ up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Water fees under this paragraph are subject to legislative approval under section 16A.1283. Any money collected under this paragraph ~~shall~~ must be deposited in the environmental fund.

(b) Notwithstanding paragraph (a), the agency ~~shall~~ must collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to a notification, permit, or license requirement under this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or rules adopted thereunder. The annual fee ~~shall~~ must be used to pay for all direct and indirect reasonable costs, including legal costs, required to develop and administer the notification, permit, or license program requirements of this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or rules adopted thereunder. Those costs include the reasonable costs of reviewing and acting

upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; and providing information to the public about these activities.

(c) The agency ~~shall~~ must set fees that:

(1) will result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated;

(2) may result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each pollutant not listed in clause (1) that is regulated under this chapter or air quality rules adopted under this chapter; and

(3) ~~shall~~ must collect, in the aggregate, from the sources listed in paragraph (b), the amount needed to match grant funds received by the state under United States Code, title 42, section 7405 (section 105 of the federal Clean Air Act).

The agency must not include in the calculation of the aggregate amount to be collected under clauses (1) and (2) any amount in excess of 4,000 tons per year of each air pollutant from a source. The increase in air permit fees to match federal grant funds ~~shall be~~ is a surcharge on existing fees. The commissioner may not collect the surcharge after the grant funds become unavailable. In addition, the commissioner ~~shall~~ must use nonfee funds to the extent practical to match the grant funds so that the fee surcharge is minimized.

(d) To cover the reasonable costs described in paragraph (b), the agency ~~shall~~ must provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph, the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 ~~shall~~ must be used.

(e) Any money collected under paragraphs (b) to (d) must be deposited in the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Permit applicants who wish to construct, reconstruct, or modify a project may offer to reimburse the agency for the costs of staff time or consultant services needed to expedite the preapplication process and permit development process through the final decision on the permit, including the analysis of environmental review documents. The reimbursement ~~shall be~~ is in addition to permit application fees imposed by law. When the agency determines that it needs additional resources to develop the permit application in an expedited manner, and that expediting the development is consistent with permitting program priorities, the agency may accept the reimbursement. The commissioner must give the applicant an estimate of costs to be incurred by

the commissioner. The estimate must include a brief description of the tasks to be performed, a schedule for completing the tasks, and the estimated cost for each task. The applicant and the commissioner must enter into a written agreement detailing the estimated costs for the expedited permit decision-making process to be incurred by the agency. The agreement must also identify staff anticipated to be assigned to the project. The commissioner must not issue a permit until the applicant has paid all fees in full. The commissioner must refund any unobligated balance of fees paid. Reimbursements accepted by the agency are appropriated to the agency for the purpose of developing the permit or analyzing environmental review documents. Reimbursement by a permit applicant ~~shall~~ must precede and not be contingent upon issuance of a permit; ~~shall~~ must not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations; and ~~shall~~ must not affect final decisions regarding environmental review.

(g) The fees under this subdivision are exempt from section 16A.1285.

Sec. 58. Minnesota Statutes 2020, section 116.07, is amended by adding a subdivision to read:

Subd. 13. **Unadopted rules.** The commissioner of the Pollution Control Agency must not enforce or attempt to enforce an unadopted rule. For purposes of this subdivision, "unadopted rule" means a guideline, bulletin, criterion, manual standard, interpretive statement, policy plan, or similar pronouncement if the guideline, bulletin, criterion, manual standard, interpretive statement, policy plan, or similar pronouncement has not been adopted according to the rulemaking process provided under chapter 14. If an unadopted rule is challenged under section 14.381, the commissioner must cease enforcement of the unadopted rule and overcome a presumption that the unadopted rule must be adopted according to the rulemaking process provided under chapter 14.

Sec. 59. Minnesota Statutes 2020, section 116B.03, subdivision 1, is amended to read:

Subdivision 1. **Parties.** Any person residing within the state; the attorney general; any political subdivision of the state; any instrumentality or agency of the state or of a political subdivision thereof; or any partnership, corporation, association, organization, or other entity having shareholders, members, partners or employees residing within the state may maintain a civil action in the district court for declaratory or equitable relief in the name of the state of Minnesota against any person, for the protection of the air, water, land, or other natural resources located within the state, whether publicly or privately owned, from pollution, impairment, or destruction; provided, however, that no action ~~shall be~~ is allowable hereunder under this section for:

(1) acts taken by a person on land leased or owned by said person pursuant to a permit or license issued by the owner of the land to said person which do not and can not reasonably be expected to pollute, impair, or destroy any other air, water, land, or other natural resources located within the state; ~~provided further that no action shall be allowable under this section for~~

(2) conduct taken by a person pursuant to any environmental quality standard, limitation, rule, order, license, stipulation agreement or permit issued by the Pollution Control Agency, Department of Natural Resources, Department of Health or Department of Agriculture; or

(3) issuance of a groundwater appropriation permit that meets the criteria under section 103G.287, subdivision 6, by the Department of Natural Resources. This clause expires January 1, 2041.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to applications for new or modified permits filed on or after that date.

Sec. 60. Minnesota Statutes 2020, section 116B.10, is amended by adding a subdivision to read:

Subd. 6. Application. No action is allowable under this section for issuance of a groundwater appropriation permit that meets the criteria under section 103G.287, subdivision 6, by the Department of Natural Resources. This subdivision expires January 1, 2041.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to applications for new or modified permits filed on or after that date.

Sec. 61. Minnesota Statutes 2020, section 116D.04, subdivision 2a, is amended to read:

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

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

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

(d) The responsible governmental unit ~~shall~~ **must** promptly publish notice of the completion of an environmental assessment worksheet by publishing the notice in at least one newspaper of general

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

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

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

(1) the proposed action is:

(i) an animal feedlot facility with a capacity of less than 1,000 animal units; or

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

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

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

(g) The board may, before final approval of a proposed project, require preparation of an environmental assessment worksheet by a responsible governmental unit selected by the board for any action where environmental review under this section has not been specifically provided for by rule or otherwise initiated.

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

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

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

(k) The proposer of a specific action may include in the information submitted to the responsible governmental unit a preliminary draft environmental impact statement under this section on that action for review, modification, and determination of completeness and adequacy by the responsible governmental unit. A preliminary draft environmental impact statement prepared by the project proposer and submitted to the responsible governmental unit must identify or include as an appendix all studies and other sources of information used to substantiate the analysis contained in the

preliminary draft environmental impact statement. The responsible governmental unit ~~shall~~ must require additional studies, if needed, and obtain from the project proposer all additional studies and information necessary for the responsible governmental unit to perform its responsibility to review, modify, and determine the completeness and adequacy of the environmental impact statement.

(l) A mandatory environmental assessment worksheet is not required for a project that will diminish the course, current, or cross-section of one acre or more of any water unless the affected water is on the public waters inventory described in section 103G.201. A discretionary environmental assessment worksheet is not required for a project that will diminish the course, current, or cross-section of one acre or more of any water that is not on the public waters inventory described in section 103G.201 unless the governmental unit with jurisdiction determines that the project is likely to have catastrophic environmental effects. Paragraph (e) does not apply to a project that will diminish the course, current, or cross-section of one acre or more of any water unless the affected water is on the public waters inventory described in section 103G.201.

Sec. 62. Minnesota Statutes 2020, section 116U.55, is amended by adding a subdivision to read:

Subd. 3. **Events promotion account.** The events promotion account is established as a separate account in the natural resources fund. Money received under section 297A.94, paragraph (l), must be deposited into the events promotion account for promoting special events in the state. At least 50 percent of the money appropriated under this subdivision must be for promoting special events outside of the metropolitan area.

Sec. 63. Minnesota Statutes 2020, section 127A.353, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** The governor shall select the school trust lands director on the basis of outstanding professional qualifications and knowledge of finance, business practices, minerals, forest and real estate management, and the fiduciary responsibilities of a trustee to the beneficiaries of a trust. The school trust lands director serves in the unclassified service for a term of four years. ~~The first term shall end on December 31, 2020.~~ The governor may remove the school trust lands director for cause. If a director resigns or is removed for cause, the governor shall appoint a director for the remainder of the term.

Sec. 64. Minnesota Statutes 2021 Supplement, section 127A.353, subdivision 4, is amended to read:

Subd. 4. **Duties; powers.** (a) The school trust lands director shall:

(1) ~~take an oath of office before assuming any duties as the director~~ act in a fiduciary capacity for trust beneficiaries in accordance with the principles under section 127A.351;

(2) evaluate the school trust land asset position;

(3) determine the estimated current and potential market value of school trust lands;

(4) advise and provide recommendations to the governor, Executive Council, commissioner of natural resources, and the Legislative Permanent School Fund Commission on the management of school trust lands, including: on school trust land management policies and other policies that may affect the goal of the permanent school fund under section 127A.31;

(5) advise and provide recommendations to the Executive Council and Land Exchange Board on all matters regarding school trust lands presented to either body;

(6) advise and provide recommendations to the commissioner of natural resources on managing school trust lands, including but not limited to advice and recommendations on:

- (i) Department of Natural Resources school trust land management plans;
- (ii) leases of school trust lands;
- (iii) royalty agreements on school trust lands;
- (iv) land sales and exchanges;
- (v) cost certification; and
- (vi) revenue generating options;

(7) serve as temporary trustee of school trust lands for school trust lands subject to proposed or active eminent domain proceedings;

(8) serve as temporary trustee of school trust lands pursuant to section 94.342, subdivision 5;

~~(5) propose~~ (9) submit to the Legislative Permanent School Fund Commission for review an annual budget and management plan for the director that includes proposed legislative changes that will improve the asset allocation of the school trust lands;

~~(6)~~ (10) develop and implement a ten-year strategic plan and a 25-year framework for management of school trust lands, in conjunction with the commissioner of natural resources, that is updated every five years and implemented by the commissioner, with goals to:

- (i) retain core real estate assets;
- (ii) increase the value of the real estate assets and the cash flow from those assets;
- (iii) rebalance the portfolio in assets with high performance potential and the strategic disposal of selected assets;
- (iv) establish priorities for management actions;
- (v) balance revenue enhancement and resource stewardship; and
- (vi) advance strategies on school trust lands to capitalize on ecosystem services markets; and

~~(7) submit to the Legislative Permanent School Fund Commission for review an annual budget and management plan for the director; and~~

~~(8)~~ (11) keep the beneficiaries, governor, legislature, and the public informed about the work of the director by reporting to the Legislative Permanent School Fund Commission in a public meeting at least once during each calendar quarter.

(b) In carrying out the duties under paragraph (a), the school trust lands director ~~shall have the authority to~~ may:

- (1) direct and control money appropriated to the director;
- (2) establish job descriptions and employ ~~up to five employees in the unclassified service;~~ staff within the limitations of money appropriated to the director;
- (3) enter into interdepartmental agreements with any other state agency;
- (4) enter into joint powers agreements under chapter 471;
- (5) evaluate and initiate real estate development projects on school trust lands in conjunction with the commissioner of natural resources and with the advice of the Legislative Permanent School Fund Commission ~~in order~~ to generate long-term economic return to the permanent school fund; and
- ~~(6) serve as temporary trustee of school trust land for school trust lands subject to proposed or active eminent domain proceedings; and~~
- ~~(7)~~ (6) submit recommendations on strategies for school trust land leases, sales, or exchanges to the commissioner of natural resources and the Legislative Permanent School Fund Commission.

Sec. 65. Minnesota Statutes 2020, section 282.08, is amended to read:

282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.

The net proceeds from the sale or rental of any parcel of forfeited land, or from the sale of products from the forfeited land, must be apportioned by the county auditor to the taxing districts interested in the land, as follows:

- (1) the portion required to pay any amounts included in the appraised value under section 282.01, subdivision 3, as representing increased value due to any public improvement made after forfeiture of the parcel to the state, but not exceeding the amount certified by the appropriate governmental authority must be apportioned to the governmental subdivision entitled to it;
- (2) the portion required to pay any amount included in the appraised value under section 282.019, subdivision 5, representing increased value due to response actions taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses certified by the Pollution Control Agency or the commissioner of agriculture, must be apportioned to the agency or the commissioner of agriculture and deposited in the fund from which the expenses were paid;
- (3) the portion of the remainder required to discharge any special assessment chargeable against the parcel for drainage or other purpose whether due or deferred at the time of forfeiture, must be apportioned to the governmental subdivision entitled to it; and
- (4) any balance must be apportioned as follows:
 - (i) The county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for forest development on tax-forfeited land and dedicated memorial forests,

to be expended under the supervision of the county board. It must be expended only on projects improving the health and management of the forest resource.

(ii) The county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.

(iii) The county board may by resolution set aside up to 100 percent of the receipts remaining to be used:

(A) according to section 282.09, subdivision 2;

(B) for remediating contamination at tax-forfeited properties; or

(C) for correcting blighted conditions at tax-forfeited properties.

An election made under this item is effective for a minimum of five years, unless the county board specifies a shorter duration.

(iv) Any balance remaining must be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, provided, however, that in unorganized territory that portion which would have accrued to the township must be administered by the county board of commissioners.

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

Sec. 66. Minnesota Statutes 2020, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit in the state treasury the revenues collected under section 297A.64, subdivision 1, including interest and penalties and minus refunds, and credit them to the highway user tax distribution fund.

(e) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit of revenues under paragraph (d), the commissioner shall deposit into the state treasury and credit to the highway user tax distribution fund an amount equal to the estimated revenues derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner shall estimate the amount of sales tax revenue deposited under this paragraph based on the amount of revenue deposited under paragraph (d).

(g) Starting after July 1, 2017, the commissioner shall deposit an amount of the remittances monthly into the state treasury and credit them to the highway user tax distribution fund as a portion of the estimated amount of taxes collected from the sale and purchase of motor vehicle repair parts in that month. For the remittances between July 1, 2017, and June 30, 2019, the monthly deposit amount is \$2,628,000. For remittances in each subsequent fiscal year, the monthly deposit amount is \$12,137,000. For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially made of rubber and if marked according to federal regulations for highway use.

(h) 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(i) The revenue dedicated under paragraph (h) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (h) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (h) must be allocated for field operations.

(j) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items regulated under section 624.20, subdivision 1, that may be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, in the state treasury and credit:

(1) 25 percent to the volunteer fire assistance grant account established under section 88.068;

(2) 25 percent to the fire safety account established under section 297I.06, subdivision 3; and

(3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be sold to persons 18 years old or older and are not prohibited from use by the general public under section 624.21, is a set percentage of the total sales and use tax revenues collected in the state, with the percentage determined under Laws 2017, First Special Session chapter 1, article 3, section 39.

(k) The revenues deposited under paragraphs (a) to (j) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

(l) One percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited in the state treasury and credited to the events promotion account under section 116U.55, subdivision 3.

Sec. 67. CONTINUATION OF OTHER WATER APPROPRIATION PERMITS.

Prior to additional rulemaking or legislative action in response to the findings and recommendations submitted pursuant to section 69, the commissioner of natural resources shall not reduce appropriations under a groundwater appropriations permit, terminate groundwater appropriations authorized by a permit, or decline to renew a groundwater appropriations permit where:

(1) the permit was in effect as of December 31, 2021;

(2) the permit authorized appropriation of groundwater from a site located wholly or partially within a five-mile radius of White Bear Lake;

(3) the permittee is in compliance with applicable permit terms; and

(4) the permittee is not a municipality.

Sec. 68. **DEPARTMENT OF NATURAL RESOURCES REGISTRATION SYSTEM.**

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

(b) "Commissioner" means the commissioner of natural resources.

(c) "DNR" means the Department of Natural Resources.

(d) "DNR registration system" means the current Department of Natural Resources system for boat, all-terrain vehicle, and snowmobile registrations.

Subd. 2. **Request for proposals; scoring preference.** When the commissioner issues a request for proposals to replace the DNR registration system and scores the responses to the request for proposals, the commissioner may give a preference to a software vendor that currently provides vehicle registration software to the state in an amount commensurate with the commissioner's assessments of the benefits of using an existing software vendor.

Subd. 3. **Report to legislature.** Within 45 days after a vendor has been selected to provide software to replace the DNR registration system, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance and natural resources policy and finance. At a minimum, the commissioner must include in the report:

(1) the names of all vendors who submitted a proposal;

(2) which vendor was selected;

(3) the estimated timeline for implementing the new registration system;

(4) if a preference was given as described in subdivision 2, what the preference was and how the commissioner arrived at that number; and

(5) if a software vendor that currently provides vehicle registration software to the state submitted a proposal and that vendor was not selected, an explanation of why that vendor was not selected.

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

Sec. 69. ENSURING SUSTAINABLE GROUNDWATER LEVELS IN WHITE BEAR LAKE AND RELATED AQUIFERS.

The commissioner of natural resources, in cooperation with the Minnesota Department of Health, the Metropolitan Council, and representatives of east metropolitan area municipalities, must explore available options for supplying east metropolitan area communities with safe drinking water in a manner that allows municipal growth while simultaneously ensuring the sustainability and quality of the state's water resources in and around White Bear Lake and neighboring aquifers. By October 1, 2023, the commissioner must report findings and recommendations to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources.

Sec. 70. FACILITATING SAFE TRAVEL ON COUNTY STATE-AID HIGHWAY 13 IN MURRAY COUNTY.

Subdivision 1. **Requirements.** Notwithstanding any other provision of law, the commissioner of natural resources must do all of the following to ensure that the portion of County State-Aid Highway 13 in Murray County that extends over Lake Shetek between 170th Avenue and Lakeview Drive can be widened to a sufficient width to ensure traveler safety:

- (1) issue any permits applied for by the county as part of a project to widen the highway; and
- (2) convey to the county any right-of-way, easement, or other interest in real property administered by the Department of Natural Resources that is necessary to facilitate the widening.

Subd. 2. **Sufficient width.** For purposes of subdivision 1, "sufficient width to ensure traveler safety" means a width of at least 70 feet, including room for two lanes of vehicular traffic, a shoulder on each side, and a shared-use path on each side to safely accommodate bicycle and pedestrian transportation. Any riprap needed to ensure the structural integrity of the widened highway must be in addition to the 70-foot width required by this subdivision.

Subd. 3. **Reporting.** The commissioner of natural resources must immediately report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources if the commissioner denies any permit or other request made by Murray County in connection with the widening described in this section. A report under this subdivision must explain the reason for the denial, including the statute or rule that prohibits the commissioner from granting the permit or other request. A policy decision by the Department of Natural Resources that the lake is more important than protecting the lives of travelers on the highway does not constitute a sufficient explanation for a decision to deny a permit under this subdivision.

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

Sec. 71. FILLING OF CERTAIN POLLUTION CONTROL AGENCY AIR PERMIT PROGRAM VACANCIES.

Subdivision 1. **Duty to fill certain positions.** The commissioner of the Pollution Control Agency must do the following for each position in the agency's air permit program that has been open for at least one year as of the effective date of this section:

(1) within 60 days of the effective date of this section, post job opening information for each position in the manner normally used by the commissioner to post job openings;

(2) within 90 days of the effective date of this section, conduct interviews to fill each position;
and

(3) within 120 days of the effective date of this section, complete hiring to fill each position.

Subd. 2. **Report.** By January 15, 2024, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources on efforts to comply with this section. The report must include the following:

(1) a summary of the commissioner's efforts to comply with each clause in subdivision 1; and

(2) for any position that receives less than five applicants, an explanation of the need for each of the job requirements included in the job posting.

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

Sec. 72. **INTERIM PROVISIONS.**

(a) From the effective date of this section until the rules under section 77 are adopted, to the extent allowable under the federal Clean Water Act or other federal laws, this section applies to discharges from facilities that process sugar beets outside the Lake Superior basin.

(b) If a whole effluent toxicity test, as defined under Minnesota Rules, part 7050.0218, subpart 3, item AAA, is performed on the effluent of a point source discharger that is a facility that processes sugar beets and results in less than 50 percent mortality of the test organisms or if a demonstration is provided under Minnesota Rules, part 7052.0210, subpart 1, that 0.3 acute toxic units can be met at the edge of an approved acute mixing zone, the effluent must not be considered acutely toxic or lethal to aquatic organisms unless the commissioner of the Pollution Control Agency finds that the test species do not represent sensitive organisms in the affected surface water body or the whole effluent toxicity test was performed on a sample not representative of the effluent quality.

(c) The commissioner of the Pollution Control Agency must establish whole effluent toxicity mixing zones and whole effluent toxicity water-quality-based effluent limitations and permit conditions for facilities that process sugar beets according to Minnesota Rules, parts 7052.0210, subparts 1 and 2, and 7052.0240.

(d) The antibacksliding provisions of Minnesota Rules, part 7001.1080, subpart 9, do not apply to new or revised permit conditions established under paragraph (c).

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

Sec. 73. **REGISTRATION DECAL FORMAT TRANSITION.**

Separately displaying registration numbers is not required when a larger-format registration decal as provided under Minnesota Statutes, section 84.82, subdivision 2, is displayed according to Minnesota Statutes, section 84.82, subdivision 3b. Snowmobiles displaying valid but older smaller-format registration decals must display the separate registration numbers. Persons may obtain duplicate registration decals in the new, larger format, when available, without being required to display the separate registration numbers.

Sec. 74. REQUIRED RULEMAKING.

(a) The commissioner of natural resources must amend Minnesota Rules as follows:

(1) part 6100.5000, subpart 1, by striking the last sentence and inserting "The registration number remains the same if renewed by July 1 following the expiration date.";

(2) part 6100.5700, subpart 1, item C, by striking the reference to registration numbers; and

(3) part 6230.0250, subpart 10, item A, subitem (2), by changing the word "hunter" to "person".

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

Sec. 75. RULEMAKING; WALLEYE AND SAUGER POSSESSION LIMIT.

(a) By March 1, 2023, the commissioner of natural resources must amend Minnesota Rules, part 6262.0200, subpart 1, item F, to provide that the daily and possession limit for walleye and sauger in all inland waters is six in aggregate and no more than four may be walleye.

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

Sec. 76. STATE IMPLEMENTATION PLAN REVISIONS.

(a) The commissioner of the Pollution Control Agency must seek approval from the federal Environmental Protection Agency for revisions to the state's federal Clean Air Act state implementation plan so that under the revised plan, the Pollution Control Agency is prohibited from applying a national or state ambient air quality standard in a permit issued solely to authorize operations to continue at an existing facility with unmodified emissions levels. Nothing in this section must be construed to require the commissioner to apply for a revision that would prohibit the agency from applying a national or state ambient air quality standard in a permit that authorizes an increase in emissions due to construction of a new facility or in a permit that authorizes changes to existing facilities that result in a significant net emissions increase of a regulated NSR pollutant, as defined in Code of Federal Regulations, title 40, section 52.21(b)(50).

(b) The commissioner of the Pollution Control Agency must report quarterly to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources policy on the status of efforts to implement paragraph (a) until the revisions required by paragraph (a) have been either approved or denied.

Sec. 77. WHOLE EFFLUENT TOXICITY RULEMAKING FOR FACILITIES THAT PROCESS SUGAR BEETS.

(a) By January 31, 2023, the commissioner of the Pollution Control Agency must adopt rules on:

(1) evaluating and applying whole effluent toxicity (WET) as water-quality-based effluent limitations and permit conditions for discharges from facilities that process sugar beets that are located outside the Lake Superior basin; and

(2) the applicability and standards for acute and chronic mixing zones at those facilities.

(b) Rules adopted under this section must be substantially identical to Minnesota Rules, parts 7052.0210, subparts 1 and 2, and 7052.0240, so that, to the greatest extent possible, facilities that process sugar beets in all parts of the state are subject to the same mixing zones requirements and acute and chronic WET requirements for establishing permit conditions.

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

Sec. 78. REPEALER.

(a) Minnesota Statutes 2020, sections 97B.318; and 97C.515, subdivisions 4 and 5, are repealed.

(b) Minnesota Rules, parts 6100.5000, subparts 3, 4, and 5; 6100.5700, subpart 4; and 6232.0350, are repealed.

(c) Laws 2013, chapter 121, section 53, is repealed.

ARTICLE 3

STATE LANDS

Section 1. Minnesota Statutes 2021 Supplement, section 84.63, is amended to read:

84.63 CONVEYING INTERESTS IN LANDS TO STATE, FEDERAL, AND TRIBAL GOVERNMENTS.

(a) Notwithstanding any existing law to the contrary, the commissioner of natural resources is hereby authorized on behalf of the state to convey to the United States, to a federally recognized Indian Tribe, or to the state of Minnesota or any of its subdivisions, upon state-owned lands under the administration of the commissioner of natural resources, permanent or temporary easements for specified periods or otherwise for trails, highways, roads including limitation of right of access from the lands to adjacent highways and roads, flowage for development of fish and game resources, stream protection, flood control, and necessary appurtenances thereto, such conveyances to be made upon such terms and conditions including provision for reversion in the event of non-user as the commissioner of natural resources may determine.

(b) In addition to the fee for the market value of the easement, the commissioner of natural resources shall assess the applicant the following fees:

(1) an application fee of \$2,000 to cover reasonable costs for reviewing the application and preparing the easement; and

(2) a monitoring fee to cover the projected reasonable costs for monitoring the construction of the improvement for which the easement was conveyed and preparing special terms and conditions for the easement. The commissioner must give the applicant an estimate of the monitoring fee before the applicant submits the fee.

(c) The applicant shall pay these fees to the commissioner of natural resources. The commissioner shall not issue the easement until the applicant has paid in full the application fee, the monitoring fee, and the market value payment for the easement.

(d) Upon completion of construction of the improvement for which the easement was conveyed, the commissioner shall refund the unobligated balance from the monitoring fee revenue. The commissioner shall not return the application fee, even if the application is withdrawn or denied.

(e) Money received under paragraph (b) must be deposited in the land management account in the natural resources fund and is appropriated to the commissioner of natural resources to cover the reasonable costs incurred for issuing and monitoring easements.

(f) A county or joint county regional railroad authority is exempt from all fees specified under this section for trail easements on state-owned land.

(g) In addition to fees specified in this section, the applicant must reimburse the state for costs incurred for cultural resources review, monitoring, or other services provided by the Minnesota Historical Society under contract with the commissioner of natural resources or the State Historic Preservation Office of the Department of Administration in connection with the easement application, preparing the easement terms, or constructing the trail, highway, road, or other improvements.

(h) Notwithstanding paragraphs (a) to (g), the commissioner of natural resources may elect to assume the application fee under paragraph (b), clause (1), and waive or assume some or all of the remaining fees and costs imposed under this section if the commissioner determines that issuing the easement will benefit the state's land management interests.

Sec. 2. Minnesota Statutes 2021 Supplement, section 84.631, is amended to read:

84.631 ROAD EASEMENTS ACROSS STATE LANDS.

(a) Except as provided in section 85.015, subdivision 1b, the commissioner of natural resources, on behalf of the state, may convey a road easement across state land under the commissioner's jurisdiction to a private person requesting an easement for access to property owned by the person only if the following requirements are met: (1) there are no reasonable alternatives to obtain access to the property; and (2) the exercise of the easement will not cause significant adverse environmental or natural resource management impacts.

(b) The commissioner shall:

(1) require the applicant to pay the market value of the easement;

(2) limit the easement term to 50 years if the road easement is across school trust land;

(3) provide that the easement reverts to the state in the event of nonuse; and

(4) impose other terms and conditions of use as necessary and appropriate under the circumstances.

(c) An applicant shall submit an application fee of \$2,000 with each application for a road easement across state land. The application fee is nonrefundable, even if the application is withdrawn or denied.

(d) In addition to the payment for the market value of the easement and the application fee, the commissioner of natural resources shall assess the applicant a monitoring fee to cover the projected reasonable costs for monitoring the construction of the road and preparing special terms and conditions for the easement. The commissioner must give the applicant an estimate of the monitoring fee before the applicant submits the fee. The applicant shall pay the application and monitoring fees to the commissioner of natural resources. The commissioner shall not issue the easement until the applicant has paid in full the application fee, the monitoring fee, and the market value payment for the easement.

(e) Upon completion of construction of the road, the commissioner shall refund the unobligated balance from the monitoring fee revenue.

(f) Fees collected under paragraphs (c) and (d) must be credited to the land management account in the natural resources fund and are appropriated to the commissioner of natural resources to cover the reasonable costs incurred under this section.

(g) In addition to fees specified in this section, the applicant must reimburse the state for costs incurred for cultural resources review, monitoring, or other services provided by the Minnesota Historical Society under contract with the commissioner of natural resources or the State Historic Preservation Office of the Department of Administration in connection with the easement application, preparing the easement terms, or constructing the road.

(h) Notwithstanding paragraphs (a) to (g), the commissioner of natural resources may elect to assume the application fee under paragraph (c) and waive or assume some or all of the remaining fees and costs imposed under this section if the commissioner determines that issuing the easement will benefit the state's land management interests.

Sec. 3. Minnesota Statutes 2020, section 84.632, is amended to read:

84.632 CONVEYANCE OF UNNEEDED STATE EASEMENTS.

(a) Notwithstanding section 92.45, the commissioner of natural resources may, in the name of the state, release all or part of an easement acquired by the state upon application of a landowner whose property is burdened with the easement if the easement is not needed for state purposes.

(b) All or part of an easement may be released by payment of the market value of the easement. The release must be in a form approved by the attorney general.

(c) Money received under paragraph (b) must be credited to the account from which money was expended for purchase of the easement. If there is no specific account, the money must be credited to the land acquisition account established in section 94.165.

(d) In addition to payment under paragraph (b), the commissioner of natural resources shall assess a landowner who applies for a release under this section an application fee of \$2,000 for reviewing the application and preparing the release of easement. The applicant shall pay the application fee to the commissioner of natural resources. The commissioner shall not issue the release of easement until the applicant has paid the application fee in full. The commissioner shall not return the application fee, even if the application is withdrawn or denied.

(e) Money received under paragraph (d) must be credited to the land management account in the natural resources fund and is appropriated to the commissioner of natural resources to cover the reasonable costs incurred under this section.

(f) Notwithstanding paragraphs (a) to (e), the commissioner of natural resources may elect to assume the application fee under paragraph (d) and waive or assume some or all of the remaining fees and costs imposed under this section if the commissioner determines that issuing the easement release will benefit the state's land management interests.

Sec. 4. Minnesota Statutes 2021 Supplement, section 92.502, is amended to read:

92.502 LEASING TAX-FORFEITED AND STATE LANDS.

(a) Notwithstanding section 282.04 or other law to the contrary, St. Louis County may enter a 30-year lease of tax-forfeited land for a wind energy project.

(b) The commissioner of natural resources may enter a 30-year lease of land administered by the commissioner for a wind energy project.

(c) The commissioner of natural resources may enter a 30-year lease of land administered by the commissioner for recreational trails ~~and~~ or facilities. The commissioner may assess the lease applicant a monitoring fee to cover the projected reasonable costs of monitoring construction of the recreational trail or facility and preparing special terms and conditions of the license to ensure proper construction. The commissioner must give the applicant an estimate of the monitoring fee before the applicant is required to submit the fee. Upon completion of construction of the trail or facility, the commissioner must refund the unobligated balance from the monitoring fee revenue.

(d) Notwithstanding section 282.04 or other law to the contrary, Lake and St. Louis Counties may enter into 30-year leases of tax-forfeited land for recreational trails and facilities.

Sec. 5. Minnesota Statutes 2020, section 282.04, subdivision 1, is amended to read:

Subdivision 1. **Timber sales; land leases and uses.** (a) The county auditor, with terms and conditions set by the county board, may sell timber upon any tract that may be approved by the natural resources commissioner. The sale of timber shall be made for cash at not less than the appraised value determined by the county board to the highest bidder after not less than one week's published notice in an official paper within the county. Any timber offered at the public sale and not sold may thereafter be sold at private sale by the county auditor at not less than the appraised value thereof, until the time as the county board may withdraw the timber from sale. The appraised value of the timber and the forestry practices to be followed in the cutting of said timber shall be approved by the commissioner of natural resources.

(b) Payment of the full sale price of all timber sold on tax-forfeited lands shall be made in cash at the time of the timber sale, except in the case of oral or sealed bid auction sales, the down payment shall be no less than 15 percent of the appraised value, and the balance shall be paid prior to entry. In the case of auction sales that are partitioned and sold as a single sale with predetermined cutting blocks, the down payment shall be no less than 15 percent of the appraised price of the entire timber sale which may be held until the satisfactory completion of the sale or applied in whole or in part to the final cutting block. The value of each separate block must be paid in full before any cutting may begin in that block. With the permission of the county contract administrator the purchaser may enter unpaid blocks and cut necessary timber incidental to developing logging roads as may be needed to log other blocks provided that no timber may be removed from an unpaid block until separately scaled and paid for. If payment is provided as specified in this paragraph as security under paragraph (a) and no cutting has taken place on the contract, the county auditor may credit the security provided, less any down payment required for an auction sale under this paragraph, to any other contract issued to the contract holder by the county under this chapter to which the contract holder requests in writing that it be credited, provided the request and transfer is made within the same calendar year as the security was received.

(c) The county board may sell any timber, including biomass, as appraised or scaled. Any parcels of land from which timber is to be sold by scale of cut products shall be so designated in the published notice of sale under paragraph (a), in which case the notice shall contain a description of the parcels, a statement of the estimated quantity of each species of timber, and the appraised price of each species of timber for 1,000 feet, per cord or per piece, as the case may be. In those cases any bids offered over and above the appraised prices shall be by percentage, the percent bid to be added to the appraised price of each of the different species of timber advertised on the land. The purchaser of timber from the parcels shall pay in cash at the time of sale at the rate bid for all of the timber shown in the notice of sale as estimated to be standing on the land, and in addition shall pay at the same rate for any additional amounts which the final scale shows to have been cut or was available for cutting on the land at the time of sale under the terms of the sale. Where the final scale of cut products shows that less timber was cut or was available for cutting under terms of the sale than was originally paid for, the excess payment shall be refunded from the forfeited tax sale fund upon the claim of the purchaser, to be audited and allowed by the county board as in case of other claims against the county. No timber, except hardwood pulpwood, may be removed from the parcels of land or other designated landings until scaled by a person or persons designated by the county board and approved by the commissioner of natural resources. Landings other than the parcel of land from which timber is cut may be designated for scaling by the county board by written agreement with the purchaser of the timber. The county board may, by written agreement with the purchaser and with a consumer designated by the purchaser when the timber is sold by the county auditor, and with the approval of the commissioner of natural resources, accept the consumer's scale of cut products delivered at the consumer's landing. No timber shall be removed until fully paid for in cash. Small amounts of timber not exceeding 500 cords in appraised volume may be sold for not less than the full appraised value at private sale to individual persons without first publishing notice of sale or calling for bids, provided that in case of a sale involving a total appraised value of more than \$200 the sale shall be made subject to final settlement on the basis of a scale of cut products in the manner above provided and not more than two of the sales, directly or indirectly to any individual shall be in effect at one time.

(d) As directed by the county board, the county auditor may lease tax-forfeited land to individuals, corporations or organized subdivisions of the state at public or private sale, and at the prices and under the terms as the county board may prescribe, for use as cottage and camp sites and for agricultural purposes and for the purpose of taking and removing of hay, stumpage, sand, gravel, clay, rock, marl, and black dirt from the land, and for garden sites and other temporary uses provided that no leases shall be for a period to exceed ~~ten~~ 25 years; provided, further that any leases involving a consideration of more than ~~\$12,000~~ \$50,000 per year, except to an organized subdivision of the state shall first be offered at public sale in the manner provided herein for sale of timber. Upon the sale of any leased land, it shall remain subject to the lease for not to exceed one year from the beginning of the term of the lease. Any rent paid by the lessee for the portion of the term cut off by the cancellation shall be refunded from the forfeited tax sale fund upon the claim of the lessee, to be audited and allowed by the county board as in case of other claims against the county.

(e) As directed by the county board, the county auditor may lease tax-forfeited land to individuals, corporations, or organized subdivisions of the state at public or private sale, at the prices and under the terms as the county board may prescribe, for the purpose of taking and removing for use for road construction and other purposes tax-forfeited stockpiled iron-bearing material. The county auditor must determine that the material is needed and suitable for use in the construction or maintenance of a road, tailings basin, settling basin, dike, dam, bank fill, or other works on public or private property, and that the use would be in the best interests of the public. No lease shall exceed ten years. The use of a stockpile for these purposes must first be approved by the commissioner of natural resources. The request shall be deemed approved unless the requesting county is notified to the contrary by the commissioner of natural resources within six months after receipt of a request for approval for use of a stockpile. Once use of a stockpile has been approved, the county may continue to lease it for these purposes until approval is withdrawn by the commissioner of natural resources.

(f) The county auditor, with the approval of the county board is authorized to grant permits, licenses, and leases to tax-forfeited lands for the depositing of stripping, lean ores, tailings, or waste products from mines or ore milling plants, or to use for facilities needed to recover iron-bearing oxides from tailings basins or stockpiles, or for a buffer area needed for a mining operation, upon the conditions and for the consideration and for the period of time, not exceeding 25 years, as the county board may determine. The permits, licenses, or leases are subject to approval by the commissioner of natural resources.

(g) Any person who removes any timber from tax-forfeited land before said timber has been scaled and fully paid for as provided in this subdivision is guilty of a misdemeanor.

(h) The county auditor may, with the approval of the county board, and without first offering at public sale, grant leases, for a term not exceeding 25 years, for the removal of peat and for the production or removal of farm-grown closed-loop biomass as defined in section 216B.2424, subdivision 1, or short-rotation woody crops from tax-forfeited lands upon the terms and conditions as the county board may prescribe. Any lease for the removal of peat, farm-grown closed-loop biomass, or short-rotation woody crops from tax-forfeited lands must first be reviewed and approved by the commissioner of natural resources if the lease covers 320 or more acres. No lease for the removal of peat, farm-grown closed-loop biomass, or short-rotation woody crops shall be made by the county auditor pursuant to this section without first holding a public hearing on the auditor's intention to lease. One printed notice in a legal newspaper in the county at least ten days before the

hearing, and posted notice in the courthouse at least 20 days before the hearing shall be given of the hearing.

(i) Notwithstanding any provision of paragraph (c) to the contrary, the St. Louis County auditor may, at the discretion of the county board, sell timber to the party who bids the highest price for all the several kinds of timber, as provided for sales by the commissioner of natural resources under section 90.14. Bids offered over and above the appraised price need not be applied proportionately to the appraised price of each of the different species of timber.

(j) In lieu of any payment or deposit required in paragraph (b), as directed by the county board and under terms set by the county board, the county auditor may accept an irrevocable bank letter of credit in the amount equal to the amount otherwise determined in paragraph (b). If an irrevocable bank letter of credit is provided under this paragraph, at the written request of the purchaser, the county may periodically allow the bank letter of credit to be reduced by an amount proportionate to the value of timber that has been harvested and for which the county has received payment. The remaining amount of the bank letter of credit after a reduction under this paragraph must not be less than 20 percent of the value of the timber purchased. If an irrevocable bank letter of credit or cash deposit is provided for the down payment required in paragraph (b), and no cutting of timber has taken place on the contract for which a letter of credit has been provided, the county may allow the transfer of the letter of credit to any other contract issued to the contract holder by the county under this chapter to which the contract holder requests in writing that it be credited.

(k) As directed by the county board, the county auditor may lease tax-forfeited land under the terms and conditions prescribed by the county board for the purposes of investigating, analyzing, and developing conservation easements that provide ecosystem services.

Sec. 6. Minnesota Statutes 2020, section 282.04, is amended by adding a subdivision to read:

Subd. 4b. **Conservation easements.** The county auditor, with prior review and consultation with the commissioner of natural resources and under the terms and conditions prescribed by the county board, including reversion in the event of nonuse, may convey conservation easements as defined in section 84C.01 on tax-forfeited land.

Sec. 7. **ADDITION TO STATE PARK.**

[85.012] [Subd. 27.] Myre-Big Island State Park, Freeborn County. The following area is added to Myre-Big Island State Park, Freeborn County: all that part of the Northeast Quarter of the Southeast Quarter of Section 11, Township 102 North, Range 21 West of the 5th principal meridian, lying South of the Chicago, Milwaukee, St. Paul and Pacific Railway, and subject to road easement on the easterly side thereof.

Sec. 8. **DELETION FROM STATE FOREST.**

[89.021] [Subd. 13.] Cloquet Valley State Forest. The following areas are deleted from Cloquet Valley State Forest:

(1) those parts of St. Louis County in Township 52 North, Range 16 West, described as follows:

(i) Government Lots 1, 2, 3, 4, and 5 and the Southeast Quarter of the Southeast Quarter, Northeast Quarter of the Southwest Quarter, and Southwest Quarter of the Southwest Quarter, Section 21;

(ii) Government Lots 2, 3, 4, 5, 6, 7, 8, 9, and 10 and the Northeast Quarter of the Northwest Quarter and Northwest Quarter of the Northwest Quarter, Section 22;

(iii) Government Lot 3, Section 23;

(iv) Government Lot 2, Section 24;

(v) Government Lots 1, 4, 5, 6, 7, 8, 9, and 10, Section 25;

(vi) Government Lot 1, Section 26;

(vii) Government Lots 2 and 7, Section 26;

(viii) Government Lots 3 and 4, Section 27, reserving unto grantor and grantor's successors and assigns a 66-foot-wide access road easement across said Government Lot 3 for the purpose of access to grantor's or grantor's successor's or assign's land and grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 1, Section 27, said access road being measured 33 feet from each side of the centerline of that road that is presently existing at various widths and running in a generally southwesterly-northeasterly direction;

(ix) Government Lots 1 and 2, Section 28;

(x) Government Lots 1, 2, 3, and 5 and the Northeast Quarter of the Northeast Quarter and Southwest Quarter of the Northeast Quarter, Section 29;

(xi) Government Lots 1, 2, 3, and 4, Section 31, reserving unto grantor and grantor's successors and assigns a 66-foot-wide access road easement across said Government Lots 1, 2, and 3 for the purpose of access to grantor's or grantor's successor's or assign's land and grantor's presently owned lands that may be sold, assigned, or transferred in Government Lot 4, Section 29, said access road being measured 33 feet from each side of the centerline of that road that is presently existing at various widths and running in a generally East-West direction and any future extensions thereof as may be reasonably necessary to provide the access contemplated herein;

(xii) Government Lots 5, 7, 8, and 9, Section 31;

(xiii) Government Lots 1 and 2, an undivided two-thirds interest in the Northeast Quarter of the Northwest Quarter, an undivided two-thirds interest in the Southeast Quarter of the Northwest Quarter, and an undivided two-thirds interest in the Southwest Quarter of the Northwest Quarter, Section 32, reserving unto grantor and grantor's successors and assigns an access road easement across the West 66 feet of the North 66 feet of said Government Lot 1 for the purpose of access to grantor's or grantor's successor's or assign's land and grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 4, Section 29; and

(xiv) the Northeast Quarter of the Northeast Quarter, Section 35;

(2) those parts of St. Louis County in Township 53 North, Range 13 West, described as follows:

(i) all that part of the Northwest Quarter of the Northwest Quarter lying North and West of the Little Cloquet River, Section 4;

(ii) Government Lots 1, 2, 3, 4, and 5 and the Northeast Quarter of the Northeast Quarter, Northwest Quarter of the Northeast Quarter, Southwest Quarter of the Northeast Quarter, Northeast Quarter of the Northwest Quarter, Southeast Quarter of the Northwest Quarter, Northeast Quarter of the Southwest Quarter, and Southwest Quarter of the Northwest Quarter, Section 5;

(iii) Government Lots 1, 2, and 4 and the Northwest Quarter of the Southeast Quarter, Southeast Quarter of the Southeast Quarter, Southwest Quarter of the Southeast Quarter, Southeast Quarter of the Southwest Quarter, and Southwest Quarter of the Southwest Quarter, Section 6;

(iv) Government Lots 1, 2, 3, 4, 5, 6, and 7 and the Northwest Quarter of the Northeast Quarter, Northeast Quarter of the Northwest Quarter, Northwest Quarter of the Northwest Quarter, Southeast Quarter of the Northwest Quarter, Southwest Quarter of the Northwest Quarter, Southeast Quarter of the Southeast Quarter, and Northeast Quarter of the Southwest Quarter, Section 7;

(v) Government Lots 1 and 2 and the Northeast Quarter of the Northeast Quarter, Northwest Quarter of the Northeast Quarter, Southeast Quarter of the Northeast Quarter, Southwest Quarter of the Northeast Quarter, Northeast Quarter of the Southwest Quarter, Northwest Quarter of the Southwest Quarter, and Southwest Quarter of the Southwest Quarter, Section 8; and

(vi) the Northeast Quarter of the Northwest Quarter, Northwest Quarter of the Northwest Quarter, Southeast Quarter of the Northwest Quarter, and Southwest Quarter of the Northwest Quarter, Section 17;

(3) those parts of St. Louis County in Township 54 North, Range 13 West, described as follows:

(i) Government Lots 1, 4, 5, 6, and 7, Section 20;

(ii) Government Lots 3, 4, 6, 7, and 8 and the Southeast Quarter of the Southwest Quarter, Section 21;

(iii) Government Lots 1, 2, 3, 4, 5, and 7, Section 29;

(iv) Government Lots 1, 2, 3, 4, 9, and 10, Section 30; and

(v) Government Lots 5, 6, and 7 and the Northeast Quarter of the Northeast Quarter, Northwest Quarter of the Northeast Quarter, Southwest Quarter of the Northeast Quarter, Southeast Quarter of the Northwest Quarter, and Northwest Quarter of the Southeast Quarter, Section 31;

(4) those parts of St. Louis County in Township 54 North, Range 16 West, described as follows:

(i) Government Lots 2, 3, and 4 and the Northwest Quarter of the Southwest Quarter, Southeast Quarter of the Northwest Quarter, Southeast Quarter of the Northeast Quarter, and Southwest Quarter of the Northeast Quarter, Section 1;

(ii) Government Lots 1, 2, 3, 4, 6, 7, and 8 and the Northwest Quarter of the Southeast Quarter, Northeast Quarter of the Southeast Quarter, Southwest Quarter of the Southeast Quarter, Southeast

Quarter of the Southeast Quarter, Southeast Quarter of the Southwest Quarter, and Southeast Quarter of the Northeast Quarter, Section 2;

(iii) all that part of Government Lot 9 lying South of the Whiteface River and West of County Road 547, also known as Comstock Lake Road, Section 3; and

(iv) Government Lots 3 and 4 and the Southeast Quarter of the Northeast Quarter and Southwest Quarter of the Northeast Quarter, Section 10;

(5) those parts of St. Louis County in Township 55 North, Range 15 West, described as follows:

(i) Government Lots 1 and 2, Section 11;

(ii) Government Lot 9, except the Highway 4 right-of-way, Section 11;

(iii) Government Lot 10, except the Highway 4 right-of-way, Section 11;

(iv) Government Lots 2, 3, 4, 5, 6, and 7, Section 15;

(v) Government Lots 2, 3, 5, 6, 7, and 8 and the Northeast Quarter of the Southwest Quarter, Section 21;

(vi) the Southwest Quarter of the Northeast Quarter, reserving unto grantor and grantor's successors and assigns a 66-foot-wide access easement across said Southwest Quarter of the Northeast Quarter for the purpose of access to grantor's or grantor's successor's or assign's land and grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 4, Section 21, Township 55 North, Range 15 West, said access road being measured 33 feet on each side of the centerline of that road that is presently existing and known as the Whiteface Truck Trail, Section 21;

(vii) Government Lots 1, 2, and 3, Section 22;

(viii) Government Lots 1 and 2 and the Northeast Quarter of the Northwest Quarter, Section 28;

(ix) Government Lots 1, 4, 6, 8, and 9 and the Northeast Quarter of the Northeast Quarter, Northeast Quarter of the Southeast Quarter, and Northwest Quarter of the Southwest Quarter, Section 29;

(x) Government Lots 3 and 4 and the Northeast Quarter of the Southeast Quarter, Northeast Quarter of the Southwest Quarter, and Southeast Quarter of the Southwest Quarter, Section 30;

(xi) Government Lots 2, 3, 4, 5, 6, 8, 9, 10, and 11 and the Northeast Quarter of the Southwest Quarter, Section 31; and

(xii) Government Lot 1, Section 32; and

(6) those parts of St. Louis County in Township 55 North, Range 16 West, described as follows:

(i) the Southwest Quarter of the Southeast Quarter, reserving unto grantor and grantor's successors and assigns a 66-foot-wide access road easement across said Southwest Quarter of the Southeast Quarter for the purpose of access to grantor's or grantor's successor's or assign's land and grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 5, Section 1, Township 54 North, Range 16 West, Section 35; and

(ii) the Southeast Quarter of the Southeast Quarter, reserving unto grantor and grantor's successors and assigns a 66-foot-wide access road easement across said Southeast Quarter of the Southeast Quarter for the purpose of access to grantor's or grantor's successor's or assign's land and grantor's presently owned land that may be sold, assigned, or transferred in Government Lot 5, Section 1, Township 54 North, Range 16 West, Section 35.

Sec. 9. ADDITION TO STATE FOREST.

[89.021] [Subd. 42a.] Riverlands State Forest. The following areas are added to Riverlands State Forest, those parts of St. Louis County, described as follows:

(1) the Northwest Quarter of the Northwest Quarter, Section 16, Township 50 North, Range 17 West;

(2) Government Lot 9, Section 26, Township 50 North, Range 17 West;

(3) the Northeast Quarter of the Southeast Quarter, Section 30, Township 51 North, Range 19 West;

(4) Government Lot 6, Section 22, Township 51 North, Range 20 West; and

(5) Government Lot 9, Section 24, Township 52 North, Range 20 West.

Sec. 10. PUBLIC SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; CASS COUNTY.

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the surplus land bordering public water that is described in paragraph (c).

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Cass County and is described as:

(1) the West 970 feet of the Northeast Quarter of the Southwest Quarter of Section 32, Township 135 North, Range 29 West, Cass County, Minnesota, EXCEPT therefrom a rectangular piece in the southeast corner thereof 370 feet North and South by 420 feet East and West; and

(2) that part of Government Lot 6 of said Section 32, described as follows: beginning at the northwest corner of said Government Lot 6; thence East along the north line of said Government Lot 6 550 feet; thence South 30 degrees West 528 feet, more or less, to shoreline of Agate Lake; thence northwest along said shoreline of Agate Lake to the west line of said Government Lot 6; thence northerly along said west line 260 feet, more or less, to the point of beginning.

(d) The land borders Agate Lake and is not contiguous to other state lands. The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land was returned to private ownership.

Sec. 11. PUBLIC SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; FILLMORE COUNTY.

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the surplus land bordering public water that is described in paragraph (c), subject to the state's reservation of trout stream easements.

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Fillmore County and is described as: the South 13 acres, except the East 2 acres thereof, of the Northwest Quarter of the Southeast Quarter, Section 21, Township 103, Range 10 West, Fillmore County, Minnesota, excepting therefrom the Harmony-Preston Valley State Trail corridor, formerly the Chicago, Milwaukee, St. Paul and Pacific Railroad Company right-of-way.

(d) The land borders the Root River and Watson Creek and is not contiguous to other state lands. The Department of Natural Resources has determined that the land is not needed for natural resource purposes, provided that trout stream easements are reserved on the Root River and Watson Creek, and that the state's land management interests would best be served if the land was returned to private ownership.

Sec. 12. CONVEYANCE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; GOODHUE COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Goodhue County may convey to the city of Wanamingo for no consideration the tax-forfeited land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general and provide that the land reverts to the state if the city of Wanamingo stops using the land for the public purpose described in paragraph (d). The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in Goodhue County and is described as: That part of the Southeast Quarter of Section 30, Township 110 North, Range 16 West, Goodhue County, Minnesota, described as follows: Commencing at the northeast corner of Lot 7, Block 2, Axelson's Hillcrest Addition, according to the recorded plat thereof; thence South 89 degrees 48 minutes 15 seconds East (assuming that the east line of Axelson's Hillcrest Addition also being the west line of the Southeast Quarter of said Section 30, has a bearing of North 00 degrees 11 minutes 45 seconds East), a distance of 30.00 feet; thence North 00 degrees 11 minutes 45 seconds East, a distance of 342.00 feet to the point of beginning; thence South 89 degrees 48 minutes 15 seconds East, a distance of 60.00 feet; thence North 00 degrees 11 minutes 45 seconds East, a distance of 280.00 feet; thence

South 89 degrees 48 minutes 15 seconds East, a distance of 60.00 feet; thence North 00 degrees 11 minutes 45 seconds East, a distance of 394 feet, more or less to the north line of the Southeast Quarter of said Section 30; thence westerly, along said north line, a distance of 150.00 feet, more or less, to the northwest corner of said Southeast Quarter; thence South 00 degrees 11 minutes 45 seconds West, along the west line of said Southeast Quarter, a distance of 674 feet, more or less, to an intersection with a line bearing North 89 degrees 48 minutes 15 seconds West from said point of beginning; thence South 89 degrees 48 minutes 15 seconds East, a distance of 30.00 feet to the point of beginning. EXCEPT that part of the above description now platted as Emerald Valley (parcel number 70.380.0710).

(d) The county has determined that the land is needed for a park trail extension.

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

Sec. 13. PRIVATE SALE OF SURPLUS LAND BORDERING PUBLIC WATER; HENNEPIN COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by private sale the surplus land bordering public water that is described in paragraph (c) to a local unit of government for less than market value.

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be conveyed is located in Hennepin County and is described as: all those parts of Government Lot 5, Section 35, Township 118, Range 23, lying northerly and northwesterly of East Long Lake Road, as it existed in 2021, easterly of a line drawn parallel with and distant 924.88 feet westerly of the east line of said Government Lot 5, and southerly of a line drawn westerly at a right angle to the east line of said Government Lot 5 from a point distant 620 feet South of the northeast corner of said Government Lot 5.

(d) The land borders Long Lake. The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land were conveyed to a local unit of government.

Sec. 14. PUBLIC SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; ITASCA COUNTY.

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the surplus land bordering public water that is described in paragraph (c).

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Itasca County and is described as:

(1) the North 1,050.00 feet of Government Lot 1, Section 16, Township 55 North, Range 24 West of the fourth principal meridian, except that part described as follows: commencing at the southeast corner of said Government Lot 1; thence North 0 degrees 46 minutes 09 seconds East,

bearing assumed, along the east line thereof, a distance of 280.00 feet to the point of beginning; thence North 89 degrees 13 minutes 51 seconds West, a distance of 345.00 feet; thence South 0 degrees 46 minutes 09 seconds West, a distance of 21.60 feet to its intersection with the south line of the North 1,050.00 feet of said Government Lot 1; thence South 89 degrees 08 minutes 51 seconds East along the south line of the North 1,050.00 feet of said Government Lot 1, a distance of 345.00 feet to the east line of said Government Lot 1; thence North 0 degrees 46 minutes 09 seconds East, along the east line of said Government Lot 1, a distance of 22.10 feet to the point of beginning. Subject to an easement for ingress and egress over 66.00 feet in width, over, under, and across part of Government Lot 1, Section 16, Township 55, Range 24. The centerline of said easement is described as follows: commencing at the northeast corner of said Government Lot 1; thence South 0 degrees 46 minutes 09 seconds West, bearing assumed, along the east line thereof, a distance of 750.00 feet to the point of beginning of the centerline to be described; thence North 89 degrees 08 minutes 51 seconds West, a distance of 845.00 feet; thence South 7 degrees 18 minutes 51 seconds East, a distance of 302.89 feet, and there terminating; and

(2) Lots 1 through 4 of Block 2 and Outlot "B," Loons Landing, according to the plat thereof on file and of record in the Office of the Itasca County Recorder.

(d) The land borders Trout Lake. The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land was returned to private ownership.

Sec. 15. CONVEYANCE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; LAKE COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, or any other state law to the contrary and unless prohibited by federal law, the commissioner of natural resources may convey to the city of Two Harbors for no consideration the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general and must provide that the proceeds of the sale of any portion of the land described in paragraph (c) by the city be paid to the state. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Lake County and is described as:

(1) that part of Government Lot 1, Section 1, Township 52 North, Range 11 West of the 4th Principal Meridian, Lake County, Minnesota, lying southerly and easterly of the following described lines: commencing at the center east 1/16 corner; thence along the North-South 1/16 line on an assumed bearing of North 00 degrees 46 minutes 07 seconds East 144.23 feet; thence North 67 degrees 30 minutes 43 seconds West 385.00 feet; thence North 22 degrees 29 minutes 17 seconds East 24.00 feet; thence South 67 degrees 30 minutes 43 seconds East 385.00 feet; thence easterly a distance of 232.90 feet along a tangential curve concave to the North having a radius of 611.85 feet and central angle of 21 degrees 48 minutes 36 seconds; thence South 89 degrees 19 minutes 19 seconds East 1,015.67 feet; thence South 00 degrees 40 minutes 41 seconds West 35.00 feet; thence South 89 degrees 19 minutes 19 seconds East 73.08 feet to the east line of said Government Lot 1 and the point of beginning of said line; thence North 89 degrees 19 minutes 19 seconds West 877.08

feet; thence North 00 degrees 40 minutes 41 seconds East 11.00 feet; thence North 89 degrees 19 minutes 19 seconds West 28.86 feet; thence South 0 degrees 51 minutes 25 seconds West 19.82 feet to a 3/4-inch by 24-inch rebar marked "MN DNR LS 16098" (DNR monument); thence continuing South 00 degrees 51 minutes 25 seconds West 484.06 feet to a DNR monument; thence continuing South 00 degrees 51 minutes 25 seconds West 78 feet, more or less to the shore of Lake Superior and there terminating; containing 14.5 acres, more or less (parcel identification number 23-7600-01415);

(2) that part of Government Lot 3, Section 6, Township 52 North, Range 10 West of the Fourth Principal Meridian, described as follows: commencing at the West Quarter corner of said Section 6 (northwest corner of said Government Lot 3); thence North 88 degrees 43 minutes 09 seconds East along the north line of said Government Lot 3 a distance of 485.19 feet; thence South 00 degrees 20 minutes 34 seconds East a distance of 16 feet, more or less, to the south line of the northerly 16 feet of said Government Lot 3, being the point of beginning of the parcel described herein; thence continuing South 00 degrees 20 minutes 34 seconds East a distance of 584 feet, more or less, to a line lying within 600 feet and South of the North boundary of said Government 3; thence westerly, along said line, to the west line of said Government Lot 3; thence northerly, along the west line of the said Government Lot 3 to the south line of the northerly 16 feet of said Government Lot 3; thence easterly along the south line of the northerly 16 feet of said Government Lot 3 to the point of beginning; except minerals (parcel identification number 23-7600-06605);

(3) together with that part of Government Lot 3, Section 6, Township 52 North, Range 10 West of the 4th Principal Meridian, Lake County, Minnesota lying West of the following described line: commencing at the West Quarter corner of said Section 6 (northwest corner of said Government Lot 3); thence North 88 degrees 43 minutes 09 seconds East along the north line of said Government Lot 3 a distance of 485.19 feet to the point of beginning of said line; thence South 00 degrees 20 minutes 34 seconds East a distance of 766.64 feet; thence South 54 degrees 38 minutes 48 seconds West a distance of 235 feet, more or less, to the shore of Lake Superior, and there terminating, except that part lying within 600 feet and South of the North boundary of said Government Lot 3; containing 2.4 acres, more or less (parcel identification number 23-7600-06607); and

(4) that part of Government Lot 3, Section 6, Township 52 North, Range 10 West, of the Fourth Principal Meridian, described as follows: commencing at the West Quarter corner of said Section 6 (northwest corner of said Government Lot 3); thence North 88 degrees 43 minutes 09 seconds East along the north line of said Government Lot 3 a distance of 485.19 feet; thence South 00 degrees 20 minutes 34 seconds East a distance of 766.64 feet, to a 5/8-foot rebar marked "RLS No. 16089," also being the point of beginning; thence South 25 degrees 10 minutes 17 seconds East a distance of 51.74 feet to a 3/4-inch by 12-inch rebar marked "MN DNR LS 16098" (DNR monument); thence South 30 degrees 09 minutes 12 seconds East a distance of 583.16 feet to a DNR monument; thence South 88 degrees 01 minute 03 seconds West a distance of 124.04 feet to a DNR monument; thence South 07 degrees 58 minutes 29 seconds East a distance of 517.23 feet to a DNR monument; thence continuing South 07 degrees 58 minutes 29 seconds East a distance of 76 feet, more or less, to the shoreline of Lake Superior; thence northwesterly, northerly, northeasterly, and northwesterly a distance of 1,390 feet, more or less, along said shoreline to point which bears South 54 degrees 38 minutes 48 seconds West from the point of beginning; thence North 54 degrees 38 minutes 48 seconds East a distance of 25 feet, more or less, to a DNR monument; thence continuing North 54 degrees 38 minutes 48 seconds East a distance of 210.00 feet to the point of beginning and there terminating (parcel identification number 23-7600-06611).

(d) The commissioner has determined that the land is no longer needed for any state purpose and that the state's land management interests would best be served if the land was conveyed to the city of Two Harbors.

Sec. 16. PRIVATE SALE OF SURPLUS STATE LAND; PINE COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c), subject to the state's reservation of a perpetual flowage easement.

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Pine County and is described as: the north 2 rods of the Southeast Quarter of Section 10, Township 38 North, Range 22 West, Pine County, Minnesota.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land was returned to private ownership.

Sec. 17. LAND EXCHANGE; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, section 92.461, and the riparian restrictions in Minnesota Statutes, section 94.342, subdivision 3, St. Louis County may, with the approval of the Land Exchange Board as required under the Minnesota Constitution, article XI, section 10, and according to the remaining provisions of Minnesota Statutes, sections 94.342 to 94.347, exchange the land described in paragraph (c).

(b) The conveyance must be in the form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The lands that may be conveyed are located in St. Louis County and are described as:

(1) Sections 1 and 2, Township 53 North, Range 18 West;

(2) Sections 19, 20, 29, 30, 31, and 32, Township 54 North, Range 17 West;

(3) Sections 24, 25, 26, and 35, Township 54 North, Range 18 West;

(4) Sections 22, 23, 26, and 27, Township 54 North, Range 19 West; and

(5) Sections 8, 9, 17, and 18, Township 55 North, Range 18 West.

Sec. 18. LAND ACQUISITION TRUST FUND; ST. LOUIS COUNTY.

Notwithstanding Minnesota Statutes, chapter 282, and any other law relating to the apportionment of proceeds from the sale of tax-forfeited land, St. Louis County may deposit proceeds from the sale of tax-forfeited lands into a tax-forfeited land acquisition trust fund established by St. Louis County under this section. The principal and interest from the fund may be spent on the purchase

of lands better suited for retention and management by St. Louis County. Lands purchased with money from the land acquisition trust fund must:

(1) become subject to a trust in favor of the governmental subdivision wherein the lands lie and all laws related to tax-forfeited lands; and

(2) be used for forestry, mineral management, or environmental services.

Sec. 19. PRIVATE SALE OF TAX-FORFEITED LANDS; ST. LOUIS COUNTY.

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis County may sell by private sale the tax-forfeited lands described in paragraph (c).

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The lands to be sold are located in St. Louis County and are described as:

(1) Lots 23 through 30, including part of adjacent vacant alley, Block 54, Bay View Addition to Duluth No. 2, Township 49, Range 15, Section 11 (parcel identification number 010-0230-03300); and

(2) Lot 2, except the South 760 feet, Township 62, Range 20, Section 18 (part of parcel identification number 430-0010-02916).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 20. PRIVATE SALE OF SURPLUS LAND BORDERING PUBLIC WATER; SHERBURNE COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by private sale the surplus land bordering public water that is described in paragraph (c) for less than market value.

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be conveyed is located in Sherburne County and is described as: that part of the North 595.50 feet of Government Lot 6, Section 31, Township 34 North, Range 27 West, Sherburne County, Minnesota, lying southerly of the following described line: commencing at a Minnesota Department of Conservation monument on the south line of the said North 595.50 feet; thence North 89 degrees 38 minutes 17 seconds West, bearing per plat of Eagle Lake Estates Boundary Registration, along said south line 71.28 feet to a Judicial Land Mark; thence North 21 degrees 51 minutes 43 seconds West, along the easterly line of Outlot A of said Eagle Lake Estates Boundary Registration 27.5 feet to the point of beginning; thence North 80 degrees East 72 feet, more or less, to the shoreline of Eagle Lake and there terminating.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land were returned to private ownership.

Sec. 21. **REPEALER.**

Laws 2012, chapter 236, section 28, subdivision 9, as amended by Laws 2016, chapter 154, section 11, Laws 2019, First Special Session chapter 4, article 4, section 7, is repealed.

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

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for environment and natural resources and tourism; modifying previous appropriations; establishing new programs and modifying existing programs; modifying fees; creating accounts; authorizing sales and conveyances of certain land; modifying environmental laws; modifying game and fish laws; modifying water laws; modifying natural resource and environment laws; modifying mining laws; requiring reports; making technical corrections; amending Minnesota Statutes 2020, sections 84.027, subdivision 14a, by adding a subdivision; 84.632; 84.788, subdivision 5; 84.82, subdivision 2, by adding a subdivision; 84.821, subdivision 2; 84.84; 84.86, subdivision 1; 84.922, subdivision 4; 85.015, subdivision 10; 90.181, subdivision 2; 97A.015, subdivisions 29, 51; 97A.126, as amended; 97A.137, subdivisions 3, 5; 97A.405, subdivision 5; 97B.031, subdivision 1, by adding a subdivision; 97B.071; 97B.311; 97B.415; 97B.645, subdivision 9; 97B.668; 97C.211, subdivision 2a; 97C.315, subdivision 1; 97C.515, subdivision 2; 103G.201; 103G.211; 103G.223; 103G.271, subdivision 7, by adding a subdivision; 103G.285, by adding a subdivision; 103G.287, subdivisions 4, 5, by adding subdivisions; 103G.289; 115.03, subdivision 1; 115.455; 115.55, by adding a subdivision; 115.77, subdivision 1; 115.84, subdivisions 2, 3; 115A.03, subdivision 35, by adding subdivisions; 115B.52, subdivision 4; 116.03, subdivision 2b; 116.07, subdivision 4d, by adding a subdivision; 116B.03, subdivision 1; 116B.10, by adding a subdivision; 116D.04, subdivision 2a; 116U.55, by adding a subdivision; 127A.353, subdivision 2; 282.04, subdivision 1, by adding a subdivision; 282.08; 297A.94; Minnesota Statutes 2021 Supplement, sections 84.63; 84.631; 84.92, subdivision 8; 85.052, subdivision 6; 92.502; 103G.271, subdivision 4a; 127A.353, subdivision 4; Laws 2021, First Special Session chapter 6, article 1, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 93; 115A; repealing Minnesota Statutes 2020, sections 97B.318; 97C.515, subdivisions 4, 5; Laws 2012, chapter 236, section 28, subdivision 9, as amended; Laws 2013, chapter 121, section 53; Minnesota Rules, parts 6100.5000, subparts 3, 4, 5; 6100.5700, subpart 4; 6232.0350."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Senator Draheim from the Committee on Housing Finance and Policy, to which was referred

S.F. No. 3994: A bill for an act relating to housing; appropriating money for the governor's supplemental housing budget; appropriating money for the Minnesota Housing Finance Agency; appropriating money for the Department of Human Rights to investigate income discrimination in housing; establishing the community stabilization housing program; establishing the strengthening

supportive housing model program; modifying eligible uses for loans and grants; amending Minnesota Statutes 2020, sections 462A.201, subdivision 2; 462A.204, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 462A.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

HOUSING APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2021, First Special Session chapter 8, or other law, to specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2022</u>	<u>2023</u>

Sec. 2. **HOUSING FINANCE AGENCY**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>50,000,000</u>
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(a) The amounts that may be spent for each purpose are specified in the following subdivisions.

(b) Unless otherwise specified, this appropriation is for transfer to the housing development fund for the programs specified in this section.

<u>Subd. 2. Workforce Homeownership Program</u>	<u>10,000,000</u>
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This appropriation is for the workforce homeownership program under Minnesota Statutes, section 462A.38. This is a onetime appropriation.

Subd. 3. Homeownership Investment Grants**35,000,000**

This appropriation is for homeownership investment grants under section 4. This is a onetime appropriation.

Subd. 4. Targeted Loan Pool**5,000,000**

This appropriation is for a grant to Build Wealth Minnesota to establish the 9,000 Equities Fund, a targeted loan pool, to provide affordable first mortgages or equivalent financing opportunities to households struggling to access mortgages in underserved communities of color. The goal for this appropriation for Build Wealth Minnesota and the 9,000 Equities Fund is to create at least 4,500 new homeownership opportunities and to close the homeownership disparity gap by eight percent in the Twin Cities metropolitan area in five years. By February 15, 2023, and for the next eight years, Build Wealth Minnesota shall report to the Minnesota Housing Finance Agency and the legislature on activities and expenditures of the 9,000 Equities Fund and its homeownership outcomes. Up to ten percent of the appropriation may be used by Build Wealth Minnesota to administer the target loan pool. This is a onetime appropriation.

Sec. 3. HOUSING AFFORDABILITY FUND; FISCAL YEAR 2023 ALLOCATION.

(a) \$10,000,000 of the allocations from the Housing Finance Agency's housing affordability fund, or Pool 3, in fiscal year 2023 shall be for a revolving loan fund under Minnesota Statutes, section 462A.05, subdivision 35, to provide loans with a two percent interest rate for residents of manufactured home parks to purchase the manufactured home park in which they reside for the purpose of conversion of the manufactured home park to cooperative ownership. Repayments of principal and interest from loans issued under this section must be used for the purposes of this section. The commissioner must make a determination regarding the issuance of a loan under this section and disburse the funds within 90 days of receiving a completed application. No money from the allocation under this paragraph may be used to administer this program. The commissioner must not supplant other homeownership programs out of Pool 3 to capitalize this revolving loan fund.

(b) \$5,000,000 of the allocations from the Housing Finance Agency's housing affordability fund, or Pool 3, in fiscal year 2023 shall be for grants to nonprofit organizations for the installation of sprinkler systems in eligible residential buildings. "Eligible residential buildings" means an existing

building owned by a nonprofit organization that has at least one story used for human occupancy which is 75 feet or more above the lowest level of fire department vehicle access, and at least two-thirds of its units are rented to an individual or family with an annual income of up to 50 percent of the area median income as determined by the United States Department of Housing and Urban Development, adjusted for family size, that is paying no more than 30 percent of annual income on rent. The agency shall develop forms and procedures for soliciting and reviewing applications for grants under this paragraph. The maximum grant per eligible building shall be \$250,000, and each grant must have a nonstate match of at least 25 percent of the grant award. An in-kind contribution may be used to meet all or a portion of the match requirement. This allocation expires on June 30, 2025.

(c) Each year on January 15, the commissioner of the Housing Finance Agency shall report to the legislature the allocation of housing affordability funds under paragraphs (a) and (b) separately, including the amount issued in loans, the amount of loans repaid, the remaining balance of the revolving loan fund, the number of projects funded or financed, the number of residents included in each project, and the location of each project.

(d) Nothing in this section shall impair the obligation of the agency to use funds in Pool 3 to satisfy the agency's obligations to holders of bonds secured by the general obligation pledge of the agency to suggested use of agency resources.

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

Sec. 4. **HOMEOWNERSHIP INVESTMENT GRANTS PROGRAM.**

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

(1) "commissioner" means the commissioner of the Housing Finance Agency; and

(2) "eligible organization" means a nonprofit organization the commissioner determines to be eligible under subdivision 2.

Subd. 2. **Eligible organization.** To be eligible for a grant under this subdivision, a nonprofit organization must:

(1) be an organization defined under section 501(c)(3) of the Internal Revenue Code or an equivalent organization;

(2) have primary operations located in the state of Minnesota; and

(3) be certified as a community development financial institution by the United States Department of the Treasury and must provide affordable housing lending or financing programs.

Subd. 3. **Eligible services.** (a) Eligible organizations may apply for housing investment grants for affordable owner-occupied housing projects for the following:

(1) housing development to increase the supply of affordable owner-occupied homes;

(2) financing programs, including revolving loans, for affordable owner-occupied new home construction;

(3) acquisition, rehabilitation, and resale of affordable owner-occupied homes or homes to be converted to owner-occupied homes;

(4) financing programs, including revolving loans, for affordable owner-occupied manufactured housing;

(5) services to increase access to stable, affordable, owner-occupied housing in low-income communities, Indigenous American Indian communities, and communities of color; and

(6) residential counseling or housing navigation assistance for homeownership.

(b) No more than five percent of the total amount awarded in this section may be for grants under paragraph (a), clause (3), and no more than five percent of the total amount awarded under this section may be for grants under paragraph (a), clause (6).

Subd. 4. **Commissioner duties.** (a) The commissioner shall consult with eligible organizations and develop forms, applications, and reporting requirements for use by eligible organizations. All organizations applying for a grant must include as part of their application a plan to create new affordable home ownership and home preservation opportunities for targeted areas. The commissioner shall develop a grant award scoring system that ensures a distribution of awards throughout the state based on population and eligible households and communities.

(b) The commissioner shall complete the requirements under paragraph (a) within 90 days of enactment of this section.

(c) By January 15, 2023, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy detailing the use of funds under this section.

ARTICLE 2

HOUSING POLICY

Section 1. **[12.47] LIMITATION OF POWERS; EVICTION PROCEEDINGS.**

Notwithstanding any law to the contrary, an order issued under this chapter prohibiting or delaying eviction proceedings under chapter 504B or 327C is valid for a period not to exceed 30 days. The governor must not extend the order beyond 30 days unless the extension is approved by a majority vote of each house of the legislature. The governor shall not allow the order to expire and issue a new order delaying or prohibiting eviction proceedings under chapter 504B or 327C in an effort to avoid obtaining legislative approval for an extension of the order as provided in this section. An order issued to avoid obtaining legislative approval as required under this section is null and void.

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

Sec. 2. **[462.3575] LIMITING REGULATIONS ON RESIDENTIAL DEVELOPMENT.**

Subdivision 1. **Application.** This section applies to official controls adopted under sections 462.357, 462.358, and 462.3595.

Subd. 2. **Planned unit development.** (a) A municipality shall not require a planned unit development agreement in lieu of a proposed residential development if the proposed residential development complies with the existing city zoning ordinances, subdivision regulation, or qualifies as a conditional use.

(b) A planned unit development agreement must be made available to the public by posting the agreement on the website of the municipality at least seven days before the governing body's review of the agreement. If the municipality does not have a website, a copy of the planned unit development agreement must be available for review at the city hall building of the municipality. If the agreement is approved by the governing body, the agreement cannot be modified unless all parties to the agreement concur.

Subd. 3. **Limitation on aesthetic mandates.** A municipality shall not condition approval of a building permit, subdivision development, or planned unit development on the use of specific materials, design, or other aesthetic conditions that are not required by the State Building Code under chapter 326B. This subdivision shall not apply within a historic district as determined under section 138.72 that was in existence as of January 1, 2022.

Subd. 4. **Exception.** This section shall not apply to a proposed residential development that is to be developed by the municipality itself or to multifamily rental, commercial, or industrial properties.

Sec. 3. Minnesota Statutes 2020, section 462A.03, subdivision 13, is amended to read:

Subd. 13. **Eligible mortgagor.** "Eligible mortgagor" means a nonprofit or cooperative housing corporation; the Department of Administration for the purpose of developing community-based programs as defined in section 252.50; a limited profit entity or a builder as defined by the agency in its rules, which sponsors or constructs residential housing as defined in subdivision 7; or a natural person of low or moderate income, except that the return to a limited dividend entity shall not exceed 15 percent of the capital contribution of the investors or such lesser percentage as the agency shall establish in its rules, provided that residual receipts funds of a limited dividend entity may be used for agency-approved, housing-related investments owned by the limited dividend entity without regard to the limitation on returns. Owners of existing residential housing occupied by renters shall be eligible for rehabilitation loans, only if, as a condition to the issuance of the loan, the owner agrees to conditions established by the agency in its rules relating to rental or other matters that will ~~insure~~ ensure that the housing will be occupied by persons and families of low or moderate income. The agency shall require by rules that the owner give preference to those persons of low or moderate income who occupied the residential housing at the time of application for the loan.

Sec. 4. Minnesota Statutes 2021 Supplement, section 462A.05, subdivision 14a, is amended to read:

Subd. 14a. **Rehabilitation loans; existing owner-occupied residential housing.** It may make loans to persons and families of low and moderate income to rehabilitate or to assist in rehabilitating

existing residential housing owned and occupied by those persons or families. Rehabilitation may include replacement of manufactured homes. No loan shall be made unless the agency determines that the loan will be used primarily for rehabilitation work necessary for health or safety, essential accessibility improvements, or to improve the energy efficiency of the dwelling. No loan for rehabilitation of owner-occupied residential housing shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any loan shall not exceed the lesser of (a) a maximum loan amount determined under rules adopted by the agency not to exceed ~~\$37,500~~ \$40,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by the person or family without the expenditure of an unreasonable portion of the income of the person or family. Loans made in whole or in part with federal funds may exceed the maximum loan amount to the extent necessary to comply with federal lead abatement requirements prescribed by the funding source. In making loans, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion of the loan will be repaid and shall determine the appropriate security for the repayment of the loan. Loans pursuant to this subdivision may be made with or without interest or periodic payments.

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

Sec. 5. Minnesota Statutes 2020, section 462A.05, is amended by adding a subdivision to read:

Subd. 14f. Reporting; rehabilitation loans. By January 15 of each year, the agency must report to the legislative committees with jurisdiction over housing the following with respect to the rehabilitation loan programs referenced in subdivisions 14 and 14a:

(1) a list of programs, the sources of funding for those programs, and the amounts allocated from each source;

(2) the total number of loans and total amount of outstanding rehabilitation loans per program;

(3) the total number of loans issued, total dollar amount in loans, the mean and median loan amount, and the number of loans at the maximum loan amount for the prior fiscal year per program;

(4) the total number of loans forgiven, the total dollar amount forgiven, and the mean and median loan amount forgiven in the prior fiscal year per program;

(5) the total amount of loans issued by county over the prior fiscal year per program; and

(6) a history of the maximum loan amount over time and computation of what the maximum loan amount would be if adjusted for inflation.

Sec. 6. Minnesota Statutes 2020, section 462A.05, is amended by adding a subdivision to read:

Subd. 42. Indian Tribes. Notwithstanding any other provision in this chapter, at its discretion the agency may make any federally recognized Indian Tribe in Minnesota, or their associated Tribally Designated Housing Entity (TDHE) as defined by United States Code, title 25, section 4103(22), eligible for funding authorized under this chapter.

Sec. 7. Minnesota Statutes 2020, section 462A.05, is amended by adding a subdivision to read:

Subd. 43. **Housing disparities.** The agency must prioritize its use of appropriations for any homeownership program under this chapter to narrow the racial disparity gap in homeownership.

Sec. 8. Minnesota Statutes 2020, section 462A.07, subdivision 9, is amended to read:

Subd. 9. **Priority where State Building Code is adopted.** It may establish such rules as may be necessary to ~~insure~~ ensure that priority for assistance by the agency will be given to projects located in municipal jurisdictions or counties, which have adopted the uniform State Building Code.

Sec. 9. Minnesota Statutes 2020, section 462A.07, subdivision 10, is amended to read:

Subd. 10. **Human rights.** It may establish and enforce such rules as may be necessary to ~~insure~~ ensure compliance with chapter 363A, and to ~~insure~~ ensure that occupancy of housing assisted under this chapter shall be open to all persons, and that contractors and subcontractors engaged in the construction of such housing shall provide an equal opportunity for employment to all persons, without discrimination as to race, color, creed, religion, national origin, sex, marital status, age, and status with regard to public assistance or disability.

Sec. 10. Minnesota Statutes 2020, section 462A.07, subdivision 14, is amended to read:

Subd. 14. **American Indians.** (a) It may engage in housing programs for low- and moderate-income American Indians developed and administered separately or in combination by the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities as determined by such tribe, band, or communities. In furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, it may engage in housing programs for American Indians who intend to reside on reservations and who are not persons of low and moderate income, provided that the aggregate dollar amount of the loans for persons who are not of low- or moderate-income closed in each lender's fiscal year shall not exceed an amount equal to 25 percent of the total dollar amount of all loans closed by that lender during the same fiscal year. In developing such housing programs, the tribe, band, or communities shall take into account the housing needs of all American Indians residing both on and off reservations within the state. A plan for each such program, which specifically describes the program content, utilization of funds, administration, operation, implementation and other matter, as determined by the agency, must be submitted to the agency for its review and approval prior to the making of eligible loans pursuant to section 462A.21. All such programs must conform to rules promulgated by the agency concerning program administration, including but not limited to rules concerning costs of administration; the quality of housing; interest rates, fees, and charges in connection with making eligible loans; and other matters determined by the agency to be necessary in order to effectuate the purposes of this subdivision and section 462A.21, subdivisions 4b and 4c. All such programs must provide for a reasonable balance in the distribution of funds appropriated for the purpose of this section between American Indians residing on and off reservations within the state. Nothing in this section shall preclude such tribe, band, or communities from requesting and receiving cooperation, advice, and assistance from the agency as regards program development, operation, delivery, financing, or administration. As a condition to the making of such eligible loans, the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities shall:

(1) enter into a loan agreement and other contractual arrangements with the agency for the purpose of transferring the allocated portion of loan funds and to ~~insure~~ ensure compliance with the provisions of this section and this chapter; and

(2) agree that all of their official books and records related to such housing programs shall be subjected to audit by the legislative auditor in the manner prescribed for agencies of state government.

The agency shall submit a biennial report concerning the various housing programs for American Indians, and related receipts and expenditures as provided in section 462A.22, subdivision 9, and such tribe, band, or communities to the extent that they administer such programs, shall be responsible for any costs and expenses related to such administration provided, however, they shall be eligible for payment for costs, expenses, and services pursuant to subdivision 12 and section 462A.21. The agency may provide or cause to be provided essential general technical services as set forth in subdivision 2, and general consultative project assistance services, including, but not limited to, management training, and home ownership counseling as set forth in subdivision 3. Members of boards, committees, or other governing bodies of the tribe, band, and communities administering the programs authorized by this subdivision must be compensated for those services as provided in section 15.0575.

(b) The agency may engage in demonstration projects to encourage the participation of financial institutions or other leveraging sources in providing housing opportunities for American Indians. The agency shall consult with the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities in developing the demonstration projects. The income limits specified in paragraph (a) do not apply to the demonstration projects.

(c) The agency may make home improvement loans under this subdivision without regard to household income.

Sec. 11. Minnesota Statutes 2020, section 462A.2035, is amended by adding a subdivision to read:

Subd. 5. **Report.** By January 15 of each year, the agency must report to the legislative committees with jurisdiction over housing the following with respect to grants issued under subdivision 1b:

(1) grants requested and grants funded during the prior fiscal year, organized by ownership type of the manufactured home park, such as private, cooperative, and municipal ownership, and by county; and

(2) the average amounts of grants awarded.

Sec. 12. Minnesota Statutes 2020, section 462A.204, subdivision 3, is amended to read:

Subd. 3. **Set aside.** At least one grant must be awarded in an area located outside of the metropolitan area. A county, a group of contiguous counties jointly acting together, a Tribe, a group of Tribes, or a community-based nonprofit organization ~~with a sponsoring resolution from each of the county boards of the counties located within its operating jurisdiction~~ may apply for and receive grants ~~for areas located outside the metropolitan area.~~

Sec. 13. Minnesota Statutes 2020, section 462A.21, subdivision 4a, is amended to read:

Subd. 4a. **Correction of housing defects.** It may make rehabilitation grants and expenditures for correction of residential housing defects as provided in section 462A.05, subdivisions 15 and 16. In order to ~~insure~~ ensure the preservation of the maximum number of housing units with the money appropriated by the legislature, grants shall be recovered by the agency to the extent provided in this section to be used for future grants. Grants made under the terms of this subdivision shall contain a requirement that the grant be recovered by the agency in accordance with the following schedule:

(1) if the property is sold, transferred, or otherwise conveyed within the first three years after the date of a grant, the recipient shall repay the full amount of the grant;

(2) if the property is sold, transferred, or otherwise conveyed within the fourth year after the date of a grant, the recipient shall repay 75 percent of the amount of the grant;

(3) if the property is sold, transferred, or otherwise conveyed within the fifth year after the date of a grant, the recipient shall repay 50 percent of the amount of the grant;

(4) if the property is sold, transferred, or otherwise conveyed within the sixth year after the date of a grant, the recipient shall repay 25 percent of the amount of the grant;

(5) if the property is sold, transferred, or otherwise conveyed within the seventh year after the date of the grant, or thereafter, there is no repayment requirement; provided that no repayment is required to the extent that the grants are made to improve the accessibility of residential housing to a disabled occupant.

Sec. 14. Minnesota Statutes 2020, section 462A.24, is amended to read:

462A.24 CONSTRUCTION; GRANTS AND LOANS; PRIORITIES.

(a) This chapter is necessary for the welfare of the state of Minnesota and its inhabitants; therefore, it shall be liberally construed to effect its purpose.

(b) To the extent practicable, the agency shall award grant and loan amounts with a reasonable balance between nonmetropolitan and metropolitan areas of the state.

(c) Beginning with applications made in response to requests for proposals issued after July 1, 2020, after final decisions are made on applications for programs of the agency, the results of any quantitative scoring system used to rank applications shall be posted on the agency website.

(d) The agency shall award points in the agency's decision-making criteria for all programs of the agency based on how quickly a project can be constructed.

Sec. 15. Minnesota Statutes 2020, section 462A.33, is amended by adding a subdivision to read:

Subd. 9. **Report.** By January 15 of each year, the agency must report to the legislative committees with jurisdiction over housing the following with respect to activities of the program created by this section during the prior fiscal year:

(1) the number of units of new construction and number of rehabilitated units funded by county;
and

(2) the number of owner-occupied units and number of rental units funded by county.

Sec. 16. Minnesota Statutes 2020, section 462A.36, is amended by adding a subdivision to read:

Subd. 2a. **Refunding bonds.** (a) The agency may issue nonprofit housing bonds in one or more series to refund bonds authorized in subdivision 2. The amount of refunding nonprofit housing bonds that may be issued from time to time will not be subject to the dollar limitation contained in subdivision 2 nor will those bonds be included in computing the amount of bonds that may be issued within that dollar limitation.

(b) In the refunding of nonprofit housing bonds, each bond must be called for redemption prior to its maturity in accordance with its terms no later than the earliest date on which it may be redeemed. No refunding bonds may be issued unless as of the date of the refunding bonds the present value of the dollar amount of the debt service on the refunding bonds, computed to their stated maturity dates, is lower than the present value of the dollar amount of debt service on all nonprofit housing bonds refunded computed to their stated maturity dates. For purposes of this subdivision, "present value of the dollar amount of debt service" means the dollar amount of debt service to be paid, discounted to the nominal date of the refunding bonds at a rate equal to the yield on the refunding bonds.

(c) If as a result of the issuance of refunding bonds the amount of debt service for an annual period is less than the amount transferred by the commissioner of management and budget to pay debt service for that annual period, the agency must deduct the excess amount from the actual amount of debt service on those bonds certified for the next subsequent annual period.

Sec. 17. Minnesota Statutes 2020, section 462A.36, subdivision 4, is amended to read:

Subd. 4. Appropriation; payment to agency or trustee. (a) The agency must certify annually to the commissioner of management and budget the actual amount of annual debt service on each series of bonds issued under subdivision 2.

(b) Each July 15, beginning in 2009 and through 2031, if any nonprofit housing bonds issued under subdivision 2, or nonprofit housing bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the nonprofit housing bond account established under section 462A.21, subdivision 32, the amount certified under paragraph (a), not to exceed \$2,400,000 annually. The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(c) The agency may pledge to the payment of the nonprofit housing bonds the payments to be made by the state under this section.

Sec. 18. Minnesota Statutes 2020, section 462A.37, is amended by adding a subdivision to read:

Subd. 2i. **Refunding bonds.** (a) The agency may issue housing infrastructure bonds in one or more series to refund bonds authorized in this section. The amount of refunding housing infrastructure bonds that may be issued from time to time will not be subject to the dollar limitation contained in any of the authorizations in this section nor will those bonds be included in computing the amount of bonds that may be issued within those dollar limitations.

(b) In the refunding of housing infrastructure bonds, each bond must be called for redemption prior to its maturity in accordance with its terms no later than the earliest date on which it may be redeemed. No refunding bonds may be issued unless as of the date of the refunding bonds the present value of the dollar amount of the debt service on the refunding bonds, computed to their stated maturity dates, is lower than the present value of the dollar amount of debt service on all housing infrastructure bonds refunded computed to their stated maturity dates. For purposes of this subdivision, "present value of the dollar amount of debt service" means the dollar amount of debt service to be paid, discounted to the nominal date of the refunding bonds at a rate equal to the yield on the refunding bonds.

(c) If as a result of the issuance of refunding bonds the amount of debt service for an annual period is less than the amount transferred by the commissioner of management and budget to pay debt service for that annual period, the agency must deduct the excess amount from the actual amount of debt service on those bonds certified for the next subsequent annual period.

Sec. 19. Minnesota Statutes 2020, section 462A.37, subdivision 4, is amended to read:

Subd. 4. Appropriation; payment to agency or trustee. (a) The agency must certify annually to the commissioner of management and budget the actual amount of annual debt service on each series of bonds issued under subdivision 2.

(b) Each July 15, beginning in 2013 and through 2035, if any housing infrastructure bonds issued under subdivision 2, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the ~~affordable~~ housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$2,200,000 annually. The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(c) The agency may pledge to the payment of the housing infrastructure bonds the payments to be made by the state under this section.

Sec. 20. Minnesota Statutes 2021 Supplement, section 462A.37, subdivision 5, is amended to read:

Subd. 5. Additional appropriation. (a) The agency must certify annually to the commissioner of management and budget the actual amount of annual debt service on each series of bonds issued under this section.

(b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure bonds issued under subdivision 2a, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$6,400,000 annually. The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure bonds issued under subdivision 2b, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph

(a), not to exceed \$800,000 annually. The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(d) Each July 15, beginning in 2019 and through 2040, if any housing infrastructure bonds issued under subdivision 2c, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$2,800,000 annually. The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(e) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure bonds issued under subdivision 2d, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(f) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure bonds issued under subdivision 2e, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(g) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure bonds issued under subdivision 2f, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(h) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure bonds issued under subdivision 2g, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(i) Each July 15, beginning in 2023 and through 2044, if any housing infrastructure bonds issued under subdivision 2h, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(j) The agency may pledge to the payment of the housing infrastructure bonds the payments to be made by the state under this section.

Sec. 21. Minnesota Statutes 2020, section 462A.38, subdivision 1, is amended to read:

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

Sec. 22. Minnesota Statutes 2020, section 462A.39, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The commissioner of Minnesota housing finance shall establish a workforce housing development program to award grants or deferred loans to eligible project areas to be used for qualified expenditures. Grants or deferred loans authorized under this section may be made without limitations relating to the maximum incomes of the renters or homeowners.

Sec. 23. Minnesota Statutes 2020, section 462A.39, subdivision 2, is amended to read:

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

(b) "Eligible project area" means a home rule charter or statutory city located outside of the metropolitan area as defined in section 473.121, subdivision 2, with a population exceeding 500; a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area as defined in section 473.121, subdivision 2; federally recognized Tribal Reservations; or an area served by a joint county-city economic development authority.

(c) "Joint county-city economic development authority" means an economic development authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between a city and county and excluding those established by the county only.

(d) "Market rate residential rental properties" means properties that are rented at market value, including new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park, and may include rental developments that have a portion of income-restricted units.

(e) "Qualified expenditure" means expenditures for owner-occupied housing or market rate residential rental properties including acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs.

Sec. 24. Minnesota Statutes 2020, section 462A.39, subdivision 4, is amended to read:

Subd. 4. **Program requirements.** (a) The commissioner must not award a grant or deferred loans to an eligible project area under this section until the following determinations are made:

(1) the average vacancy rate for rental housing located in the eligible project area, and in any other city located within 15 miles or less of the boundaries of the area, has been five percent or less for at least the prior two-year period;

(2) one or more businesses located in the eligible project area, or within 25 miles of the area, that employs a minimum of 20 full-time equivalent employees in aggregate have provided a written statement to the eligible project area indicating that the lack of available ~~rental~~ housing has impeded their ability to recruit and hire employees; and

(3) the eligible project area has certified that the grants or deferred loans will be used for qualified expenditures for the development of ~~rental~~ housing to serve employees of businesses located in the eligible project area or surrounding area.

(b) Preference for grants or deferred loans awarded under this section shall be given to eligible project areas with less than 30,000 people.

(c) Among comparable proposals, preference must be given to projects with a higher proportion of units that are not income-restricted.

Sec. 25. Minnesota Statutes 2020, section 462A.39, subdivision 5, is amended to read:

Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 25 percent of the rental housing development project cost. The commissioner shall not award a grant or deferred loans to ~~a city~~ an eligible project area without certification by the ~~city~~ eligible project area that the amount of the grant or deferred loans shall be matched by a local unit of government, business, ~~or~~ nonprofit organization, or federally recognized Tribe, with \$1 for every \$2 provided in grant or deferred loans funds.

Sec. 26. Minnesota Statutes 2020, section 462A.39, is amended by adding a subdivision to read:

Subd. 5a. **No change in project scope.** (a) When a contingency is provided in a grant award under this section, changes to the project made by the developer to meet the contingency shall not be considered a change in project scope and the grant must be funded, provided that:

(1) the number of affordable units is not reduced;

(2) an increase in the number of affordable units is allowed if required to cover the increased financial costs of meeting the agency contingency; and

(3) additional state funds are not solicited for the project.

(b) Additional local matching funds may be solicited for the project under this subdivision, including but not limited to funds from local units of government.

Sec. 27. Minnesota Statutes 2020, section 462A.39, subdivision 6, is amended to read:

Subd. 6. **Report. Beginning** ~~By January 15, 2018~~ By January 15, 2018 of each year, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over taxes ~~and~~ and workforce development, and housing specifying the projects that received grants or deferred loans under this section and the specific purposes for which the grant funds were used. The report must include a breakdown of the amount issued in loans and the amount issued in grants for the prior fiscal year, together with the number of new units funded and the number of rehabilitated units funded in the prior fiscal year.

Sec. 28. [462A.41] PROGRAM FOR MANUFACTURED HOME MORTGAGE FINANCING AND DOWN PAYMENT ASSISTANCE FOR CERTAIN MANUFACTURED HOMES.

(a) By August 1, 2023, the agency, in conjunction with Fannie Mae's HomeReady program or other federal mortgage programs that may authorize it, must develop and implement a program that offers mortgage financing and down payment assistance for purchasers of eligible manufactured homes.

(b) For purposes of this section "eligible manufactured homes" means a manufactured home titled as real property in this state and affixed to real property owned by a resident-owned community.

(c) The agency may include manufactured homes in private parks as an eligible manufactured home if allowed under federal law. The commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over housing by August 1, 2023, on steps required to set up a similar program for manufactured homes in private parks if they do not qualify under federal law.

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

Sec. 29. Minnesota Statutes 2020, section 471.9996, subdivision 1, is amended to read:

Subdivision 1. **In-general Prohibition.** (a) No statutory or home rule charter city, county, or town may adopt or renew by ordinance or otherwise any law to control rents on private residential property ~~except as provided in subdivision 2.~~ This section does not impair the right of any statutory or home rule charter city, county, or town:

(1) to manage or control property in which it has a financial interest through a housing authority or similar agency;

(2) to contract with a property owner;

(3) to act as required or authorized by laws or regulations of the United States government or this state; or

(4) to mediate between property owners and tenants for the purpose of negotiating rents.

(b) Nothing in this section shall be deemed to limit or restrict the classification of low-income rental property as class 4d under section 273.13, subdivision 25.

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

Sec. 30. Minnesota Statutes 2020, section 474A.061, subdivision 2a, is amended to read:

Subd. 2a. **Housing pool allocation.** (a) Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in June, the commissioner shall allocate available bonding authority from the housing pool to applications received on or before the Monday of the preceding week for residential rental projects that meet the eligibility criteria under section 474A.047. Allocations of available bonding authority from the housing pool for eligible residential rental projects shall be awarded in the following order of priority:

- (1) preservation projects;
- (2) 30 percent AMI residential rental projects;
- (3) 50 percent AMI residential rental projects;
- (4) 100 percent LIHTC projects;
- (5) 20 percent LIHTC projects; and

(6) other residential rental projects for which the amount of bonds requested in their respective applications do not exceed the aggregate bond limitation.

If there are two or more applications for residential rental projects at the same priority level and there is insufficient bonding authority to provide allocations for all the projects in any one allocation period, available bonding authority shall be ~~randomly~~ awarded by not giving preference for projects with a lower cost per square foot but only for projects that can receive the full amount of their respective requested allocations. If a residential rental project does not receive any of its requested allocation pursuant to this paragraph and the project applies for an allocation of bonds again in the same calendar year or to the next successive housing pool, the project shall be fully funded up to its original application request for bonding authority before any new project, applying in the same allocation period, that has an equal priority shall receive bonding authority. An issuer that receives an allocation under this paragraph must issue obligations equal to all or a portion of the allocation received on or before 180 days of the allocation. If an issuer that receives an allocation under this paragraph does not issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the housing pool or to the unified pool after July 1.

(b) After January 1, and through January 15, The Minnesota Housing Finance Agency may accept applications from cities for single-family housing programs which meet program requirements as follows:

- (1) the housing program must meet a locally identified housing need and be economically viable;
- (2) the adjusted income of home buyers may not exceed 80 percent of the greater of statewide or area median income as published by the Department of Housing and Urban Development, adjusted for household size;
- (3) house price limits may not exceed the federal price limits established for mortgage revenue bond programs. Data on the home purchase price amount, mortgage amount, income, household size, and race of the households served in the previous year's single-family housing program, if any, must be included in each application; and

(4) for applicants who choose to have the agency issue bonds on their behalf, an application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal to one percent of the requested allocation must be submitted to the Minnesota Housing Finance Agency before the agency forwards the list specifying the amounts allocated to the commissioner under paragraph (d). The

agency shall submit the city's application fee and application deposit to the commissioner when requesting an allocation from the housing pool.

Applications by a consortium shall include the name of each member of the consortium and the amount of allocation requested by each member.

(c) Any amounts remaining in the housing pool after June 15 are available for single-family housing programs for cities that applied in January and received an allocation under this section in the same calendar year. For a city that chooses to issue bonds on its own behalf or pursuant to a joint powers agreement, the agency must allot available bonding authority based on the formula in paragraphs (d) and (f). Allocations will be made loan by loan, on a first-come, first-served basis among cities on whose behalf the Minnesota Housing Finance Agency issues bonds.

Any city that received an allocation pursuant to paragraph (f) in the same calendar year that wishes to issue bonds on its own behalf or pursuant to a joint powers agreement for an amount becoming available for single-family housing programs after June 15 shall notify the Minnesota Housing Finance Agency by June 15. The Minnesota Housing Finance Agency shall notify each city making a request of the amount of its allocation within three business days after June 15. The city must comply with paragraph (f).

For purposes of paragraphs (a) to (h), "city" means a county or a consortium of local government units that agree through a joint powers agreement to apply together for single-family housing programs, and has the meaning given it in section 462C.02, subdivision 6. "Agency" means the Minnesota Housing Finance Agency.

(d) The total amount of allocation for mortgage bonds for one city is limited to the lesser of: (i) the amount requested, or (ii) the product of the total amount available for mortgage bonds from the housing pool, multiplied by the ratio of each applicant's population as determined by the most recent estimate of the city's population released by the state demographer's office to the total of all the applicants' population, except that each applicant shall be allocated a minimum of \$100,000 regardless of the amount requested or the amount determined under the formula in clause (ii). If a city applying for an allocation is located within a county that has also applied for an allocation, the city's population will be deducted from the county's population in calculating the amount of allocations under this paragraph.

Upon determining the amount of each applicant's allocation, the agency shall forward to the commissioner a list specifying the amounts allotted to each application with all application fees and deposits from applicants who choose to have the agency issue bonds on their behalf.

Total allocations from the housing pool for single-family housing programs may not exceed 27 percent of the adjusted allocation to the housing pool until after June 15 in 2020 and 2021, after which the allocations may not exceed 31 percent of the adjusted allocation to the housing pool until after June 15.

(e) The agency may issue bonds on behalf of participating cities. The agency shall request an allocation from the commissioner for all applicants who choose to have the agency issue bonds on their behalf and the commissioner shall allocate the requested amount to the agency. The agency may request an allocation at any time after the second Tuesday in January and through the last Monday in June. After awarding an allocation and receiving a notice of issuance for the mortgage

bonds issued on behalf of the participating cities, the commissioner shall transfer the application deposits to the Minnesota Housing Finance Agency to be returned to the participating cities. The Minnesota Housing Finance Agency shall return any application deposit to a city that paid an application deposit under paragraph (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph (d).

(f) A city may choose to issue bonds on its own behalf or through a joint powers agreement and may request an allocation from the commissioner by forwarding an application with an application fee pursuant to section 474A.03, subdivision 4, and a one percent application deposit to the commissioner no later than the Monday of the week preceding an allocation. If the total amount requested by all applicants exceeds the amount available in the pool, the city may not receive a greater allocation than the amount it would have received under the list forwarded by the Minnesota Housing Finance Agency to the commissioner. No city may request or receive an allocation from the commissioner until the list under paragraph (d) has been forwarded to the commissioner. A city must request an allocation from the commissioner no later than the last Monday in June. No city may receive an allocation from the housing pool for mortgage bonds which has not first applied to the Minnesota Housing Finance Agency. The commissioner shall allocate the requested amount to the city or cities subject to the limitations under this paragraph.

If a city issues mortgage bonds from an allocation received under this paragraph, the issuer must provide for the recycling of funds into new loans. If the issuer is not able to provide for recycling, the issuer must notify the commissioner in writing of the reason that recycling was not possible and the reason the issuer elected not to have the Minnesota Housing Finance Agency issue the bonds. "Recycling" means the use of money generated from the repayment and prepayment of loans for further eligible loans or for the redemption of bonds and the issuance of current refunding bonds.

(g) No entitlement city or county or city in an entitlement county may apply for or be allocated authority to issue mortgage bonds or use mortgage credit certificates from the housing pool. No city in an entitlement county may apply for or be allocated authority to issue residential rental bonds from the housing pool or the unified pool.

(h) A city that does not use at least 50 percent of its allotment by the date applications are due for the first allocation that is made from the housing pool for single-family housing programs in the immediately succeeding calendar year may not apply to the housing pool for a single-family mortgage bond or mortgage credit certificate program allocation that exceeds the amount of its allotment for the preceding year that was used by the city in the immediately preceding year or receive an allotment from the housing pool in the succeeding calendar year that exceeds the amount of its allotment for the preceding year that was used in the preceding year. The minimum allotment is \$100,000 for an allocation made prior to June 15, regardless of the amount used in the preceding calendar year, except that a city whose allocation in the preceding year was the minimum amount of \$100,000 and who did not use at least 50 percent of its allocation from the preceding year is ineligible for an allocation in the immediate succeeding calendar year. Each local government unit in a consortium must meet the requirements of this paragraph.

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

Sec. 31. Minnesota Statutes 2020, section 474A.091, subdivision 3, is amended to read:

Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in July through and on the last Monday in November. Applications for allocations must be received by the department by 4:30 p.m. on the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

(b) Prior to October 1, only the following applications shall be awarded allocations from the unified pool. Allocations shall be awarded in the following order of priority:

- (1) applications for residential rental project bonds;
- (2) applications for small issue bonds for manufacturing projects; and
- (3) applications for small issue bonds for agricultural development bond loan projects.

(c) On the first Monday in October through the last Monday in November, allocations shall be awarded from the unified pool in the following order of priority:

- (1) applications for student loan bonds issued by or on behalf of the Minnesota Office of Higher Education;
- (2) applications for mortgage bonds;
- (3) applications for public facility projects funded by public facility bonds;
- (4) applications for small issue bonds for manufacturing projects;
- (5) applications for small issue bonds for agricultural development bond loan projects;
- (6) applications for residential rental project bonds;
- (7) applications for enterprise zone facility bonds;
- (8) applications for governmental bonds; and
- (9) applications for redevelopment bonds.

(d) If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for manufacturing projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(e) If there are two or more applications for enterprise zone facility projects from the unified pool and there is insufficient bonding authority to provide allocations for all enterprise zone facility projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest

number of points receiving allocation first. If two or more applications for enterprise zone facility projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(f) If there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority: (1) preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI residential rental projects for which the amount of bonds requested in their respective applications do not exceed the aggregate bond limitations; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects; and (6) other residential rental projects. If there are two or more applications for residential rental projects at the same priority level and there is insufficient bonding authority to provide allocations for all the projects in any one allocation period, available bonding authority shall be ~~randomly~~ awarded by lot giving preference for projects with a lower cost per square foot but only for projects that can receive the full amount of their respective requested allocations. If a residential rental project does not receive any of its requested allocation pursuant to this paragraph and the project applies in the next successive housing pool or the next successive unified pool for an allocation of bonds, the project shall be fully funded up to its original application request for bonding authority before any new project, applying in the same allocation period, that has an equal priority shall receive bonding authority.

(g) From the first Monday in July through the last Monday in November, \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the small issue pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the small issue pool for that year, whichever is less, is reserved within the unified pool for small issue bonds to the extent the amounts are available within the unified pool.

(h) The total amount of allocations for mortgage bonds from the housing pool and the unified pool may not exceed:

- (1) \$10,000,000 for any one city; or
- (2) \$20,000,000 for any number of cities in any one county.

(i) The total amount of allocations for student loan bonds from the unified pool may not exceed \$25,000,000 per year.

(j) If there is insufficient bonding authority to fund all projects within any qualified bond category other than enterprise zone facility projects, manufacturing projects, and residential rental projects, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers.

(k) If an application is rejected, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(l) The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

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

Sec. 32. Laws 2021, First Special Session chapter 8, article 6, section 1, subdivision 7, is amended to read:

Subd. 7. **Report.** (a) No later than February 1, 2022, the task force shall submit an initial report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over housing and preventing homelessness on its findings and recommendations.

(b) No later than ~~August 31, 2022~~ December 15, 2022, the task force shall submit a final report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over housing and preventing homelessness on its findings and recommendations.

Sec. 33. **PROHIBITION OF GRANT FUNDS FOR HIRING A LOBBYIST.**

No grant funds awarded by the Housing Finance Agency may be used to hire a lobbyist as defined in Minnesota Statutes, section 10A.01, subdivision 21.

Sec. 34. **REPORT ON RENT CONTROL; PROHIBITION ON USE OF FUNDS.**

(a) The Housing Finance Agency must complete a report regarding the impact of rent control on housing markets. The report must explore the impact of rent control throughout the United States, and may explore international housing markets. The report must also include but is not limited to an examination of the following:

(1) the current housing market, including an analysis of supply and demand, in Minnesota, in the Twin Cities metropolitan area, and within the cities of Minneapolis and St. Paul;

(2) the impact, both nationally and within Minnesota, on the construction of new housing units within jurisdictions that have enacted rent control policies, as well as on nearby jurisdictions without rent control policies;

(3) the impact of rent control on the maintenance of residential properties;

(4) whether enactment of rent control policies has led to increases in other regulatory burdens related to housing in jurisdictions that have imposed rent control; and

(5) how rent control policies enacted within Minnesota compare to policies in jurisdictions across the United States, including how various jurisdictions define "rent" for the purposes of their policies, whether such policies exempt new construction, whether such policies allow for tenancy decontrol, and how "fair return on investment" policies operate in other jurisdictions with rent control policies, including an examination of how such policies are administered and the criteria used to determine what constitutes a fair return on investment.

(b) The agency must consult with stakeholders, including renters, landlords, developers, tradespeople, financiers and lending institutions, and local governments during the preparation of the report. The agency must also consult relevant academic literature and may consult with academic institutions during the preparation of the report.

(c) The report must be submitted to chairs and ranking minority members of the legislative committees with jurisdiction over housing by August 1, 2023.

(d) Until the report required by this section is delivered, the Housing Finance Agency must not use any funds from any source on multifamily housing projects in cities that have adopted a rent control ordinance.

Sec. 35. **REPEALER.**

Minnesota Statutes 2020, section 471.9996, subdivision 2, is repealed.

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

Delete the title and insert:

"A bill for an act relating to housing; appropriating money for the Minnesota Housing Finance Agency supplemental budget; amending Minnesota Statutes 2020, sections 462A.03, subdivision 13; 462A.05, by adding subdivisions; 462A.07, subdivisions 9, 10, 14; 462A.2035, by adding a subdivision; 462A.204, subdivision 3; 462A.21, subdivision 4a; 462A.24; 462A.33, by adding a subdivision; 462A.36, subdivision 4, by adding a subdivision; 462A.37, subdivision 4, by adding a subdivision; 462A.38, subdivision 1; 462A.39, subdivisions 1, 2, 4, 5, 6, by adding a subdivision; 471.9996, subdivision 1; 474A.061, subdivision 2a; 474A.091, subdivision 3; Minnesota Statutes 2021 Supplement, sections 462A.05, subdivision 14a; 462A.37, subdivision 5; Laws 2021, First Special Session chapter 8, article 6, section 1, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 12; 462; 462A; repealing Minnesota Statutes 2020, section 471.9996, subdivision 2."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 3540 was read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Senator Miller moved that the 12-hour requirement of Joint Rule 2.06 be suspended as it relates to the Conference Committee Report on S.F. No 3472. The motion prevailed.

S.F. No. 3472 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. No. 3472

A bill for an act relating to state government; extending the operation of the Minnesota premium security plan; transferring money; appropriating money; amending Minnesota Statutes 2020, section

62E.23, subdivision 3; Laws 2017, chapter 13, article 1, section 15, as amended; Laws 2021, First Special Session chapter 7, article 15, section 3.

March 31, 2022

The Honorable David J. Osmek
President of the Senate

The Honorable Melissa Hortman
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 3472 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 3472 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2020, section 16A.724, subdivision 2, is amended to read:

Subd. 2. **Transfers.** (a) Notwithstanding section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund, effective for the biennium beginning July 1, 2007, the commissioner of management and budget shall transfer the excess funds from the health care access fund to the general fund on June 30 of each year, provided that the amount transferred in fiscal year 2016 shall not exceed \$48,000,000, the amount in fiscal year 2017 shall not exceed \$122,000,000, the amount in fiscal year 2024 shall not exceed \$70,215,000, and the amount in any fiscal biennium thereafter shall not exceed \$244,000,000. The purpose of this transfer is to meet the rate increase required under section 256B.04, subdivision 25.

(b) For fiscal years 2006 to 2011, MinnesotaCare shall be a forecasted program, and, if necessary, the commissioner shall reduce these transfers from the health care access fund to the general fund to meet annual MinnesotaCare expenditures or, if necessary, transfer sufficient funds from the general fund to the health care access fund to meet annual MinnesotaCare expenditures.

Sec. 2. Minnesota Statutes 2020, section 62E.23, subdivision 3, is amended to read:

Subd. 3. **Operation.** (a) The board shall propose to the commissioner the payment parameters for the next benefit year by January 15 of the year before the applicable benefit year. The commissioner shall approve or reject the payment parameters no later than 14 days following the board's proposal. If the commissioner fails to approve or reject the payment parameters within 14 days following the board's proposal, the proposed payment parameters are final and effective.

(b) If the amount in the premium security plan account in section 62E.25, subdivision 1, is not anticipated to be adequate to fully fund the approved payment parameters as of July 1 of the year before the applicable benefit year, the board, in consultation with the commissioner and the commissioner of management and budget, shall propose payment parameters within the available

appropriations. The commissioner must permit an eligible health carrier to revise an applicable rate filing based on the final payment parameters for the next benefit year.

(c) Notwithstanding paragraph (a), the payment parameters for benefit ~~year 2020~~ years 2023 through 2027 are:

- (1) an attachment point of \$50,000;
- (2) a coinsurance rate of 80 percent; and
- (3) a reinsurance cap of \$250,000.

Sec. 3. **[62Q.521] POSTNATAL CARE.**

(a) For purposes of this section, "comprehensive postnatal visit" means a visit with a health care provider that includes a full assessment of the mother's and infant's physical, social, and psychological well-being, including but not limited to: mood and emotional well-being; infant care and feeding; sexuality, contraception, and birth spacing; sleep and fatigue; physical recovery from birth; chronic disease management; and health maintenance.

(b) A health plan must provide coverage for the following:

(1) a comprehensive postnatal visit with a health care provider not more than three weeks from the date of delivery;

(2) any postnatal visits recommended by a health care provider between three and 11 weeks from the date of delivery; and

(3) a comprehensive postnatal visit with a health care provider 12 weeks from the date of delivery.

(c) The requirements of this section are separate from and cannot be met by a visit made pursuant to section 62A.0411.

EFFECTIVE DATE. This section is effective January 1, 2023, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 4. Minnesota Statutes 2020, section 62Q.81, is amended by adding a subdivision to read:

Subd. 6. Prescription drug benefits. (a) A health plan company that offers individual health plans must ensure that, in each geographic area the health plan company services, no fewer than one silver plan and one gold plan the health plan company offers apply a predeductible, flat-dollar amount co-payment structure to the entire drug benefit, including all tiers.

(b) A health plan company that offers small group health plans must ensure that, in each geographic area the health plan company services, no fewer than one silver plan and one gold plan the health plan company offers apply a predeductible, flat-dollar amount co-payment structure to the entire drug benefit, including all tiers.

(c) The highest allowable co-payment for the highest cost drug tier for health plans offered pursuant to this subdivision must be no greater than 1/12 of the plan's out-of-pocket maximum for an individual.

(d) The flat-dollar amount co-payment tier structure for prescription drugs under this subdivision must be graduated and proportionate.

(e) All individual and small group health plans offered pursuant to this subdivision must be:

(1) clearly and appropriately named to aid the purchaser in the selection process;

(2) marketed in the same manner as other health plans offered by the health plan company; and

(3) offered for purchase to any individual or small group.

(f) This subdivision does not apply to catastrophic plans, grandfathered plans, large group health plans, health savings accounts, qualified high deductible health benefit plans, limited health benefit plans, or short-term limited-duration health insurance policies.

(g) A health plan company or a pharmacy benefit manager, as defined in section 62W.02, subdivision 15, must not delay or divide payment to a pharmacy or pharmacy provider, as defined in section 62W.02, subdivision 14, because of the co-payment structure of a health plan offered pursuant to this subdivision.

(h) Health plan companies must meet the requirements in this subdivision separately for plans offered through MNsure under chapter 62V and plans offered outside of MNsure.

(i) Notwithstanding section 62A.65, subdivision 2, a health plan company may discontinue offering a health plan under this subdivision if, three years after the date the silver or gold health plan is initially offered, the silver or gold health plan has fewer than 75 enrollees enrolled in the plan. A health plan company discontinuing a plan under this paragraph must only discontinue the silver or gold health plan that has fewer than 75 enrollees and:

(1) provide notice of the plan's discontinuation in writing, in a form prescribed by the commissioner, to each individual enrolled in the plan at least 90 calendar days before the date the coverage is discontinued;

(2) offer on a guaranteed issue basis to each individual enrolled the option to purchase an individual health plan currently being offered by the health plan company for individuals in that geographic rating area. An enrollee who does not select an option must be automatically enrolled in the individual health plan closest in actuarial value to the enrollee's current plan; and

(3) act uniformly without regard to any health status-related factor of enrolled individuals or dependents of enrolled individuals who may become eligible for coverage.

(j) A health plan company must annually report to the commissioner, as specified by the commissioner, the total enrollment in silver and gold plans under this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to individual and small group health plans offered, issued, or renewed on or after that date.

Sec. 5. Laws 2017, chapter 13, article 1, section 15, as amended by Laws 2017, First Special Session chapter 6, article 5, section 10, Laws 2019, First Special Session chapter 9, article 8, section 19, and Laws 2021, First Special Session chapter 7, article 15, section 1, is amended to read:

Sec. 15. MINNESOTA PREMIUM SECURITY PLAN FUNDING.

(a) The Minnesota Comprehensive Health Association shall fund the operational and administrative costs and reinsurance payments of the Minnesota security plan and association using the following amounts deposited in the premium security plan account in Minnesota Statutes, section 62E.25, subdivision 1, in the following order:

- (1) any federal funding available;
- (2) funds deposited under article 1, sections 12 and 13;
- (3) any state funds from the health care access fund; and
- (4) any state funds from the general fund.

(b) The association shall transfer from the premium security plan account any remaining state funds not used for the Minnesota premium security plan by June 30, ~~2024~~ 2029, to the commissioner of commerce. Any amount transferred to the commissioner of commerce shall be deposited in the health care access fund in Minnesota Statutes, section 16A.724.

(c) The Minnesota Comprehensive Health Association may not spend more than \$271,000,000 for benefit year 2018 and not more than \$271,000,000 for benefit year 2019 for the operational and administrative costs of, and reinsurance payments under, the Minnesota premium security plan.

Sec. 6. Laws 2021, First Special Session chapter 7, article 1, section 40, is amended to read:

Sec. 40. REPEALER.

(a) Minnesota Rules, parts 9505.0275; 9505.1693; 9505.1696, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22; 9505.1699; 9505.1701; 9505.1703; 9505.1706; 9505.1712; 9505.1715; 9505.1718; 9505.1724; 9505.1727; 9505.1730; 9505.1733; 9505.1736; 9505.1739; 9505.1742; 9505.1745; and 9505.1748, are repealed.

(b) Minnesota Statutes 2020, section 16A.724, subdivision 2, is repealed effective July 1, ~~2025~~ 2024.

Sec. 7. Laws 2021, First Special Session chapter 7, article 15, section 3, is amended to read:

Sec. 3. PLAN YEAR ~~2022~~ 2023 PROPOSED RATE FILINGS FOR THE INDIVIDUAL MARKET.

The rate filing deadline for individual health plans, as defined in Minnesota Statutes, section 62E.21, subdivision 9, to be offered, issued, sold, or renewed on or after January 1, ~~2022~~ 2023, and before January 1, 2024, is no later than July 9, ~~2024~~ 2022. Eligible health carriers under Minnesota Statutes, section 62E.21, subdivision 8, filing individual health plans to be offered, issued, sold, or renewed for benefit ~~year 2022~~ years 2023 through 2027 shall include the impact of the Minnesota premium security plan payment parameters in the proposed individual health plan rates. Notwithstanding Minnesota Statutes, section 60A.08, subdivision 15, paragraph (g), the commissioner must provide public access on the Department of Commerce's website to compiled data of the proposed changes to rates for individual health plans and small group health plans, as defined in Minnesota Statutes, section 62K.03, subdivision 12, separated by health plan and geographic rating area, no later than July 23, ~~2024~~ 2022.

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

Sec. 8. **TRANSFER.**

(a) The commissioner of management and budget must transfer \$300,092,000 in fiscal year 2023 from the general fund to the premium security plan account under Minnesota Statutes, section 62E.25, subdivision 1. This is a onetime transfer.

(b) The commissioner of management and budget must transfer \$229,465,000 in fiscal year 2025 from the general fund to the premium security plan account under Minnesota Statutes, section 62E.25, subdivision 1. This is a onetime transfer.

(c) \$13,269,000 in fiscal year 2023 is transferred from the general fund to the MNsure enterprise fund. This is a onetime transfer.

Sec. 9. **APPROPRIATIONS.**

\$53,404,000 in fiscal year 2023 is appropriated from the health care access fund to the commissioner of human services for the MinnesotaCare program. The base for this appropriation is \$113,503,000 in fiscal year 2024, \$120,442,000 in fiscal year 2025, and \$60,221,000 in fiscal year 2026.

EFFECTIVE DATE. This section is effective January 1, 2023, but only if the continuation of the state innovation waiver described in Laws 2021, First Special Session chapter 7, article 15, section 4, is approved."

Delete the title and insert:

"A bill for an act relating to state government; extending operation of the Minnesota premium security plan; requiring certain additional coverage under health plans; requiring a report; appropriating and transferring money; amending Minnesota Statutes 2020, sections 16A.724, subdivision 2; 62E.23, subdivision 3; 62Q.81, by adding a subdivision; Laws 2017, chapter 13, article 1, section 15, as amended; Laws 2021, First Special Session chapter 7, article 1, section 40; article 15, section 3; proposing coding for new law in Minnesota Statutes, chapter 62Q."

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

Senate Conferees: Gary Dahms, Paul Utke, Matt Klein, Rich Draheim, Gene Dornink

House Conferees: Zack Stephenson, Carlie Kotyza-Witthuhn, Tim O'Driscoll

Senator Dahms moved that the foregoing recommendations and Conference Committee Report on S.F. No. 3472 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 3472 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 47 and nays 20, as follows:

Those who voted in the affirmative were:

Abeler	Dornink	Howe	Mathews	Rosen
Anderson	Draheim	Ingebrigtsen	Miller	Ruud
Bakk	Duckworth	Jasinski	Nelson	Senjem
Benson	Eichorn	Johnson	Newman	Tomassoni
Bigham	Eken	Johnson Stewart	Newton	Utke
Chamberlain	Frentz	Kiffmeyer	Osmek	Weber
Clausen	Gazelka	Klein	Pratt	Westrom
Coleman	Goggin	Koran	Putnam	
Cwodzinski	Hoffman	Lang	Rarick	
Dahms	Housley	Limmer	Rest	

Pursuant to Rule 40, Senator Johnson cast the affirmative vote on behalf of the following Senators: Bakk, Duckworth, Gazelka, Goggin, Housley, Ingebrigtsen, Jasinski, Newman, Ruud, and Tomassoni.

Pursuant to Rule 40, Senator Frentz cast the affirmative vote on behalf of the following Senator: Rest.

Those who voted in the negative were:

Carlson	Eaton	Kent	Marty	Port
Champion	Fateh	Kunesh	McEwen	Torres Ray
Dibble	Hawj	Latz	Murphy	Wiger
Dziedzic	Isaacson	López Franzen	Pappas	Wiklund

Pursuant to Rule 40, Senator Frentz cast the negative vote on behalf of the following Senators: Champion, Eaton, Fateh, Latz, and Port.

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

MEMBERS EXCUSED

Senator Champion was excused from the Session of today from 11:00 a.m. to 1:15 p.m. Senator Limmer was excused from the Session of today from 12:15 to 12:25 p.m.

ADJOURNMENT

Senator Miller moved that the Senate do now adjourn until 11:00 a.m., Monday, April 4, 2022.
The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

